

Chief Constable for Essex Police Statement of Accounts 2021/2022



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Narrative Report 2021/2022

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Narrative Report

The purpose of the Narrative Report is to provide information on the Chief Constable of Essex Police Force, its main objectives and strategies and the principal risks that it faces. The content of the Narrative Report is as follows:

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Narrative Report

Narrative Report

County of Essex



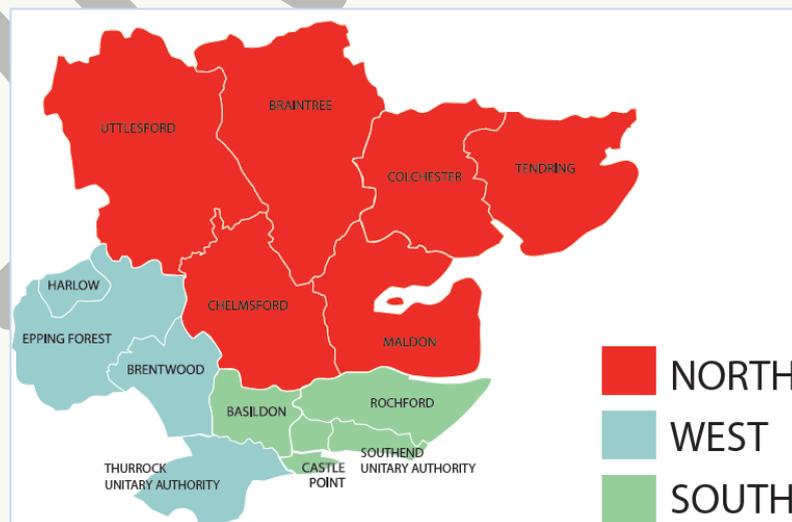
Essex covers 1,417 square miles and borders the counties of Suffolk, Cambridgeshire, Hertfordshire, Kent and four London Boroughs. Three quarters of the county is agricultural land but with several significant and spread out major urban areas, including two new cities, Chelmsford and Southend. It has a 400-mile coastline. Essex is not just one of the largest counties in the country, with a population of 1.86m¹, it is one of the most diverse too. The county has the contrasts of affluent and deprived communities, international

air and sea ports and quiet coastal villages and towns as well as the complexity of a county that is three quarters rural, but also feeds London's thousands of commuters every day from our growing urban centres.

Essex Police has 1.84² officers per 1,000 head of population and in the year to March 2022 responded to over a million calls, over a quarter of which were emergency calls.

Essex is a diverse county with significant variation in geography, infrastructure, accessibility, and socio-economic factors. These require a tailored policing response which increases the complexity of policing the county.

The Force is divided into 3 areas responsible for delivering local policing services across the Force addressing local priorities with specialist departments delivering the full range of other force-wide policing functions.



¹ ONS data – Dataset - Estimates of the population for the UK, England and Wales, Scotland and Northern Ireland

² HMICFRS Value for money profiles – January 2022

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Chief Constable's Report



Essex Police continues to grow and to put the new and existing resources at its disposal to best use to protect and serve the county. This report relates to the third full Financial Year since the introduction of the current Essex Police Force Plan, which is focused on Victims, Vulnerability, Violence and Visibility.

The number of Officers, Volunteers (including Special Constables) and Police Staff is increasing, funded by both central Government and the local precept. By March 2023, we'll have 3,755 officers, an increase of more than 900 since 2016.

To ensure that these men and women are appropriately skilled, equipped and enabled the force continues to re-invest savings achieved through its extensive modernisation programme to offer an improved service to the public and to businesses.

This ranges from the force's capability to respond to the most serious crimes requiring extensive long-term investigations to the reassurance afforded to local communities through an increased visible presence in urban and rural areas and crime prevention.

This report is a demonstration of my commitment as Chief Constable and of all those at Essex Police to deliver justice to every victim of crime.

In May of 2021 I congratulated the newly elected Police, Fire and Crime Commissioner (PFCC) for Essex, Roger Hirst and I'm looking forward to continuing work with the PFCC to strengthen our force, so that our officers, staff and volunteers can carry on helping people, keeping our county safe and catching even more criminals.

It has been a busy year with helping our national colleagues policing of the G7 Summit in June and the United Nations Climate Change Conference of Parties (COP26) in November which was one of the largest cost recoveries that we've had to complete at more than £1.3m.

During the year, the Police Foundation published a report on the future of policing in the context of a national crisis in confidence in policing and setting out an agenda for fundamental change. There is no doubt that some events linked to policing nationally have impacted public confidence across the UK. However, I'm pleased to say many of the recommendations from the report are already being implemented in our force and we continue to regularly review our standards of professionalism to ensure that we are doing the right thing, at the right time and in the right way. We continue to police with the consent of our community in Essex, with public confidence in our force remaining at an all-time high. Our independent SMSR survey saw that 80% of those residents questioned say Essex Police does a good or excellent job. However, this is not something we are complacent about and we continue to strive to do all we can to give the best possible service to victims and our communities.

During the year, a new Crime Prevention Strategy (2021-2025) was launched. The strategy will ensure our preparedness for increased volumes and complexity of crime and sets out our plan to work more closely with partners, the voluntary sector and our communities to prevent crime and find solutions to the issues that cause the most harm to our communities.

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We have seen huge successes during the year, including charging more than 330 suspects for drug-related offences. We continue to seize drugs and proceeds of cash earned through committing crime on a daily basis. Of those charged, 148 were jailed for an average of three-and-a-half years, ensuring criminals continue to be removed from the streets of our county. Our work on Operation Grip enables us to use data to pinpoint areas and times where offences are most likely to happen so we can proactively patrol to prevent crime before it happens. This has been held up as best practice by the Government and is now being rolled out across the country. We have been successful in attracting funding for the next three years to continue this work, which allows us to really focus on preventing crime before it happens.

The force has and will police with the consent of all communities and make full use of all available resources to be a diverse and inclusive organisation.

In 2021/22 our police officer numbers grew from 3,369 to 3,555 (Full Time Equivalents) and it will grow a further 200 in the coming year. We continue to encourage candidates from diverse backgrounds to join our force. Our colleagues are not only growing in number, they are growing in capability. While continuing to deliver the Force Plan to catch criminals, protect people and keep people safe, we continue to work in an agile way meaning that officers and staff can spend even more time with the people who need our help and less time travelling to and from police buildings.

I have a vision of a united Essex in which we celebrate our diversity and where we value each other's differences. In May, following the relaxation of COVID restrictions, Essex started returning to a level of normality with the county's night time economy returning to business as usual levels. Overall crime levels have grown in the last year as lockdown eased but they still remain lower than they had been prior to the pandemic. The recovery brings new businesses and new communities to our county we will use all our resources to make sure that Essex is a safe and prosperous place to live and work.

Current structure

The Police & Crime Commissioner (PCC) was established by the Police Reform and Social Responsibility Act 2011 (PRSRA) as a corporation sole with a separate body of Chief Constable, also as a corporation sole. Mr Roger Hirst was elected Police and Crime Commissioner on 5th May 2016 and re-elected again in May 2021. Jane Gardner is the Deputy Police and Crime Commissioner.

From 1st October 2017, the PCC also took on the governance of Essex County Fire and Rescue Service, becoming the country's first Police, Fire and Crime Commissioner (PFCC). The governance arrangements of the PFCC and Chief Constable are included in the joint Annual Governance Statement.

The Role of the PFCC

The PFCC is directly elected by the public and has a statutory duty to hold the police to account on their behalf for the delivery and performance of the police service in Essex. The PFCC provides the local link between the police and communities, working to translate the legitimate desires and aspirations of the public into action.

The PFCC is responsible for setting the strategic direction and objectives of the force through the Police and Crime Plan, setting an annual budget, monitoring financial outcomes and approving a medium-term financial plan and capital programme in consultation with the Chief Constable.

The PFCC is also responsible for the scrutiny, support and challenge of overall performance of the force including against the policing priorities to protect Essex and holds the Chief Constable to account for the performance of the force's officers and staff. He prepares and issues an annual report to the Police Fire and Crime Panel on performance against the objectives set within the Plan.

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The PFCC has wider responsibilities than those relating solely to the police force, namely:

- Delivery of community safety and crime reduction
- Ability to bring together Community Safety Partnerships at the force level
- Allocate crime and reduction grants within Essex
- Duty to ensure that all collaboration agreements with other local policing bodies and forces deliver better value for money or enhance the effectiveness of policing capabilities and resilience
- Enhancement of the delivery of criminal justice in their area

The Role of the Chief Constable

The Chief Constable is responsible for and accountable to the PFCC for the delivery of efficient and effective policing and the management of resources and expenditure by the police force. He remains operationally independent in the service of the communities of Essex. The Chief Constable is responsible to the public and accountable to the PFCC for leading the force in a way that is consistent with the attestation made by all constables on appointment and ensuring that it acts with impartiality. He has day to day responsibility for the financial management of the force within the framework of the agreed budget allocation and levels of authorisation issued by the PFCC.

The Chief Constable supports the PFCC in the delivery of the strategy and objectives set out in the Plan, and in planning the force's budget. In agreement with the PFCC the Chief Constable enters collaboration agreements with other Chief Constables, other policing bodies and partners that improve the efficiency or effectiveness of policing.

The respective responsibilities of the PFCC and Chief Constable as corporations sole are brought together in legal and accounting terms to form the 'PFCC Group'.

In recognising the respective responsibilities of the PFCC and Chief Constable all assets, liabilities and contracts are in the name and ownership of the PFCC whereas most police staff along with police officers and PCSO's are employed by the Chief Constable. This set of accounts explains how resources provided have been used to deliver operational policing services.

Our Workforce

Essex Police's Diversity, Equality and Inclusion Strategy 2020-2025 recognises that there is a unique life-enhancing power in genuine equality, greater diversity and dignity for all. One of the objectives within this strategy is to attract, recruit, progress and retain a more diverse workforce that better reflects our communities to improve confidence in Essex Police. In 2021, Essex Police continued with the #FitTheBill police officer recruitment campaign, 'We Value Difference', originally launched in 2020, to attract more diversity into the force. Nationally, policing struggles to attract people who are black, Asian, minority ethnic, LGBTQ, female or who declare other protected characteristics.



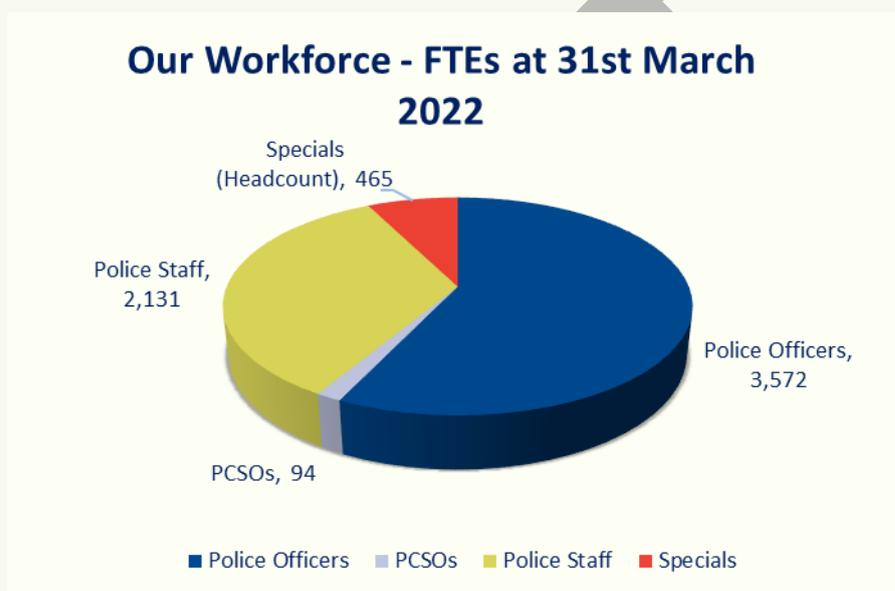
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The ‘We Value Difference’ campaign tackles diversity and inclusion in its entirety and shows that it is our values (Transparency, Impartiality, Integrity and Public Service) which define us and that these values are what policing is most interested in.

The campaign is changing the make-up of the force and making it more representative of the communities it services. Whilst application numbers for police officer slowed in 2021/22 compared to previous years, ethnic minority and female proportions have remained strong. The officer ethnic minority position was 4.17% (as a proportion of all officers) as at 31st March 2022 compared to 3.72% a year earlier and female officers represented 35.84% as at 31st March 2022 compared to 34.53% on 31st March 2021.

During 2021/22 our police officer strength numbers increased by 159 FTEs to 3,572.

The chart below shows the make-up of the workforce for the group as at 31st March 2022



Essex Police continues to grow and during the 2022/23 year the Police Officer establishment will grow by 200 additional officers, 180 of which are as a result of the government’s ambition to recruit an additional 20,000 Police Officers nationally. At the end of 2021/22 the force had recruited 17 additional officers above the established budget of 3,555 officers to assist in meeting the 2022/23 target of bringing the total number of officers to 3,755 FTE by March 2023.

2022/23 will be the final year of the government’s national uplift programme and any further growth from 2023/24 onwards would need to be funded by increases to the council tax precept or from savings elsewhere within the force.

In addition to making the most of our own workforce, partnership working and collaboration permeates throughout the force and is fully embedded within both force business planning and delivering services. The force uses a wide variety of different models and approaches to maximise the benefits working in partnership brings. The force collaborates with other forces at a national level, regional and local level and has joint operational and support directorates with Kent Police to maximise efficiency and effectiveness.

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Police and Crime Plan Priorities

The performance of the force is measured against the following Police and Crime Plan priorities:

- Further investment in crime prevention
- Reducing drug driven violence
- Protecting vulnerable people and breaking the cycle of domestic abuse
- Reducing violence against women and girls
- Improving support for victims of crime
- Protecting rural and isolated areas
- Preventing dog theft
- Preventing business crime, fraud and cyber crime
- Improving safety on our roads
- Encouraging volunteers and community support
- Supporting our officers and staff
- Increasing collaboration

Performance against these priorities is reported monthly to the PFCCs Performance and Resources Scrutiny board (Policing and Crime). The minutes of these boards can be found via the PFCC's website, <https://www.essex.pfcc.police.uk/essex-police-performance/>

Overall crime levels have grown in the last year as lockdowns eased but they remain at a lower level now than they were prior to the pandemic and provide a positive longer-term downward trend.

Police and Crime Plan Priorities	Police Priority Indicators	12 months to Mar 2020	12 months to Mar 2021	12 months to Mar 2022	Number Difference 2021/22	% Difference 2021/22	Direction of Travel 2021/22
Priority 1 - Further Investment in Crime Prevention	Percentage of people who have confidence in policing in Essex (internal survey) ¹	64.7	76.3	80.1	3.8	-	Improving
	<i>Confidence Interval</i> ²	1.1	0.9	0.9			
	Number of all crime offences	167,266	148,135	165,518	17,383	11.7	Deteriorating
	Harm (Crime Severity) Score - All Crime ³	13.9	12.0	14.3	2.3	-	Deteriorating
Priority 2 - Reducing Drug Driven Violence	Number of drug related homicides ⁴	6	6	3	-3	-	Improving
	Percentage of people who have confidence that the policing response to drug crime is improving (internal survey) ¹	-	-	61.3	-	-	-
	<i>Confidence Interval</i> ²	-	-	2.3			
Priority 3 - Protect Rural and Isolated Areas	Number of rural crime offences	26,395	22,984	24,228	1,244	5.4	Deteriorating
	Harm (Crime Severity) Score for Rural Crime	8.9	7.1	8.8	1.7	-	Deteriorating
	Percentage of people who have confidence in policing of rural areas in Essex (internal survey) ¹	64.2	78.4	82.9	4.5	-	Improving
	<i>Confidence Interval</i> ²	2.1	1.8	1.7			
Priority 4 - Improving safety on our roads	All people killed or seriously injured (KSI) in road collisions ⁵	820	648	846	198	30.6	Deteriorating
	Number of driving under the influence of drink and/or drugs on Essex roads	3,694	3,883	2,885	-998	-25.7	Deteriorating
	Number of driving related mobile phone crime on Essex roads ⁶	1,530	485	448	-37	-7.6	Deteriorating
	Percentage of people who have confidence that the policing response to policing the roads is improving (internal survey) ¹	68.2	75.5	63.9	-11.6	-	Deteriorating
	<i>Confidence Interval</i> ²	1.1	1.0	1.1			
Priority 5 - Encouraging Volunteers and Community Support	Percentage of people who feel there are good opportunities for those who want to volunteer to assist policing and reduce crime in Essex (internal survey) ¹	-	-	61.6	-	-	-
	<i>Confidence Interval</i> ²	-	-	2.7			
Priority 6 - Improving our services to support victims of crime	Number of repeat victims of crime	42,764	41,886	47,684	5,798	13.8	Deteriorating
	Percentage of victims of crime who have confidence in policing in Essex (internal survey) ¹	52.7	63.5	61.0	-2.5	-	Stable
	<i>Confidence Interval</i> ²	3.5	3.0	3.5			
	Percentage of victims of crime who have confidence in policing in Essex (internal survey) ¹	66.1	78.2	82.1	3.9	-	Improving
	<i>Confidence Interval</i> ²	1.1	1.0	0.9			
Priority 7 - Violence against women and girls	Number of violence against the person (including Stalking & Harassment offences) against females	35,443	36,168	39,769	3,601	10.0	Deteriorating
	Number of sexual offences against females	4,005	3,723	5,105	1,382	37.1	Deteriorating
	Number of sexual offences against females solved ⁷	254	274	281	7	2.6	Improving
	Number of violence against the person (including Stalking & Harassment offences) against males	27,669	26,797	31,031	4,234	15.8	Deteriorating
	Number of sexual offences against males	644	597	855	258	43.2	Deteriorating
	Number of sexual offences against males solved ⁷	46	41	42	1	2.4	Improving
	Percentage of females who feel safe walking alone in their area after dark (internal survey) ¹	-	-	41.2	-	-	-
	<i>Confidence Interval</i> ²	-	-	2.1			
	Percentage of males who feel safe walking alone in their area after dark (internal survey) ¹	-	-	74.1	-	-	-
	<i>Confidence Interval</i> ²	-	-	2.0			

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Police and Crime Plan Priorities	Police Priority Indicators	12 months to Mar 2020	12 months to Mar 2021	12 months to Mar 2022	Number Difference 2021/22	% Difference 2021/22	Direction of Travel 2021/22
Priority 8 - Dog Theft	Number of dog thefts ⁶	52	59	65	6	-	Deteriorating
	Percentage of people who have confidence that the policing response to dog theft is improving (internal survey) ¹	-	-	63.6	-	-	-
	<i>Confidence Interval</i> ²			2.7			
Priority 9 - Business Crime, Fraud and Cyber Crime	Number of business crime offences	23,601	15,929	18,802	2,873	18.0	Deteriorating
	Number of business crime offences solved ⁷	4,553	2,860	2,780	-80	-2.8	Deteriorating
	Percentage of people who have confidence that the policing response to tackling cyber crime is improving (internal survey) ¹	-	-	51.1	-	-	-
	<i>Confidence Interval</i> ²			2.3			
Priority 10 - Protecting vulnerable people and supporting victims of crime	Number of domestic abuse offences	27,801	28,951	30,894	1,943	6.7	Deteriorating
	Number of domestic abuse offences solved ⁷	3,058	3,455	3,140	-315	-9.1	Deteriorating
	Number of child abuse offences	5,470	5,397	6,282	885	16.4	Deteriorating
	Number of child abuse offences solved ⁷	301	315	395	80	25.4	Improving
	Percentage of people who have confidence that the policing response to protecting children and vulnerable people is improving (internal survey) ¹	83.2	89.7	86.3	-3.4	-	Deteriorating
	<i>Confidence Interval</i> ²	1.0	0.8	0.9			
Priority 11 - Staff	Ethnic Minority employees: percentage of total workforce ⁹	3.7	4.2	4.4	0.2	-	Improving

Note 1 - Question from the independent survey commissioned by Essex Police. Results are for the period 12 months December 2021 versus the 12 months to December 2020.

Note 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.

Note 3 - Crime Severity Score measures 'relative harm' of crimes by taking into account both the volume and the severity of offences, and by weighting offences differently. National data for the 12 months to January 2022 have been used in order that comparisons can be made to Essex's Most Similar Group of Forces (MSG).

Note 4 - The methodology used for identifying these investigations are drug related is subjective and based on the circumstances presented. These figures will include investigations where the victim or the suspect are involved Drug Use, Possession or Selling.

Note 5 - '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. 'Causing Death/Serious Injury by Dangerous/Inconsiderate Driving' offences refers to the number of crimes of this type.

Note 6 - In 2019, the definition as to what constituted "use" of a mobile phone in relation to driver-related mobile phone offences was subject to a legal challenge. This resulted in a ruling, which held that while "use" included accessing the interactive functions of the mobile phone it did not extend to solely accessing the device's internal functions. Few mobile phone offences were subsequently prosecuted from this point. In 2021, however, the law was changed: it is now illegal to "hold" a phone or sat nav when driving or riding a motorcycle.

Note 7 - Solved outcomes are crimes that result in: charge or summons, caution, crimes taken into consideration, fixed penalty notice, cannabis warning or community resolution.

Note 8 - This is the number of theft offences in which dogs were stolen, and not necessarily the number of dogs which were stolen.

Note 9 - Ethnic minority employees as a percentage of the total workforce.

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Force Plan

The force priorities are drawn from the Police, Fire and Crime Commissioner’s Police and Crime plan.

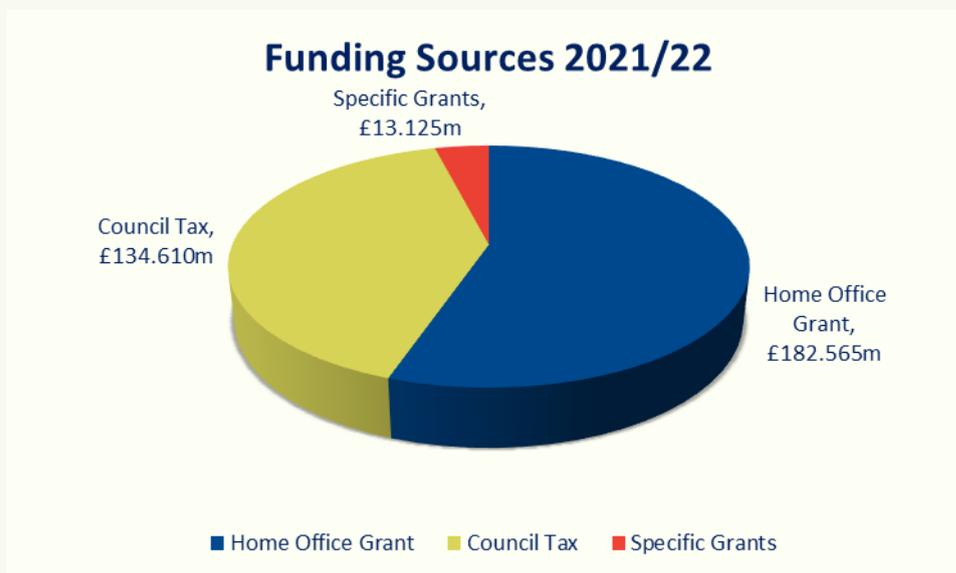


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Financial Overview

Where the Money Comes From

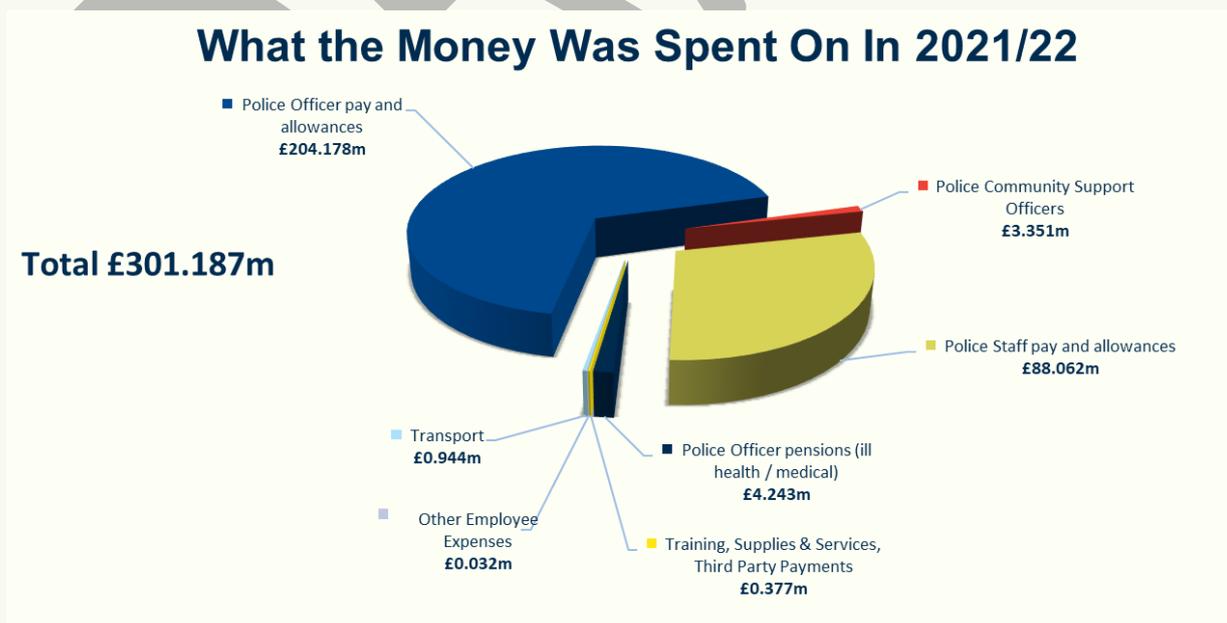
In April the Chief Constable is given an annual budget to deliver policing in Essex. For 2021/22 this budget was £330.3m funded from:



One of the challenges the force faces is that it is the lowest funded force nationally (funding from grants and council tax) and the 9th lowest in receipt of government grant per head of population. It also has the lowest spend per head of population (Source: HMICFRS 2021 Value for Money Profiles).

Where the Money is Spent

The graph below shows an analysis of the Chief Constable’s net revenue expenditure totalling £301,025.



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Performance – what we did to Protect and Serve the People of Essex

Incidents attended and crimes recorded

The number of crimes recorded in Essex increased by 11.7% in the twelve months to March 2022 compared to the 12 month period to March 2021. This increase in crime was primarily influenced by the Government’s easing of restrictions on movements and gatherings in relation to COVID-19. However, this was still 1% down on the 12 month period to March 2020, the last year that did not have a direct impact from COVID-19 lockdown measures.

Incidents attended and crimes recorded	30,674 Anti-Social Behaviour Incidents
	42,844 incidents of domestic abuse
	21,182 repeat incidents of domestic abuse
	26 Homicides
	15,706 violence with injury offences
	3,097 Stop and search for weapons
	1,627 Knife-enabled crime incidents

Problems resolved and crimes solved

Problems resolved and crimes resolved	16,040 domestic abuse arrests
	256 Domestic Violence Protection Notices (DVPNs) and Protection Orders (DVPOs)
	3,134 domestic abuse offences solved
	2,781 High Harm (including 2,184 Violence with Injury) offences solved
	309 Organised Criminal Group Disruptions
	2,099 Trafficking of drugs arrests
	2,698 Child Sexual Abuse/Exploitation Investigations
	171 Modern Slavery referrals made to the National Referral Model

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Some highlights from the Financial Year

Essex Police have played a significant role throughout the pandemic, working with partners through the Essex Resilience Forum to co-ordinate the countywide response. During this period, public confidence in Essex Police has increased from 64.7% of people thinking the force do a good job in the 12 months to December 2019, to 76.3% in the 12 months to December 2020 and then 80.1% in the 12 months to December 21. This demonstrates the increasing value that the public place on the force.

With the growth in officers over the last 12 months the force have been able to focus on tackling serious violence, including doubling the size of the Serious Violence Team, tackling domestic abuse including a new Domestic Abuse Problem Solving Team and investing more officers to tackle serious and organised crime, new Disruption Teams to deal with crime in local districts and increased capacity in teams such as road policing and dog handlers.

The force was assessed as Outstanding for its data quality by HMICFRS in 2021, meaning that it has an excellent grip on the level of crime happening in the county and receives accurate reports from the public. This is vital as the intelligence received informs the intelligence led, targeted intervention that is the most effective way of tackling crime and anti-social behaviour.

Financial Performance

The table below shows budgeted and actual net revenue expenditure in a form representing the management accounting view of balances within the control of the Chief Constable. The Net Revenue Expenditure (NRE) excludes depreciation, pensions liabilities, accumulated absences and other items which do not impact on the transfer to or from the General Reserve. These charges are included and accounted for in the Comprehensive Income and Expenditure Statement (CIES) within the Core Financial Statements in accordance with proper practice. The Expenditure and Funding Analysis reconciles the difference between the management accounting view and the accounting balances in the CIES.

The PFCC for Essex Group Statement of Accounts includes these transactions combined with the PFCCs transactions to form the overall group position.

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Chief Constable for Essex Police- 2021/22 Financial Performance	Current Budget	Actual	Variance over / (under)
	£000	£000	£000
Employees			
Police Officer pay and allowances	202,653	204,178	1,525
PCSO pay and allowances	3,584	3,351	(233)
Police staff pay and allowances	88,133	88,062	(72)
Ill-health/medical pensions	4,087	4,243	156
Training	25	44	19
Other employee expenses	243	32	(211)
	298,726	299,910	1,184
Other Service Expenditure			
Transport	1,237	944	(292)
Supplies & services	389	316	(73)
Third party payments	-	17	16
	1,626	1,278	(348)
Gross Operating Expenditure	300,351	301,187	836
Income	-	-	-
Net Cost of Services	300,351	301,187	836

Future Trends and Risks

Trends in Crime and the force's long-term vision

There is a high and increasing demand for policing services due to both the volume of crime and incidents, and their severity and increasing complexity. In the year to 31st March 2022, 165,518 offences were recorded, a 11.7% increase (17,383 additional offences) compared to 2021 and a 1% decrease (1,748 fewer offences) compared to 2020. The increase in crime over the last year has primarily been influenced by the Government's easing of restrictions on movements and gatherings in relation to COVID-19.

Prevention remains a key focus of the Force building on investment already made during 2019/20 to 2021/22 to strengthen activity to tackle the issues causing the most harm. The Force will continue working with partners to deliver against a Crime Prevention Strategy and whole system approach to enable the force to optimise its investment. The force management strategy aligns existing resources (both financial and people) to unlock additional capacity, capabilities and potential to prevent crime.

Despite the force growing, with its allocation of the additional 20,000 officers nationally and investment from increases in council tax, Essex Police has a good track record of delivering cash and efficiency savings to maximise the benefit out of every penny. In 2021/22 £4.4m savings were delivered with £2.9m of these recurring annually and there continues to be an ambitious savings programme with £4.7m programmed to be delivered in 2022/23. This is in the context of funding challenges from being one of the lowest funded forces in the country.

Current and emerging risks and mitigation

The three year comprehensive spending review has provided some certainty over Home Office funding levels up to 2024/25 which will make it easier to consider pressures from future demand against future funding levels. One of the challenges the force faces is that it is the lowest funded force nationally (funding from grants and council tax), and the 9th lowest in receipt of government grant per head of population. It also has the lowest spend per head of population.

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The detrimental impact of COVID-19 on government finances along with significant increases in inflation in recent months, driven by both domestic and global factors, impacting the costs of supplies and services, is expected to result in significant funding challenges to Essex Police and partners with the potential withdrawal of non-statutory services and these challenges are likely to impact public services for some years to come.

The mitigation to these funding challenges will be the continuation of the work to review services and drive out efficiencies and cashable savings, this includes the review of the Essex Police estate to generate capital receipts to fund other vital capital investment and reduce annual revenue estate running costs.

On 1st April 2022 Just Stop Oil (JSO) began sustained protest activity at petrochemical distribution sites in West Essex and petrol station forecourts. Over the course of April and into May 2022 large numbers of JSO protestors disrupted multiple sites in Essex simultaneously and used a wide range of tactics to cause significant disruption. This was a significant development for Essex Police post year end with forecast costs of the operational response anticipated to be approximately £6m. The Chief Constable and the PFCC are working together and seeking financial assistance from the Home Office, the extent of which is not known at the time of writing. Any costs not recompensed by the Home Office would need to be met from reserves which would in turn create additional financial pressure in future years as reserves are replenished.

In addition to the risks around future funding the following are strategic risks that the force is currently facing which are likely or almost certain to have a major impact on the force:

- **Emergency Services Mobile Communications Programme (EMSCP)** - Cost will continue to escalate due to the continuing delays of the national ESMCP and the Emergency Services Network in delivering a credible, comprehensive and fit for purpose communications solution;
- **Electrification of the Vehicle Fleet** – The Government's ban on the sale of petrol and diesel engine vehicles comes into Force in 2030. To meet the target the Force needs to take action now to build charging or fuelling infrastructure whilst investing in compliant vehicles presenting with a considerable cost pressure.

Strategic risks and associated mitigating actions are reviewed regularly by the force, the PFCC and Joint Audit Committee.

Statement of Responsibilities & Introduction

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Introduction

Statement of Responsibilities for the Statement of Accounts for the Chief Constable of Essex

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 approve these Statement of Accounts.

Chief Constable of Essex

Date XXXXXXXXXX

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 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 2021.

Deborah A. Martin BA (Hons), FCPFA
Chief Finance Officer of the Chief Constable
Date XXXXXXXXXX

Introduction

Introduction

The Statement of Accounts consists of the following sections:

Core Financial Statements

These comprise:

- **Comprehensive Income and Expenditure Statements** - these show the accounting cost in the year to the 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 2022. 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 use. For example capital reserves can only be applied to fund capital expenditure or to repay debt and not to fund revenue expenditure.

Unusable reserves - hold unrealised gains and losses such as those arising from revaluations.

- **Movement in Reserves Statements** - this shows the movement in the year on the different reserves held by the 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 Constable's future service delivery.

Notes to the Financial Statements

These comprise an index of notes and a detailed analysis of the summarised financial information in the Core Financial Statements. These also set out the accounting policies adopted by the Chief Constable, which explain the basis on which the Chief Constable's financial transactions are presented. One of the key notes is the **Expenditure and Funding Analysis** which provides a reconciliation between the cost of providing services, chargeable to the General Fund, and the accounting cost of providing services in the year.

Glossary of Terms

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

Independent Auditors Report

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Statement of Accounts 2021/2022

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Statement of Accounts – Financial Statements

Comprehensive Income and Expenditure Statement

(For the years ended 31st March 2021 and 31st March 2022)

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

	2020/21 Gross Expenditure £000	2020/21 Gross Income £000	2020/21 Net Expenditure £000	2021/22 Gross Expenditure £000	2021/22 Gross Income £000	2021/22 Net Expenditure £000
<i>Employees</i>						
Police officer pay and allowances	216,580	-	216,580	279,672	-	279,672
PCSO pay and allowances	3,549	-	3,549	3,351	-	3,351
Police staff pay and allowances	104,932	-	104,932	110,229	-	110,229
Ill-health/medical pensions	4,184	-	4,184	4,243	-	4,243
Training	3	-	3	44	-	44
Other employee expenses	462	-	462	32	-	32
	329,710	-	329,710	397,571	-	397,571
<i>Other service expenditure</i>						
Transport	969	-	969	945	-	945
Supplies & Services	161	-	161	316	-	316
Third party payments	(1)	-	(1)	17	-	17
	1,129	-	1,129	1,278	-	1,278
Financial Resources Consumed - Chief Constable	330,839	-	330,839	398,849	-	398,849
Intra Group Adjustment for Chief Constables Net Service Cost	-	(320,463)	(320,463)	-	(331,463)	(331,463)
Net Cost of Provision of Police Services - Chief Constable	330,839	(320,463)	10,376	398,849	(331,463)	67,386
Net Interest on the defined benefit pensions liability						
-Police Officers	66,116	-	66,116	65,880	-	65,880
-Police Staff	4,431	-	4,431	4,634	-	4,634
Financing and Investment Income and Expenditure	70,547	-	70,547	70,514	-	70,514
(Surplus)/Deficit on Provision of Police Services - Chief Constable	401,386	(320,463)	80,923	469,363	(331,463)	137,900
Remeasurement of the net defined benefit liability						
-Police Officers	424,668	-	424,668	(143,081)	-	(143,081)
-Police Staff	66,125	-	66,125	(74,073)	-	(74,073)
Other Comprehensive Income and Expenditure	490,793	-	490,793	(217,154)	-	(217,154)
Total Comprehensive Income and Expenditure	892,179	(320,463)	571,716	252,209	(331,463)	(79,254)

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.

In addition to employee-related costs the Chief Constable's expenditure includes movement in respect of accumulated absences liabilities for police officers, staff and PCSO's, as well as the Chief Constable's share of external audit costs.

There were net actuarial gains of £217.154m in 2021/22 compared to net actuarial losses of £490.793m in 2020/21. Note 20 provides further information on the Defined Benefit Pension Scheme.

Balance Sheet

(For the years ended 31st March 2021 and 31st March 2022)

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

Note	2020/21		2021/22	
	£000	£000	£000	£000
Current assets				
15 Short term debtors	892		1,325	
Current assets total		892		1,325
Current liabilities				
16 Short term creditors	(7,059)		(5,916)	
Current liabilities total		(7,059)		(5,916)
Non-current liabilities				
20 Pensions liabilities - Police Officers	(3,328,893)		(3,297,849)	
20 Pensions liabilities - Police Staff	(238,204)		(191,570)	
Non-current liabilities total		(3,567,097)		(3,489,419)
Net assets/(liabilities)		(3,573,264)	(3,494,010)	
19 Unusable reserves				
Pensions liabilities - Police Officers	3,328,893		3,297,849	
Pensions liabilities - Police Staff	238,204		191,570	
Accumulated Absences Account	6,167		4,591	
Unusable reserves total		3,573,264		3,494,010
Total reserves		3,573,264	3,494,010	

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 2022.

Deborah A Martin BA (Hons) FCPFA
 Chief Finance Officer of the Chief Constable
 XXXXXX

Cash Flow Statement

For the years ended 31st March 2021 and 31st March 2022

Note	2020/21 £000	2021/22 £000
Net (Surplus)/Deficit on the Provision of Services	80,923	137,900
17 Adjustment to (Surplus)/Deficit on the Provision of Services for non-cash Adjust for items included in the net (Surplus)/Deficit on the Provision of Services that are investing and financing activities	(80,923)	(137,900)
17 Net cash flows from operating activities	-	-
Net cash flows from investing activities	-	-
Net cash flows from financing activities	-	-
Net (increase)/decrease in cash and cash equivalents	-	-
Cash and cash equivalents at the beginning of the reporting period	-	-
Cash and cash equivalents at the end of the reporting period	-	-
	-	-

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.

Movement in Reserves Statement

For the year ended 31st March 2021

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

	2020/21					Total Usable	Total Unusable	Total Reserves
	General	Earmarked	Total General & Earmarked	Capital Receipts	Capital Grants Unapplied			
	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1st April 2020	-	-	-	-	-	-	3,001,549	3,001,549
(Surplus)/Deficit on Provision of Services	80,923	-	80,923	-	-	80,923	-	80,923
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	490,793	490,793
Total Comprehensive Income and Expenditure	80,923	-	80,923	-	-	80,923	490,793	571,716
Adjustments between accounting basis and funding basis under regulations	(80,923)	-	(80,923)	-	-	(80,923)	80,923	-
Net (Increase)/Decrease before Transfers to Usable Reserves	-	-	-	-	-	-	571,716	571,716
Transfers (to)/from Usable Reserves	-	-	-	-	-	-	-	-
(Increase)/Decrease in Year	-	-	-	-	-	-	571,716	571,716
Balance at 31st March 2021	-	-	-	-	-	-	3,573,264	3,573,264

Movement in Reserves Statement

For the year ended 31st March 2022

	2021/22 Group					Total Usable	Total Unusable	Total Reserves
	General	Earmarked	Total General & Earmarked	Capital Receipts	Capital Grants Unapplied			
	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1st April 2021	-	-	-	-	-	-	3,573,264	3,573,264
(Surplus)/Deficit on Provision of Services	137,900	-	137,900	-	-	137,900	-	137,900
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	(217,154)	(217,154)
Total Comprehensive Income and Expenditure	137,900	-	137,900	-	-	137,900	(217,154)	(79,254)
Adjustments between accounting basis and funding basis under regulations	(137,900)	-	(137,900)	-	-	(137,900)	137,900	-
Net (Increase)/Decrease before Transfers to Usable Reserves	-	-	-	-	-	-	(79,254)	(79,254)
Transfers (to)/from Usable Reserves	-	-	-	-	-	-	-	-
(Increase)/Decrease in Year	-	-	-	-	-	-	(79,254)	(79,254)
Balance at 31st March 2022	-	-	-	-	-	-	3,494,010	3,494,010

Statement of Accounts – Notes to the Financial Statements

Introduction

This section contains notes which are intended to aid interpretation of the financial statements (as set out on pages 28 to 31) and provide further information on the financial performance of the Chief Constable for Essex during 2021/22. The notes set out within this section are as follows:

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Statement of Accounts – Notes to the Financial Statements

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1. Creation of Police, Fire & Crime Commissioner and Chief Constable Single Entities

Introduction

Following the Police Reform and Social Responsibility Act 2011 (The Act) Essex Police Authority was replaced on 22nd November 2012 with two 'corporation sole' bodies, the Police and Crime Commissioner (PCC) for Essex and the Chief Constable. It was the Government's intention that the reforms under the Act were phased in over a period of several years. 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 the 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 employed by 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.

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 CC's financial transactions for the 2020/21 financial year and its position at the year-end of 31st March 2021. 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 2020/21, supported by International Financial Reporting Standards (IFRS) and statutory guidance, issued under Section 12 of the 2003 Act.

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

2.2 Accruals of Income and Expenditure

Activity is accounted for in the year in which it takes place, not simply when cash payments are made or received. In particular:

- Supplies and services are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as stocks on the Balance Sheet
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected
- The PFCC Group generally adopts a minimum accruals threshold of £1,000 for its each year-end entries

2.3 Overhead and Support Services

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

2.4 Employee Benefits

Short Term Benefits

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

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:-

- 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
- 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:-
 - a) Quoted securities are included at realisable values (i.e. current bid price)
 - b) 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 - charged (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 within the Net Cost of Services
- d) Re-measuring's 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

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 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:

- Police Officers in service on or before 31st March 2006 are admitted to the 1987 Police Pensions Scheme
- Police Officers in service between 1st April 2006 and 31st March 2015 are admitted to the 2006 Police Pension Scheme
- Police Officers in service on or after the 1st April 2015 are admitted to the 2015 Police Pension Scheme

- Police Officers forced to retire through injury are admitted to the Police Officer Injury awards Scheme

The expenditure and income in respect of these schemes are accounted for in the Police Pensions Fund Account with the exception of injury and some ill health retirement payments, which are charged to the Comprehensive Income and Expenditure Statement. The Pensions Top Up Grant, receivable by the Fund, is initially credited to the Comprehensive Income and Expenditure Statement, and then transferred to the Police Pensions Fund Account via the Movement in Reserves Statement.

The liability for future payments that will be made in relation to retirement benefits has been assessed by the Scheme's actuaries based on assumptions about mortality rates, employee turnover rates, and projections of future earnings for current employees.

The cost of future retirement benefits when they are earned by serving police officers are recognised in the Comprehensive Income and Expenditure Statement in accordance with IAS19, Accounting for Retirement Benefits, and therefore form part of the Net Deficit for the Year. They are subsequently reversed out in the Movement in Reserves Statement.

Police Pension Reserve

From 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.

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

Paragraph 3.3.2.13 of the 2021/22 Code requires changes in accounting policy to be applied retrospectively unless alternative transitional arrangements are specified in the Code. Paragraph 3.3.4.3 requires the disclosure of information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Code for the relevant financial year.

Paragraph 3.3.4.3 and Appendix C of the Code adapt IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors on an annual basis to limit the impact of standards that have been issued but not yet adopted to those listed in Appendix C of the Code in the relevant year of accounts (in this case the 2021/22 Code).

This means that only the standards listed below are included in the requirements for IAS 8 for standards that have been issued and not yet adopted.

The standards introduced by the 2022/23 Code and relevant for additional disclosures that will be required in the 2021/22 financial statements in accordance with the requirements of paragraph 3.3.4.3 of the Code are:

- Annual improvements to IFRS standards 2018-2020 including IFRS 1 (First-time adoption) and IAS 37 (Onerous Contracts)

None of the matters covered in the annual improvements are dealt with in detail in the 2022/23 Code and these are not anticipated to have a significant effect on the Chief Constable's 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 explained below.

Joint Activities

The PFCC and Chief Constable participates in some joint activities with the Police and Crime Commissioner for Kent, in particular a shared Serious Crime Directorate and Support Services Directorate. The PFCC and Chief Constable also participate in some joint activities with other Eastern Region Authorities. These activities are deemed by the PFCC and the Chief Constable to be jointly controlled activities in accordance with the Code of Practice. Accordingly, the Statement of Accounts does not include group accounts for these activities. Further details of the PFCC/Chief Constable entity relationships are shown in the Related Party Transactions note 21.

McCloud v Sargeant judgement

The Chief Constable along with other Chief Constables and the Home Office, currently has a number of outstanding claims in respect of unlawful discrimination arising from transitional provisions in the Police Pension Regulations 2015. The claims against the Police Officer Pension scheme (the Aarons case) had previously been stayed behind the McCloud/Sargeant judgement, but a case management was held in October 2019, with the resulting Order including an interim declaration that the claimants are entitled to be treated as if they had been given full transitional protection and had remained in their existing scheme after 1st April 2015. Whilst the interim declaration applied only to claimants, the Government made clear through a Written Ministerial Statement on 25th March 2020 that non-claimants would be treated in the same way.

On 16th July 2020, HM Treasury issued a consultation regarding transitional arrangements for public sector pensions to eliminate discrimination as identified through the McCloud/Sargeant cases. This introduced a requirement for members to have been in the scheme on or before 31st March 2012 and on or after 1st April 2015 to be eligible for remedy. On 4th February 2021, HM Treasury stated that members would be given a choice as to whether to retain benefits from their legacy pension scheme, or their new scheme, during the remedy period (2015-2022). This choice will be deferred for members until retirement. As the findings of the original Employment Tribunal did not identify that the introduction of the new public sector pension schemes were discriminatory (rather it was the transitional provisions), the legacy schemes will be removed from April 2022 to be replaced by the new pension schemes originally introduced in 2015.

The remedy will be delivered in two phases, prospective and retrospective. Between 8th November 2021 and 2nd January 2022 the Home Office further consulted on proposed amendments to the Police Pension Scheme Regulations 2015 as part of the *first phase* of the proposed remedy (prospective). The consultation sought views on proposed amendments to scheme rules which will move all members (including those formerly protected) to the 2015 scheme on 1st April 2022 and close the legacy schemes from 31st March 2022.

Taking into account the 97 responses to this consultation, the Home Office confirmed they were satisfied that proposed amendments to the 2015 regulations would achieve the policy aim of implementing the first phase of the McCloud remedy. Following the introduction of the necessary legislation, all remaining legacy scheme members will be moved to the reformed scheme from 1st April 2022 and the legacy schemes will be closed at this point. This will thus ensure that all members are treated equally in respect of any pensionable service accrued after 31st March 2022. Therefore, the Home Office will remove the transitional protection that the courts found to be discriminatory in the McCloud and Sargeant cases, in line with policy made by HM Treasury relating to public service pension schemes.

The *second phase* will be the retrospective remedy, which will move all members service back into the legacy final salary scheme for the remedy period (1st April 2015 – 31st March 2022) and allow a choice of benefits for this period. Remedying the retrospective discrimination is particularly complex and further technical issues will be addressed within the consultation on scheme changes, to be enacted later in 2022.

It should be noted that whilst legal counsel has set out an argument to not settle pensions entitlements on the basis of immediate detriment (a position which is consistent with the majority of scheme managers) the advice emphasises the importance of reasonableness and on this basis supports the implementation of immediate detriment provisions. Therefore, based upon uncertainty in respect of whether these costs could be reclaimed from the Home Office Police Officer Pension Scheme, the Chief Constable has recognised £0.162m of costs in the CIES during 2021/22.

Impact on pension liability

Allowing for all eligible members to accrue benefits from their legacy scheme during the remedy period would lead to an increase in the Police Pension Scheme liabilities. For the Chief Constable, it is estimated that XXXX members would choose their legacy scheme and thus increase the liabilities. Scheme actuaries originally estimated the increase in scheme liabilities for the Chief Constable to be 4.4% or £94.744m of Police Officer Pension Scheme liabilities. This was recognised in the 2018/19 accounts. Subsequent increases were included in the accounts for 2019/20 and 2020/21, representing an additional years' benefit from the remedy, offset by a reduction in 2019/20, following clarification of eligibility criteria for members set out in HM Treasury's consultation. In 2020/21, the estimated increase is a further £XXXXm of current service cost, reflecting an additional years' benefits from the remedy.

The impact of an increase in scheme liabilities arising from the McCloud/Sargeant judgement will be measured through the pension valuation process, which determines employer and employee contribution rates. The next Police Pension valuation is due to be reported in 2023/24, although this timetable is subject to change.

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 pension fund into which officer and employer contributions are paid and out of which pension payments to retired officers are made. If the police pension fund does not have sufficient funds to meet the cost of pensions in year the amount required to meet the deficit is then paid by the Secretary of State to the police authority in the form of a central government top-up grant.

Compensation Claims

Applicants have lodged claims for compensation, with the Chief Constable aware that a large amount of Injury to Feelings (ITF) claims have already been submitted nationally, with many more expected. The 2020/21 Statement of Accounts disclosed values of 13,000 (submitted) and 37,000 (in progress) at that point in time, with the Chief Constable now attempting to ascertain the updated national position in respect of these numbers. Any compensation claim in respect of either financial loss suffered or ITF would be allowable for up to three months from the end of employment. Therefore, based upon the prospective remedy ending the ongoing discrimination on the 1st April 2022, the three month time limit would end on the 30th June 2022. Claims for financial losses are currently stayed as consideration is given to the HM Treasury proposed remedy. Therefore, as at 31st March 2022, whilst there is a greater likelihood that these claims could be successful, the uncertainties in respect of the numbers of claims which could potentially impact the Chief Constable as well as the lack of an accurate measurement basis for potential costs arising, means that no liability in respect of compensation claims has been recognised in these accounts.

5. Events after the Reporting Period

When an event occurs after the Balance Sheet date the Chief Constable is required to assess the accounting impact of this in accordance with the guidance of IAS 10. When such an event provides evidence of conditions that existed at the Balance Sheet date an adjusting event occurs, and the amounts recognised in the Statement of Accounts are amended to take into account any values arising from the adjusting event in question. However, when an event occurs that is indicative of conditions that arose after the Balance Sheet date, the amounts recognised in the Statement of Accounts are not adjusted but disclosed as a separate note instead. All events after the Balance Sheet date are reflected and reviewed up to the date when the Statement of Accounts is authorised for issue.

There have been no material events between the year-end and the date of approval of these accounts which are applicable to IAS 10, which require adjustment to these financial statements.

6. Assumptions made about the Future and Other Major Sources of Estimation Uncertainty

The 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 as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Pensions Liability - sensitivity of variable factors	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.	<p>The various potential impacts of these uncertainties are illustrated in the relevant table in Note 20 that shows the outcome should a variance of +0.1% or -0.1% occur based on the current assumptions. In addition, the effects on the net pensions liability of changes in individual assumptions can be measured.</p> <p>For instance, a 0.1% increase in the discount rate assumption for Police Staff pensions would result in a decrease in the pension liability of £16.621m. An increase of one year on mortality rate assumptions for members of the Police Officer Pension Scheme (covering the 1987, 2006 and 2015 CARE schemes) would result in an increase to the pension liability of £151.577m. It should be noted however, that the various assumptions interact in complex ways, and the Chief Constable will therefore work closely with its actuaries to understand and assess any material impact of these issues, as well as any subsequent actions arising including the potential requirement to increase deficit contributions.</p>

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
<p>Pensions Liability (LGPS) - actuary roll-forward approach</p>	<p>In determining the value of the employer liabilities for the LGPS scheme the actuary has rolled forward the results from the most recent funding valuation, using the financial and demographic assumptions set for accounting purposes. An allowance is made for actual pension increase experience as standard. After each triennial valuation the accounting liabilities are recalculated using up to date membership data and results. This may result in additional experience items which then need to be incorporated into subsequent accounting reports.</p> <p>In respect of the Police Officer Pension Scheme the latest valuation was undertaken at the 1st April 2020, meaning the actuary roll-forward approach has been applied to this scheme in the 2021/22 Statement of Accounts.</p>	<p>The roll forward approach adopted by the actuary means experience items may emerge representing the difference between the actual experience of the members of the fund, and the experience that had been assumed for them in previous accounting reports. As an example, if members died earlier than assumed this will result in an actuarial gain as the liabilities will be lower than estimated in the roll forward, or if members received higher than assumed salary increases then there will be an actuarial loss as the liabilities will be higher than estimated. In summary, the roll forward method adopted by the actuary is less accurate the use of a full actuarial valuation, however the impact is mitigated by the inclusion of the aforementioned experience items which are incorporated into subsequent accounting reports.</p>
<p>Pensions Liability - LGPS scheme assets</p>	<p>Estimation of the net liability to pay pensions also depends on judgements in respect of the performance of the underlying assets which the LGPS pension scheme invests in (it should be noted that the Police Officer Pension Scheme does not hold any assets). A firm of consulting actuaries is engaged to provide the Chief Constable with expert advice in respect of the forecasts to be applied.</p> <p>The current crisis in Ukraine is recognised as creating significant volatility in equity markets and also with government bonds. The longer-term impact will be dependent on inflationary changes. In order to reflect the most accurate position possible, the actual return earned by the fund assets over the accounting period has been included in the accounts rather than an estimation.</p>	<p>Based on the current market conditions at the 31st March 2022, particularly in respect of the ongoing crisis in Ukraine along with the residual effect of COVID 19, the Chief Constable understands that the direction of the economy could have a direct impact on the net liability value. This will most likely be in the form of below-average returns on plan assets and market yields. In addition, the overall position is also influenced by the effect of market movements on the assumptions used to place a value on the defined benefit obligation. The asset position at the end of 2021/22 remains an area of risk and will be reviewed, alongside the wider external context, throughout 2022/23, to assess any impacts which may require potential impairment entries.</p> <p>The actual return on the fund (on a bid value to bid value basis) for the year to 31st March 2022 is 10% (28.65% 2020/21).</p>

7. Contingent Liabilities

The Chief Constable recognises 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.

Allard & Ors v Devon and Cornwall Constabulary

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.

At the Balance Sheet date there are six undercover officer test cases with peculiarities that differ from CHIS (Covert Human Intelligence Source) claims. The Allard ruling made against the CHIS claims appears to have been hinged on current police regulations 2003 as the defining body, however the nature and role of an undercover officer is very different to that of CHIS. It is therefore currently anticipated that the court case planned for October 2023 will enable the judge to make a ruling in respect of the interpretation of police regulations to that of the role of undercover officers (and cover officers who support them). It is understood there are approximately 140 claims to be settled across all forces.

Therefore, in respect of the 2021/22 accounts, the Chief Constable has assessed the potential financial value of all applicable claims at the Balance Sheet date using the criteria for IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. Based on this assessment, specifically that the outstanding claims cannot be reliably measured, and the continued uncertainty in respect of further claims arising both prior to and after the test case judgement and ruling has been confirmed (and therefore the direction of travel understood) a contingent liability has been recognised in the financial statements. To cover these potential liabilities the Essex PFCC/Group currently holds a Legal Claims Reserve with £0.709m earmarked at the Balance Sheet date for any future claims in respect of Allard. Therefore, any future claims, should they arise, will be met from this reserve and not impact the Chief Constable accounts.

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

The Statement of Accounts was authorised for issue on XXXX by Deborah Martin BA (Hons), FCPFA, Chief Finance Officer of the Chief Constable.

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, 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.

EFA for the Chief Constable – 2020/21

	2020/21					Net expenditure in the Comprehensive Income and Expenditure Statement £000
	Net Expenditure Chargeable to the General Reserve £000	Adjustments for capital purposes £000	Net charge for pensions adjustments (EFA note 1) £000	Other differences (EFA note 2) £000	Total adjustments £000	
Police officer pay and allowances	192,613	-	22,059	1,909	23,968	216,580
PCSO pay and allowances	3,549	-	-	-	-	3,549
Police staff pay and allowances	84,756	-	18,817	1,359	20,176	104,932
Ill-health/medical pensions	4,184	-	-	-	-	4,184
Training	3	-	-	-	-	3
Other employee expenses	462	-	-	-	-	462
Transport	969	-	-	-	-	969
Supplies & services	161	-	-	-	-	161
Third party payments	(1)	-	-	-	-	(1)
Financial Resources Consumed	286,696	-	40,876	3,268	44,144	330,839
Intra group adjustment for CC's net service cost	(286,696)	-	(33,767)	-	(33,767)	(320,463)
Net Cost of Services	-	-	7,109	3,268	10,377	10,376
Other income and expenditure	-	-	70,547	-	70,547	70,547
(Surplus)/Deficit on Provision of Services	-	-	77,656	3,268	80,924	80,923

EFA for the Chief Constable – 2021/22

	2021/22					Net expenditure in the Comprehensive Income and Expenditure Statement £000
	Net Expenditure Chargeable to the General Reserve £000	Adjustments for capital purposes £000	Net charge for pensions adjustments (EFA note 1) £000	Total Adjustments		
				Other differences (EFA note 2) £000	Total adjustments £000	
Police officer pay and allowances	204,178	-	76,432	(938)	75,494	279,672
PCSO pay and allowances	3,351	-	-	-	-	3,351
Police staff pay and allowances	88,062	-	22,805	(638)	22,167	110,229
Ill-health/medical pensions/immediate detriment	4,243	-	-	-	-	4,243
Training	44	-	-	-	-	44
Other employee expenses	32	-	-	-	-	32
Transport	944	-	-	-	-	944
Supplies & services	316	-	-	-	-	316
Third party payments	17	-	-	-	-	17
Financial Resources Consumed	301,187	-	99,237	(1,576)	97,661	398,848
Intra group adjustment for CC's net service cost	(301,187)	-	(30,275)	-	(30,275)	(331,462)
Net Cost of Services	-	-	68,962	(1,576)	67,386	67,386
Other income and expenditure	-	-	70,514	-	70,514	70,514
(Surplus)/Deficit on Provision of Services	-	-	139,476	(1,576)	137,900	137,900

10. Notes to the Expenditure and Funding Analysis

Pensions Adjustments			2020/21	2021/22
			£000	£000
<u>Adjustments for Pensions (EFA Note 1)</u>				
<i>Additional items included within the Comprehensive Income and Expenditure Statement.</i>				
Costs recognised in respect of IAS 19 - officers			22,059	76,432
Costs recognised in respect of IAS 19 - staff			18,817	22,805
Chief constable intra-group adjustment in respect of Police Officer Pension Scheme			(33,767)	(30,275)
Total adjustments included within the Net Cost of Services			7,109	68,962
Costs recognised in respect of IAS 19 - officers			66,116	65,880
Costs recognised in respect of IAS 19 - staff			4,431	4,634
Total adjustments included within the (Surplus)/Deficit on the Provision of Services			70,547	70,514
Total adjustments			77,656	139,476
Other Adjustments			2020/21	2021/22
			£000	£000
<u>Adjustments for other differences (EFA Note 2)</u>				
<i>Additional items included within the Comprehensive Income and Expenditure Statement.</i>				
Movement on accumulated absences liability - officers			1,359	(938)
Movement on accumulated absences liability - staff			1,909	(638)
Total adjustments included within the Net Cost of Services			3,268	(1,576)
Total adjustments included within the (Surplus)/Deficit on the Provision of Services			-	-
Total adjustments			3,268	(1,576)

11. Intra Group Adjustments

The Comprehensive Income & Expenditure Statement includes an intra-group adjustment between the Chief Constable and PFCC accounts. This adjustment reflects 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. With the exception of the intra-group balance referred to at the bottom of this disclosure, the PFCC paid all financial resources consumed at the request of the Chief Constable and the intra-group adjustment (as referred to above) offsets the Chief Constable's consumption of resources.

For the 2021/22 accounting statements the value of the intra-group adjustment is £331.463m (2020/21, £320.463m). This figure is represented as follows:-

- Financial resources consumed 2021/22 - £398.849m (£330.839m in 2020/21)
- **Less** funding basis adjustment in respect of IAS 19 - £68.962m (£7.109m in 2020/21)
- **Plus** funding basis adjustment in respect of Accumulated Absences - £1.576m (reduction) (£3.267m increase in 2020/21)

In respect of outstanding intra group balances at the 31st March 2022, the Chief Constable recognised a debtor of £1.325m with the PFCC, representing employee-related amounts owed at year-end.

12. Officers Remuneration

Police officer remuneration is based on the recommendations of an external organisation known as the Independent Police Remuneration Body and is therefore subsequently agreed by the Home Secretary.

An element of the Chief Constable's pay can be varied up or down at the discretion of the PFCC. The rate of pay is set at a national level and the salary for the Chief Constable of Essex is comparable to forces of a similar size across the country. For the Chief Constable and Deputy Chief Constable a force weighting is applied in relation to the population that the force covers.

The pay for senior members of police staff at Chief Officer level is based on Assistant Chief Constable salary levels across the force.

Remuneration includes basic salary, overtime, allowances, expenses (so far as the expenses are chargeable to United Kingdom Income Tax) and, where applicable, redundancy payments. For the purposes of the bandings table, it excludes employer's pension contributions.

The following table identifies the number of senior police officers and staff whose remuneration was £50,000 or more. The numbers of officers and staff are shown in remuneration bands of £5,000.

The restatement of the 2020/21 bandings table relates to the police staff figures, where severance costs had not been considered in the categorisation of the bandings. Had these been included there would have been one additional police staff member included in the £50,000 - £54,999 banding and one in £75,000 - £79,999 banding. In addition, one individual had been allocated against the incorrect banding.

Remuneration Band	2020/21			2021/22		
	Police Officers	Police Staff (restated)	Total (restated)	Police Officers	Police Staff	Total
£50,000 - £54,999	-	30	30	-	31	31
£55,000 - £59,999	-	18	18	-	24	24
£60,000 - £64,999	-	6	6	-	7	7
£65,000 - £69,999	-	2	2	-	1	1
£70,000 - £74,999	-	3	3	-	4	4
£75,000 - £79,999	-	6	6	-	3	3
£80,000 - £84,999	1	-	1	1	3	4
£85,000 - £89,999	-	1	1	1	1	2
£90,000 - £94,999	5	1	6	6	1	7
£95,000 - £99,999	1	-	1	2	1	3
£100,000 - £104,999	-	2	2	-	1	1
£105,000 - £109,999	-	1	1	-	1	1
Total	7	70	77	10	78	88

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

The numbers above exclude police officers and staff disclosed in the following Senior Officers Remuneration tables. However, the staff figures include two members of the Seven Force Procurement team (7FP team), of which only 21.7% of costs remain with Essex Police, with the remaining element recharged to the six other forces. All figures include officers and staff seconded to other police forces, government departments and other public bodies.

Senior Officer's Remuneration Note – 2020/21

The following section sets out the remuneration of the Chief Officers:-

	2020/21				Total Remuneration
	Salary (note 1)	Benefits in Kind (note 2)	Allowances (note 3)	Employers Pension contributions (note 4)	
	£	£	£	£	£
Chief Constable - BJ Harrington	173,475	14,639	4,960	-	193,074
Deputy Chief Constable	136,303	8,452	2,100	42,254	189,109
Assistant Chief Constable	118,009	1,211	7,123	36,583	162,926
Temporary Assistant Chief Constable (note 5)	59,505	14,940	2,718	19,971	97,134
Temporary Assistant Chief Constable (note 6)	51,760	-	869	2,748	55,377
Acting Assistant Chief Constable	105,018	4,699	7,958	32,562	150,237
Temporary Assistant Chief Constable (note 7)	79,629	-	7,767	24,685	112,081
Temporary Assistant Chief Constable (note 8)	75,447	-	4,399	23,389	103,235
Chief Finance Officer of the Chief Constable	96,871	-	5,500	18,328	120,699
Director of Strategic Change and Performance	126,809	-	100	23,986	150,895
Total	1,022,826	43,941	43,494	224,506	1,334,767

1. The salary figures show just salary costs (i.e. they do not include allowances).
2. Benefits in kind represent the monetary value of force-provided vehicles that are untaxable through the payroll system.
3. Allowances, where applicable, include housing, rent and monthly car lease allowances.
4. Employer pension contributions are an employer cost and are not received by the employee.
5. The Temporary Assistant Chief Constable was promoted into post in September 2020 and has been on secondment to another Force since this date. The costs shown are for the duration of secondment and have been recharged to the seconded Force by invoice. Had they been within the Assistant Chief Constable post for the full year, their costs would have been £104,526 plus allowances.
6. The Temporary Assistant Chief Constable retired on the 15th July 2020 and the cost shown are up to this point. Had they remained in post for the full duration of 2020/21, their salary would have been £110,985.
7. The Temporary Assistant Chief Constable was in post from 29th June 2020 and the costs shown are from this point. Had they been in post for the full duration of 2020/21 their salary would have been £104,526 plus allowances.
8. The Temporary Assistant Chief Constable was in post from 13th July 2020 and the costs shown are from this point. Had they been in post for the full duration of 2020/21 their salary would have been £104,526 plus allowances.

Members of the Essex Police Chief Officer Team

In addition to the police officers and police staff shown in the table above, the Essex Police Chief Officer Management Team also included the following shared posts paid via the Kent Police payroll with 50% of their costs were recharged to Essex Police during 2020/21. Their remuneration is disclosed in full in the Kent Police Statement of Accounts:-

- Director of Essex/Kent Support Services
- Temporary Assistant Chief Constable
- Director of Human Resources

Senior Officer's Remuneration Note – 2021/22

	2021/22				
	Salary (note 1)	Benefits in Kind (note 2)	Allowances (note 3)	Employers Pension contributions (note 4)	Total Remuneration
	£	£	£	£	£
Chief Constable - BJ Harrington	175,257	-	4,960	-	180,217
Deputy Chief Constable (note 5)	70,359	-	922	19,684	90,965
Deputy Chief Constable (note 6)	74,207	-	1,074	21,567	96,848
Assistant Chief Constable (note 7)	54,990	-	926	18,484	74,400
Temporary Assistant Chief Constable (note 8)	118,284	-	4,960	36,663	159,907
Assistant Chief Constable	112,595	-	10,552	34,902	158,049
Temporary Assistant Chief Constable	110,755	-	10,264	34,330	155,349
Temporary Assistant Chief Constable (note 9)	90,489	-	5,033	27,693	123,215
Temporary Assistant Chief Constable (note 10)	56,051	-	3,949	18,869	78,869
Chief Finance Officer of the Chief Constable	97,866	-	5,400	18,497	121,763
Director of Strategic Change and Performance	128,112	-	-	24,213	152,325
Total	1,088,965	-	48,040	254,902	1,391,907

1. The salary figures show just salary costs (i.e. they do not include allowances).
2. Benefits in kind represent the monetary value of force-provided vehicles that are untaxable through the payroll system. The figures for 2021/22 will be included in the above table when available.
3. Allowances, where applicable, include housing, rent and monthly car lease allowances.
4. Employer pension contributions are an employer cost and are not received by the employee.
5. The Deputy Chief Constable left the force on 15th September 2021 and the costs shown are up to this point. Had they remained in post for the full duration of 2021/22, their salary would have been £137,703 plus allowances.
6. The Deputy Chief Constable was promoted into post on 16th September 2021 and costs shown are from this point to the end of the year. Had they been within the Deputy Chief Constable post for the full year, their costs would have been £137,703 plus allowances.
7. The Assistant Chief Constable was promoted into the role of Deputy Chief Constable September 2021. The costs shown are for up to this point. Had they been within the Assistant Chief Constable post for the full year, their costs would have been £119,220 plus allowances.
8. The Temporary Assistant Chief Constable was on secondment to another force for the entirety of 2021/22. The costs shown have been recharged to the seconded force.
9. The Temporary Assistant Chief Constable was seconded to another force until 19th September 2021 and their costs for this period have been recharged to the seconded force. They finished the secondment and went on the Strategic Command Course until 23rd January 2022 when they took up an Assistant Chief Constable role in another force. The costs shown are for up to this point. Had they been in post for the full duration of 2021/22 their salary would have been £110,484 plus allowances.
10. The Temporary Assistant Chief Constable was in post from 20th September 2021 and the costs shown are from this point. Had they been in post for the full duration of 2021/22 their salary would have been £105,600 plus allowances.

Members of the Essex Police Chief Officer Team

In addition to the police officers and police staff shown in the table above, the Essex Police Chief Officer Management Team also included the following shared posts paid via the Kent Police payroll with 50% of their costs were recharged to Essex Police during 2021/22. Their remuneration is disclosed in full in the Kent Police Statement of Accounts:

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

13. Termination Benefits

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.

These figures relate only to police staff, police officers are officers under the Crown not employees and as such cannot be made redundant.

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

Exit package cost band	2020/21			Cost of Exit Packages		Total
	Number of Exit Packages			Severance	Pension Strain	
	Compulsory Redundancies	Other Departures Agreed	Total Number of Exit Packages	£	£	
£20,001 - £40,000	2	-	2	66,583	9,617	76,200
£40,001 - £60,000	1	-	1	18,984	27,996	46,980
Total	3	-	3	85,567	37,613	123,180
<i>Other adjustments included in the Comprehensive Income and Expenditure statement</i>						
Increase/(Decrease) to Redundancy provision						139,560
Total charged to the Comprehensive Income and Expenditure statement						262,740

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

For the group there were five employee contracts terminated in 2021/22 (three employees in 2020/21). Of these, one was a joint funded post under the Seven Force Consortium (7F) collaborative agreement for which £0.008m has been recovered from the other forces.

In 2020/21 a provision of £0.140m was created in the group accounts relating to future possible redundancies however only £0.050m was required resulting in a £0.090m being returned to revenue.

A provision of £0.035m has been created relating to future possible redundancies in 2022/23. Payment will depend on the outcome of employee consultations. An element of this relates to the 7F collaborative agreement and the provision is net of the estimated contribution expected from the other forces of £0.008m.

The total charged to the comprehensive income and expenditure statement is £0.034m (£0.263m in 2020/21).

14. External Audit Costs

External Audit Costs	2020/21	2021/22
	£000	£000
Costs in regard to agreed audit fee plan for the designated financial year, in respect of external audit services carried out by the appointed auditor	12	12
Total	12	12

15. Debtors

Short term debtors

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

Short-term Debtors	2020/21	2021/22
	£000	£000
Funding from the PFCC	892	1,325
Closing Balance	892	1,325

16. Creditors

Short term creditors

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

Short-term Creditors	2020/21	2021/22
	£000	£000
Compensated Absences	(6,167)	(4,591)
Other Employee Related	(892)	(1,325)
Closing Balance	(7,059)	(5,916)

17. Cashflow - Operating Activities

The (Surplus)/Deficit on the Provision of Services has been adjusted for the following non-cash movements:	2020/21	2021/22
	£000	£000
(Increase)/decrease in creditors	(3,114)	1,730
Increase/(decrease) in debtors	(154)	(154)
Movement in pension liability	(77,655)	(139,476)
Total Adjustments	(80,923)	(137,900)

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.

2020/21	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	(163,179)	(163,179)	127,514	35,665	-	163,179	-
Less direct payments to pensioners payable in the year	85,524	85,524	(73,107)	(12,417)	-	(85,524)	-
Adjustments involving the Accumulated 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	(3,267)	(3,267)	-	-	3,267	3,267	-
Total	(80,923)	(80,923)	54,407	23,248	3,267	80,923	-
2021/22							
	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	(222,756)	(222,756)	182,081	40,675	-	222,756	-
Less direct payments to pensioners payable in the year	83,280	83,280	(70,044)	(13,236)	-	(83,280)	-
Adjustments involving the Accumulated 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	1,576	1,576	-	-	(1,576)	(1,576)	-
Total	(137,900)	(137,900)	112,037	27,439	(1,576)	137,900	-

19. Unusable Reserves

The tables below describe the unusable reserves.

19.1 Accumulated Absences Account

The Accumulated Absences 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.

Accumulated Absences Account	2020/21 £000	2021/22 £000
Opening Balance	2,900	6,167
Settlement or cancellation of accrual made at the end of the preceding year	(2,900)	(6,167)
Amounts accrued at the end of the current year	6,167	4,591
Closing Balance	6,167	4,591

There was a significant increase in the liability value at the end of 2020/21 as a result of higher carry forward thresholds for both officers and staff due to COVID-related factors. The balance on the Accumulated Absence account has reduced in 2021/22 due to the threshold of carry forward having reduced from that allowable in 2020/21. However, this threshold has remained higher than previously allowed to accommodate the use accrued annual leave balances over a period of time.

19.2 Pensions Reserve

	2020/21			2021/22		
	Police Officers £000	Police Staff £000	Total £000	Police Officers £000	Police Staff £000	Total £000
Opening Balance	2,849,818	148,831	2,998,649	3,328,893	238,204	3,567,097
Actuarial (gains)/losses on pensions assets	424,668	66,125	490,793	(143,081)	(74,073)	(217,154)
Reversal of items relating to retirement benefits debited to the (Surplus)/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	127,514	35,665	163,179	182,081	40,675	222,756
Employer's pensions contributions and direct payments to pensioners payable in the year	(73,107)	(12,417)	(85,524)	(70,044)	(13,236)	(83,280)
Closing Balance	3,328,893	238,204	3,567,097	3,297,849	191,570	3,489,419

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	
	2020/21 £000	2021/22 £000
Comprehensive Income & Expenditure Statement		
Cost Cost of Services:		
Service cost	61,399	116,201
Financing and Investment Income & Expenditure:		
Net interest on the defined liability	66,116	65,880
Total Post Employment Benefit charged to the (Surplus)/Deficit on the Provision of Services	127,515	182,081
Other Post Employment Benefit charged to the Comprehensive Income & Expenditure Statement		
Remeasurement of the net defined benefit liability comprising:		
Change in financial assumptions	652,107	(149,319)
Change in demographic assumptions	(84,368)	-
Experience (gain)/loss on defined benefit obligation	(143,071)	6,238
Remeasurements	424,668	(143,081)
Total Post Employment Benefit charged to the Comprehensive Income & Expenditure Statement	552,183	39,000
Movement in Reserves Statement		
Reversal of net charges made to the (Surplus)/Deficit on the Provision of Services for post employment benefits	(127,515)	(182,081)
Retirement benefits payable to retired police officers	73,107	70,044
Net Movement in Reserves Statement	(54,407)	(112,037)

Actuarial gains and losses – Police Officer Pension Scheme

In addition to the recognised gains and losses included in the Comprehensive Income and Expenditure Statement, actuarial gains of £143.081m (2020/21, actuarial losses of £424.668m) have been included in the Comprehensive Income & Expenditure Statement.

Local Government Pension Scheme

	Local Government Pension Scheme	
	2020/21 £000	2021/22 £000
Comprehensive Income & Expenditure Statement		
Service cost	31,012	35,817
Financing and Investment Income & Expenditure:		
Net interest on the defined liability	4,431	4,634
Administration expenses	221	224
	4,652	4,858
Total Post Employment Benefit charged to the (Surplus)/Deficit on the Provision of Services	35,665	40,675
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	(95,369)	(37,033)
Other actuarial gains/(losses) on assets	-	-
Change in financial assumptions	173,153	(38,729)
Change in demographic assumptions	(5,559)	-
Experience (gain)/loss on defined benefit obligation	(6,100)	1,689
Total Remeasurements	66,125	(74,073)
Total Post Employment Benefit charged to the Comprehensive Income & Expenditure Statement	101,789	(33,398)
Movement in Reserves Statement		
Reversal of net charges to the (Surplus)/Deficit on the Provision of Services for post employment benefits	(35,665)	(40,675)
Employer's contribution payable to scheme	12,417	13,236
Net Movement in Reserves Statement	(23,248)	(27,439)

Actuarial gains and losses – Local Government Pension Scheme

In addition to the recognised gains and losses included in the Comprehensive Income and Expenditure Statement, actuarial gains of £74.073m have been recognised for the Chief Constable (actuarial losses of £65.125m in 2020/21).

Settlements/Curtailments

With effect from 2020/21 the IAS 19 standard requires, when the impact is material, that when determining any past service cost or gain/loss on settlement, the net defined benefit liability is remeasured using current assumptions and the fair value of plan assets at the time of the event. In 2021/22 there were no events in the Local Government Pension Scheme that have been treated as material 'special events' in respect of these requirements.

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	
	2020/21	2021/22
	£000	£000
Present value of the defined benefit obligation	(3,328,893)	3,297,849
Net liability in Balance Sheet	(3,328,893)	3,297,849

	Local Government Pension Scheme	
	2020/21	2021/22
	£000	£000
Present value of funded obligation	(696,131)	(703,399)
Fair value of scheme assets (bid value)	459,359	513,178
Gross liability	(236,772)	(190,221)
Present value of unfunded obligation	(1,432)	(1,349)
Net liability in Balance Sheet	(238,204)	(191,570)

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	
	2020/21	2021/22
	£000	£000
Opening Defined Benefit Obligation	(2,849,818)	(3,328,893)
Current service cost	(61,399)	(116,201)
Past service cost	-	-
Interest cost	(66,116)	(65,880)
Change in financial assumptions	(652,107)	149,319
Change in demographic assumptions	84,368	-
Experience gain/loss on defined benefit obligation	143,071	(6,238)
Estimated benefits paid net of transfers in	88,075	86,113
Contributions by scheme participants	(14,968)	(16,069)
Closing Defined Benefit Obligation	(3,328,893)	(3,297,849)

<u>Assets</u>	Police Officer Pension Scheme	
	2020/21	2021/22
	£000	£000
Contributions by employer	73,107	70,044
Contributions by participants	14,968	16,069
Net benefits paid out	(88,075)	(86,113)
Closing fair value of assets	-	-

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	
	2020/21	2021/22
	£000	£000
Opening Balance	(500,348)	(697,563)
Current service cost	(30,934)	(35,752)
Past service cost	(78)	(65)
Interest cost	(10,663)	(13,898)
Change in financial assumptions	(173,153)	38,729
Change in demographic assumptions	5,559	-
Experience loss/gain on defined benefit obligation	6,100	(1,689)
Contributions by scheme participants	(4,264)	(4,487)
Benefits/transfers paid	10,136	9,896
Unfunded pension payments	82	81
Closing Balance	(697,563)	(704,748)

<u>Assets</u>	Local Government Pension Scheme	
	2020/21	2021/22
	£000	£000
Opening Balance	351,516	459,359
Interest on assets	6,232	9,264
Return on assets less interest	95,369	37,033
Other actuarial gains/losses	-	-
Administration expenses	(221)	(224)
Employer contributions including unfunded	12,417	13,236
Contributions by scheme participants	4,264	4,487
Benefits paid	(10,218)	(9,977)
Closing Balance	459,359	513,178
Net liability at 1st April 2020	(148,832)	(238,204)
Net liability at 31st March 2021	(238,204)	(191,570)

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.

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:

- Essex County Council Pension Fund – 31st March 2019
- Police Pension Schemes – 31st March 2020

The liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels and other factors.

The principal assumptions used by the actuaries are as follows:

	Local Government Pension Scheme		Police Officer Pension Schemes	
	2020/21	2021/22	2020/21	2021/22
Life expectancy from age 65 (police staff) and age 60 (police officers)				
Retiring in 20 years time:				
Male	22.9	23.0	22.3	22.4
Female	25.1	25.1	24.8	24.9
Retiring today:				
Male	21.6	21.6	21.1	21.1
Female	23.6	23.7	23.3	23.4
Rate of Inflation (RPI)	3.15%	3.55%	3.20%	3.55%
Rate of Inflation (CPI)	2.80%	3.20%	2.80%	3.20%
Rate of Increase in Salaries	3.80%	4.20%	3.80%	4.20%
Rate of Increase in Pensions	2.80%	3.20%	2.80%	3.20%
Discount Rate	2.00%	2.60%	2.00%	2.60%

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

	2020/21		2021/22	
	£000	%	£000	%
Equities	283,838	62%	308,129	60%
Government bonds	11,852	2%	12,251	3%
Other bonds	23,043	5%	22,472	4%
Property	32,705	7%	42,089	8%
Cash/Liquidity	21,676	5%	13,021	3%
Alternative assets	53,070	12%	63,416	12%
Other managed funds	33,175	7%	51,800	10%
Total	459,359	100%	513,178	100%

The liabilities show the underlying commitments that the Chief Constable has in the long term to pay retirement benefits. The total liability of £3,489.419m 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 employer contributions expected to be made to the Local Government Pension Scheme in the year to 31st March 2023 are £13.497m. The total expected employer contributions for the Police Officer Pension Scheme in the year to 31st March 2023 is £37.651m.

The following assumptions have also been made:

- Police officers and staff will exchange pension to get 50% of the maximum available cash on retirement
- Police officers will retire at the earliest age they are able to do so without reduction

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		
<u>Adjustment to discount rate</u>	+0.1%	+0.0%	-0.1%
Present value of total obligation	3,232,464	3,297,849	3,364,762
Projected service cost	75,194	79,128	83,236
<u>Adjustment to long term salary increase</u>	+0.1%	+0.0%	-0.1%
Present value of total obligation	3,308,039	3,297,849	3,287,751
Projected service cost	79,174	79,128	79,083
<u>Adjustment to pension increases and deferred revaluation</u>	+0.1%	+0.0%	-0.1%
Present value of total obligation	3,354,113	3,297,849	3,242,876
Projected service cost	83,202	79,128	75,222
<u>Adjustment to mortality age rating assumption</u>	+1 Year	None	-1 Year
Present value of total obligation	3,449,426	3,297,849	3,153,246
Projected service cost	82,488	79,128	75,883

Police Staff	£000	£000	£000
<u>Adjustment to discount rate</u>	+0.1%	+0.0%	-0.1%
Present value of total obligation	688,259	704,748	721,650
Projected service cost	32,174	33,388	34,642
<u>Adjustment to long term salary increase</u>	+0.1%	+0.0%	-0.1%
Present value of total obligation	706,462	704,748	703,052
Projected service cost	33,406	33,388	33,370
<u>Adjustment to pension increases and deferred revaluation</u>	+0.1%	+0.0%	-0.1%
Present value of total obligation	719,820	704,748	690,035
Projected service cost	34,632	33,388	32,183
<u>Adjustment to mortality age rating assumption</u>	+1 Year	None	-1 Year
Present value of total obligation	732,766	704,748	677,841
Projected service cost	34,736	33,388	32,086

McCloud v Sargeant Judgement

The pensions figures in the 2021/22 Statement of Accounts include an allowance to reflect the Court of Appeal judgement in respect of the McCloud and Sargeant cases which relate to age discrimination within the Judicial and Fire Pension schemes, respectively. This allowance was described and included within the previous two sets of financial statements for the Chief Constable, and incorporated into the accounting results with effect from the 31st March 2019 onwards. These results, including the allowance, have been rolled forward and remeasured to obtain the accounting results as at 31st March 2022.

The Chief Constable does not believe that there are any material differences between the approach underlying the estimated allowance and the proposed remedy, which is set out in more detail in note 4 (Critical Judgements in Applying Accounting Policies). A more detailed analysis at this stage would require a significant volume of member data which is not yet available. Therefore, no further adjustments have been included in the 2021/22 accounting statements in light of the current uncertainty with how the remedy will impact the Chief Constable, particularly in respect of the retrospective phase 2 element.

In recognition that there will be members who will be retiring ahead of the formal introduction of the McCloud/Sargeant Remedy in October 2023, the Chief Constable, as the Scheme Manager for the Essex Police Officer Pension scheme, has adopted an interim measure for processing retirements for members, who meet eligibility criteria for Immediate Detriment. This is on the basis that not to do so would be disregarding the fiduciary duty under Section 61 of the Equality Act 2010 to prevent discrimination.

At the point of retirement, an officer will have the option to receive legacy pension scheme benefits or those available under the reformed CARE scheme, for service between 1st April 2015 – 31st March 2022 i.e. the remedy period. In 2021/22 the impact of these Immediate Detriment payments was £0.151m of additional lump sum payments, £0.025m of annual pension payments offset by £0.013m of additional contributions from officers.

It should be noted that any pension paid under Immediate Detriment is based on the force's interpretation of the remedy in advance of the legislation. These Immediate Detriment pensions will need to be revisited and recalculated once the government has agreed its final approach.

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.

On the 23rd March 2021 the government published the outcome to its GMP Indexation consultation, concluding that all public service pension schemes, including the LGPS, will be directed to provide full indexation to members with a GMP reaching State Pension Age (SPA) beyond 5th April 2021. This is a permanent extension of the existing 'interim solution' that has applied to members with a GMP reaching SPA on or after 6th April 2016.

The valuation assumptions for GMP adopted within the 2021/22 financial statements is that the fund will pay limited increases for members that have reached the state pension age (SPA) by the 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 in the 2021/22 financial statements the Chief Constable has not made any further financial adjustments in respect of GMP, and in the meantime the Chief Constable awaits further updates on the government's decision.

21. Related Parties

The Chief Constable is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Chief Constable or be controlled or influenced by the Chief Constable. Disclosure of transactions allows readers to assess the extent to which the Chief Constable may have been constrained in its ability to operate independently or may have secured the ability to limit another party's ability to interact freely with the Chief Constable.

PFCC/Chief Constable

The PFCC has direct control over the Chief Constable's finances and is responsible for setting the Police and Crime Plan. The Chief Constable operates within the budget set by the Police, Fire and Crime Commissioner, to deliver the aims and objectives set out in the Police and Crime Plan. Further information on the separate entities within Essex Police, the Chief Constable and the PFCC, and which together comprise the PFCC Group, can be found in Note 1 (Creation of PFCC and Chief Constable Single Entities).

Central Government

Central government has effective control over the general operations of the PFCC Group, including the Chief Constable. It is responsible for providing the statutory framework within which the PFCC Group operates and provides the majority of its funding in the form of general and specific grants. Included within this income is the annual top-up grant from the Home Office, relating to the Police Officer Pension Scheme, which the Chief Constable is reliant on being topped up each year, to the value of the deficit arising on the fund (see the Police Officer Pension Fund note). Whilst the year-end pension deficit is transferred to the PFCC to be offset by the Home Office funding, the materiality of the monetary value involved means it is fundamental to the Chief Constable being able to continue to make pension contributions for its police officers. Control is therefore recognised from Central Government over the Chief Constable.

Local Government Pension Scheme (LGPS)

The PFCC Group, including the Chief Constable, are members of the Essex Pension Fund, one of over 100 funds in the UK which together comprise the Local Government Pension Scheme (LGPS). This is a statutory defined benefit scheme which is provided for police staff (including PCSO's). The scheme is funded, meaning that there are investment assets built up to meet future liabilities.

Due to the material transactions and related assets/liabilities arising from the scheme, and its impact on the Chief Constable (as set out in Note 20) influence is recognised in respect of both Essex County Council (who run the scheme) and the LGPS entity itself.

Officers

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

No Chief Officer has undertaken any material transactions with the Chief Constable entity during 2021/22.

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.

	2020/21		2021/22	
	£000	£000	£000	£000
Contributions receivable				
Employer (31% of Pensionable Pay)	(34,893)		(36,612)	
Serving police officers	(14,968)		(15,691)	
Capital equivalent payment for ill health	(508)		(520)	
Transfers in				
Individual transfers in from other schemes	(470)		(832)	
Total Receipts		(50,839)		(53,655)
Benefits payable				
Pensions	69,862		71,277	
Commutations and lump sum payments	14,342		12,017	
Annual and lifetime allowance tax payments	-		-	
Lump sum death benefits	202		390	
NIC on pension funds	-		-	
Interest on commutations and lump sum payments	-		-	
Payments to and on account of leavers				
Refund of contributions	193		225	
Individual transfers out to other schemes	7		21	
Total Payments		84,606		83,930
Sub total for the year before transfer from the PFCC of amount equal to the deficit		33,767		30,275
Transfer of amount from the PFCC of amount equal to the deficit - annual benefits (31%)	(33,767)		(30,275)	
Transfer of amount from the PFCC of amount equal to the deficit - Total		(33,767)		(30,275)
Net Amount Payable for the year		-		-

Police Officer Pension Fund Account

Pension Schemes

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

- **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 31%.

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 20 of the Chief Constable accounts.

Annual Governance Statement

1. Introduction

This statement sets out the Police, Fire and Crime Commissioner's (PFCC's) and Chief Constable's arrangements in relation to the six core principles of good governance set out in *The Good Governance Standard for Public Services*, namely:

- Focusing on the purpose of the PFCC and Chief Constable and on outcomes for citizens and service users
- Ensuring that both the PFCC and Chief Constable perform effectively in clearly defined functions and roles
- Promoting the values of the PFCC and Chief Constable and demonstrating the values of good governance through behaviour
- Taking informed, transparent decisions and managing risk
- Developing the capacity and capability of the PFCC to be effective, and
- Engaging stakeholders and making accountability real

The statement is in five main parts covering:

- The scope of responsibilities
- The purpose of the Governance Framework
- The Governance Framework
- Value for Money Arrangements
- Significant Governance Issues

2. Scope of Responsibilities

- 2.1 The PFCC is responsible for securing the maintenance of the Essex Police force and ensuring that it is effective and efficient. They are responsible for ensuring that their business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. The PFCC also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 2.2 The relationship between the PFCC and the Chief Constable is defined by the PFCC's democratic mandate to hold the Chief Constable to account as well as by primary legislation and common law which provides clarity on the legal principles that underpin operational independence and the Office of Constable. The Chief Constable is responsible for maintaining the Queen's Peace and has discretion over the direction and control of 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.
- 2.3 In discharging their overall responsibilities, the PFCC is responsible for putting in place proper arrangements for the governance of their affairs and facilitating the exercise of their functions, which includes ensuring a sound system of internal control is maintained throughout the year and that arrangements are in place for the

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management of risk. In exercising these responsibilities, the PFCC places reliance on the Chief Constable of Essex Police to support the governance and risk management processes.

- 2.4 The Police Reform and Social Responsibility Act 2011 also sets out specific responsibilities for the Chief Executive and Monitoring Officer and the Chief Finance Officers (CFOs) to the PFCC and Chief Constable. The CFOs are bound by both professional standards and specific legislative responsibilities. In *Attorney General v De Winton* 1908 it was established that the Chief Finance Officer is not merely a servant of the authority (the PFCC / Chief Constable) but holds a fiduciary responsibility to local taxpayers. The Police Reform and Social Responsibility Act 2011 requires them to comply with relevant provisions within the Local Government Acts.
- 2.5 During the year, there were formal monthly meetings of the PFCC's Performance and Resources Board, attended by senior PFCC and force officers and staff, dealing separately with financial and performance monitoring. In addition, the PFCC's Strategic Board, likewise attended by senior PFCC and force officers and staff, met at least quarterly to exercise strategic governance and oversight of Essex Police's strategic transformation programme, Medium Term Financial Strategy and capital programme, and to be the primary adviser to the PFCC and Chief Constable in respect of strategic decisions. The Terms of Reference for the Performance and Resources and Strategic Boards were updated following their scheduled reviews in July and September 2021 respectively to ensure that they remain fit for purpose. The papers relating to all these meetings (unless restricted) are published on the PFCC's website.
- 2.6 The Scheme of Governance operating during the year incorporated the following:
- Constitution, including the Schemes of Delegation and Consent
 - The Elected Local Policing Bodies (Specified Information) Order 2011 and the Elected Local Policing Bodies (Specified Information) (Amendment) Orders 2012, 2013 and 2021
 - Information Sharing Agreement: Essex Police and the Police, Fire and Crime Commissioner for Essex
 - Information Sharing Protocol: Police, Fire and Crime Commissioner for Essex and Police, Fire and Crime Panel for Essex
 - Revised Financial Management Code of Practice for the Police Forces of England and Wales and Fire and Rescue Authorities created under section 4A of the Fire and Rescue Services Act 2004
 - Policing Protocol Order 2011
 - The Strategic Policing Requirement
 - The PFCC's Voluntary Code of Conduct
 - The Police (Complaints and Misconduct) Regulations 2020
 - The Police, Fire and Crime Panels (Precepts and Chief Constable Appointments) Regulations 2012
 - The Police and Crime Commissioner Elections (Declaration of Acceptance of Office) Order 2012
 - Government Security Classifications

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- Financial and Contract Standing Orders
- Anti-Fraud & Bribery Policy
- Statutory Guidance for Police Collaboration
- Police Reform and Social Responsibility Act 2011

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

- 2.7 During 2021/22, a number of the documents comprising the Scheme of Governance have been reviewed and updated as part of the biennial review of the PFCC's Constitution.
- 2.8 The PFCC and Chief Constable, wherever possible, share a common set of policies, systems and procedures underpinning the Scheme of Governance.
- 2.9 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. The Financial and Procurement Regulations were reviewed in 2021/22 as part of the overarching review referenced at paragraph 2.7.
- 2.10 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.

3. The Purpose of the Governance Framework

- 3.1 The governance framework comprises the systems and processes, and culture and values by which the work of the PFCC is directed and controlled and the activities through which the Commissioner accounts to and engages with the community. It enables the PFCC to monitor the achievement of their Police and Crime Plan and to consider whether these objectives have led to the delivery of appropriate, cost-effective services, including achieving value for money.
- 3.2 The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable and foreseeable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives; it can only provide reasonable assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the PFCC's and Chief Constable's policies, aims and objectives, and to evaluate - and wherever possible reduce - the likelihood of those risks being realised and the impact should they be realised.
- 3.3 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 Police collaboration in respect of support services.

4. The Governance Framework

The Good Governance Standard for Public Services sets out six core principles. The key elements of the governance arrangements put in place by the PFCC in respect of each of these principles are as follows:

Focusing on the purpose of the PFCC and the Chief Constable and on outcomes for citizens and service users.

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The PFCC makes their commitments and areas of focus for policing clear in their Police and Crime Plan. Following the re-election of PFCC Hirst in May 2021, work was undertaken to develop the Police and Crime Plan for the new electoral term. The content of the new Plan was informed by a range of documents and evidence including:

- Various internal documents, including the PFCC's Annual Report for 2020 -2021, papers to the PFCC's Strategic Board and Performance and Resources Board, and the results of the ongoing independent public confidence and victim satisfaction survey jointly commissioned by the Commissioner and the Chief Constable.
- The four strategic policing pillars set out by the Home Secretary earlier in 2021:
 - a) A relentless focus on cutting crime
 - b) A resilient workforce
 - c) Stronger and more diverse leadership, and
 - d) Ensuring we are trusted by the public to work together as one, providing national grip over the law enforcement system
- The major national documents concerning policing, in particular the Beating Crime Plan, the Policing Vision covering the period 2017 – 2025, the Strategic Policing Requirement, and the new National Crime and Policing Measures, which set out the Government's key national priorities on crime under the following headings:
 - a) Reduce murder and other suicides
 - b) Reduce serious violence
 - c) Disrupt drugs supply and county lines
 - d) Reduce neighbourhood crime
 - e) Tackle cyber crime
 - f) Improve satisfaction among victims (with a particular focus on victims of domestic abuse)
- A range of presentations from police leads on each of the draft priority areas, followed by extensive discussion and debate with a wide range of police colleagues
- Workshop discussions with over 100 partner organisations including local councils, charities, victim support groups, advisory groups and interest groups
- A range of feedback gained through presentations to various multi-agency groups and special interest groups such as Safer Essex, the Essex Partners Board, the Basildon Diversity Forum and other disability advisory groups
- Feedback obtained through a public survey
- Feedback obtained through a Youth Voice project undertaken by the Essex Council for Voluntary Youth Services

In total, over 1,000 people were involved in the development of the Police and Crime Plan with a further 1,500 people participating in the public survey. A full equality impact assessment was undertaken to ensure that the Plan meets its statutory obligations and contributes to delivering an equitable and fair criminal justice system for the people of Essex. Information was also gathered from the plans and strategies of key partner organisations and groups to ensure that, where appropriate, plans align and priorities do not conflict.

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The Chief Constable and, through him, Essex Police's Chief Officer Group, were engaged in the development process throughout. The PFCC and the Police, Fire and Crime Panel also ran a series of workshops to ensure that Panel members were able to inform the development of the Plan throughout the process.

The resulting Police and Crime Plan 2021-2024, endorsed by the Police, Fire and Crime Panel in October 2021, sets out a series of commitments against 12 priorities:

Further investment in crime prevention	Preventing dog theft
Reducing drug driven violence	Preventing business crime, fraud and cyber crime
Protecting vulnerable people and breaking the cycle of domestic abuse	Improving safety on our roads
Reducing violence against women and girls	Encouraging volunteers and community support
Improving support for victims of crime	Supporting our officers and staff
Protecting rural and isolated areas	Increasing collaboration

The PFCC has developed a renewed performance framework that is used to monitor and support the delivery of the new Plan. Progress against this framework, which is fully supported by the Chief Constable, is reported monthly to the PFCC's Performance and Resources Board and six-monthly to the Police, Fire and Crime Panel.

Ensuring that both the PFCC and the Chief Constable perform effectively in clearly defined functions and roles

The governance arrangements for the PFCC have been developed in accordance with the Police Reform and Social Responsibility Act 2011, the Policing Protocol Order 2011, the Home Office's Revised Financial Management Code of Practice (FMCP) and other existing guidance on financial and governance matters which continue to apply. Article 2 of the PFCC's Constitution sets out citizens' rights and responsibilities, whilst Article 3 describes the powers, functions and duties of the PFCC, including in relation to their arrangements for obtaining the views of the community on policing.

The Constitution is clear that the PFCC must not fetter the operational independence of the Essex Police force and the Chief Constable who leads it. There is a clear expectation that the PFCC and Chief Constable will work together to safeguard the principal of operational independence, while also ensuring that the PFCC is not fettered in fulfilling their statutory role. The Schemes of Delegation and Consent, and Financial and Procurement Regulations act in accordance with the FMCP to enable effective accountability and to govern the relationship between the PFCC and the Chief Constable of Essex Police. Both documents were reviewed and updated during 2021/22 to ensure their continued fitness for purpose as part of the overarching review of the PFCC's Constitution.

The Chief Constable is expected to ensure that the PFCC is informed of their decisions and operational activity in a timely fashion that enables the PFCC to hold the Chief Constable to account for the totality of policing within the force area. This is achieved through the PFCC's formal governance structures (Performance and Resources and Strategic Boards) as well as through direct contact between the two corporation soles. During the year there were regular formal performance meetings between the PFCC and Chief Constable, also attended by the PFCC's Chief Executive and Monitoring Officer, in order to ensure that matters were dealt with expediently within their respective responsibilities.

In order to exercise the functions of their office effectively, access is needed by the PFCC to information, officers and staff within the Essex Police force. Such access to information is governed by an Information Sharing Agreement (ISA) between the two corporation soles and must not either be unreasonably withheld or obstructed by the Chief Constable or fetter the Chief Constable's direction and control of the force. The ISA was reviewed and refreshed in October 2021 as part of the overarching review of the PFCC's Constitution.

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Any differences that have occurred between the PFCC and the Chief Constable during 2021/22 have been resolved locally between the two corporation soles. There has been no need for either to take professional advice from Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) in this regard.

Promoting the values of the PFCC and Chief Constable and demonstrating the values of good governance through behaviour

The PFCC has signed up to a Code of Conduct incorporating the seven Nolan principles relating to public life as well as the Police Code of Ethics, which sets and defines the exemplary standards of behaviour for everyone who works in policing. The PFCC has also adopted an Ethics and Integrity Framework.

The PFCC and Chief Constable have approved and adopted a joint Anti-Fraud & Bribery Policy which sets out a zero tolerance approach to fraud and misappropriation and applies to all employees of the PFCC and Chief Constable as well as consultants, vendors, contractors and other parties who have a business relationship with the PFCC or Essex Police. The Chief Constable has also adopted several further policies which cover discipline, standards, and an anonymous e-mail address 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 Human Resources policies. In addition, the PFCC has adopted a clear policy governing the declaration of external business interests by staff.

Essex Police introduced an Ethics Committee in October 2017 and its Professional Standards Department (PSD) participates in a Regional Ethics Board which met for the first time in August 2018. Essex Police's Learning the Lessons Board was introduced in November 2017 to bring together the College of Policing with 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. In addition, an Integrity and Anti-Corruption Board chaired by the Deputy Chief Constable meets quarterly to understand relevant issues arising within Essex Police; to ensure that the force is adopting a balanced and proportionate response to them, and to ensure that Essex Police is operating within an ethical framework that promotes, reinforces and supports the highest standards expected of staff. A representative of the PFCC attends these meetings. 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.

Essex Police's PSD deals with public complaints and matters relating to the conduct of police officers (other than the Chief Constable) and staff, in liaison with the Independent Office for Police Conduct (IOPC) where necessary. The PFCC's office audits a sample of complaints handled by Essex Police each quarter, the findings of which are discussed with the Deputy Chief Constable alongside a statistical report produced by the force on complaints, grievances and disciplinary cases. A version of this is published on the Commissioner's website for transparency. A live data dashboard is also in development which, in due course, will allow both the PFCC and the force to monitor such data in real time.

Complaints against the Chief Constable are considered by the PFCC, again in liaison with the Independent Office for Police Conduct (IOPC) where necessary. During the 2021 calendar year, the Commissioner received five complaints against the Chief Constable. This is a significant reduction from 21 in 2020 and 22 in 2019. All five complaints were deemed to be invalid. However, correspondence regarding one of these cases remains ongoing.

Since February 2020, the PFCC has also been responsible for reviewing complaints recorded and handled by Essex Police that do not meet the criteria for referral to the Independent Office for Police Conduct (IOPC). Upheld reviews can result in recommendations being made to the force which must receive a response within 28 days, advising whether the recommendation is accepted, along with any action taken or planned in response to this. The force may also propose an alternative to the original recommendation. Implementation of the actions carried out by the force in response to recommendations is monitored through the PFCC's usual scrutiny processes, including the quarterly meetings with Essex Police's Professional Standards Department (PSD)

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described above. Reviews can also result in the identification of ‘organisational learning’ and ‘oversights’ for the force. These do not require a formal response but are summarised in reports to the quarterly meetings with PSD, allowing themes to be identified and further monitoring to be put in place where this would be beneficial. Organisational learning points are also shared with the complainant to provide reassurance that the complaint has resulted in improvement and to inspire confidence. Oversights are additional concerns / learning that emerge from the undertaking of the review, but which do not form part of the original complaint, so do not have to be shared with the complainant.

Between February 2021 and 9th March 2022, 186 requests for reviews were closed (for example, due to being invalid) or completed. As a result of these:

- 23 complaints were upheld.
- 32 recommendations were made, all of which were accepted by the force (one with a minor amendment). These have generally focused on the need to revisit all or part of the complaint, or to provide a more thorough explanation of the outcome to the complainant, due to the initial explanation being insufficiently clear and easy to understand, and / or not addressing all of the points raised.
- 43 learning points were identified. These commonly relate to contact issues and, again, the clarity of outcome communicated to the complainant.
- 40 oversights were identified.

Taking informed, transparent decisions and managing risk

The PFCC’s decision making process is set out in the Constitution. Through the Constitution, the PFCC has adopted a number of principles of decision making, including a presumption in favour of openness and transparency; the need for consultation with interested parties, and the need to give reasons and explanations for a decision. All significant PFCC decisions are taken following consideration of a written report on the subject which includes consideration of risks and potential alternative options. The process set out in the Constitution requires the oversight of both of the PFCC’s statutory officers, namely the Monitoring Officer and the Chief Finance Officer. This ensures that legal and financial / resource implications are clearly understood prior to any decision being taken. All decisions made by the PFCC are formally recorded and made available (unless restricted) on the PFCC’s website for public information and scrutiny. All decisions (unless restricted) are also reported to the Police, Fire and Crime Panel for its scrutiny.

The PFCC ensures that relevant information and data about their office and the force is published on either their website or Essex Police’s as part of their Publication Protocol. This includes the disclosable interests of the PFCC, their Deputy and staff and other information required under the Elected Local Policing Bodies (Specified Information) Order 2011 and the Elected Local Policing Bodies (Specified Information) (Amendment) Orders 2012, 2013 and 2021. Performance information presented to the PFCC’s monthly Performance and Resources Board is also published on the PFCC’s website.

The independent Joint Audit Committee (JAC) has responsibility for monitoring and reviewing the effectiveness of the risk management arrangements and the systems of internal control operated by both the PFCC and the Chief Constable. The JAC meets formally at least four times a year and continues to support the PFCC and Chief Constable in discharging their responsibilities for enhancing public trust and confidence in the governance role of the PFCC and in Essex Police. During 2021/22, the JAC has continued to provide a first-class level of independent assurance to the PFCC and Chief Constable and has not hesitated to address important and sometimes very challenging issues. Following the previous year’s recruitment campaign, two new independent members joined the Committee during the year, who have assisted in providing this scrutiny. The Committee’s work plan for 2021/22 included briefings and assurance on the force’s Estates Strategy; police recruitment,

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deployment and retention; external forensics capacity, and communications. JAC papers are published on the PFCC's website unless restricted.

In September 2021, the JAC considered the outcomes of the annual review of its effectiveness that had been carried out earlier in the year through a survey of the Chair and independent members, the PFCC and the chief officers who support the Committee.

As a result of the review, it was agreed that:

- Training regarding the work and the expectations of the JAC would be provided for any officers and staff who are expected to attend the Committee.
- All JAC related policies would be reviewed with drafts provided early to the independent members to provide more time for consideration prior to the meeting
- The Chair would advise other Independent JAC members when he meets with the Commissioner, Head of Internal Audit, and senior supporting officers / staff, with updates of any relevant discussions being provided.
- Consideration would be given to providing the independent JAC members with management responses to HMICFRS reports.
- The Chair of the JAC should make contact with the new Chair of the Police Fire and Crime Panel.
- The Chair of the JAC would follow up on the production of an annual report into the work of the Committee, as recommended following the previous year's review of effectiveness. Consideration would be given as to whether any recommendations arising from the effectiveness survey should result in any changes to the JAC Terms of Reference

New Terms of Reference were subsequently approved by the JAC in December 2021 which:

- Increased the number of four-year terms that each independent member (including the Chair) can serve from two to three
- Clarified that meetings can be held in person, virtually or through a hybrid method, and
- Confirmed that independent members of the JAC may choose to hold meetings with the auditors without management present.

The PFCC and Chief Constable continue to use risk management policies and frameworks that comply with CIPFA guidance. During 2021/22, the biennial review of the PFCC's Risk Appetite Statement was carried out, with the result that that JAC agreed at its meeting in March 2022 to endorse the Statement for a further two years, or until any significant change in the PFCC's operating environment. Following this, the Statement was re-launched to staff at the PFCC's whole team meeting in April 2022.

Developing the capacity and capability of the PFCC to be effective.

The resignation of the Head of Finance in December 2021 created an opportunity for the PFCC, together with their Head of Paid Service, to review the financial support provided to the Commissioner, and to respond to the findings of the Financial Management Capability Review (FMCR) carried out by CIPFA in 2020 as part of the Achieving Finance Excellence in Policing (AFEP) programme of work that Essex signed up to. Whilst the report identified specific strengths relating to the clear leadership of finance across both the PFCC's office and the force, the robust governance, assurance and risk management arrangements that are in place, and the high

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calibre of the respective Finance teams, it was also commented that the positioning of the Chief Finance Officer role within the establishment was “sub-optimal” and recommended that this be reviewed. Following this review, the PFCC designated their existing Strategic Head of Performance and Resources – a qualified accountant who was already responsible for providing strategic, professional advice and guidance to the PFCC covering all aspects of financial management and performance, and for supporting the PFCC and the Chief Finance Officers to both Essex Police and the Essex County Fire and Rescue Service in developing and delivering the PFCC’s overall strategic financial vision and strategy - as their Chief Finance (“Section 151”) Officer with effect from March 2022. To support the Strategic Head of Performance and Resources in fulfilling their revised role, it is proposed that the existing Head of Finance role be deleted and replaced with a new role of Finance Manager which will be designated as the Deputy Chief Finance (“Section 151”) Officer in order to provide support and resilience. Subject to consultation with staff, it is further envisaged that a part-time Finance Assistant role will be created to support both these officers, and that some responsibilities currently included within the Strategic Head of Performance and Resources’ portfolio not related to strategic financial management will be redistributed within the PFCC’s leadership team in order to free up their capacity to take on the statutory Chief Finance Officer functions. Consultation on these changes will take place in 2022/23.

Engaging stakeholders and making accountability real.

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

Following the detailed consultation on the development of the new Police and Crime Plan described above, the PFCC completed their annual public survey on the precept for the following year between 3 November and 21 December 2021. 2,052 people responded. 50% of those who responded to the question stated that, in general, they would be prepared to invest more in policing in order to improve the service provided. 79% of respondents who indicated how much more they were prepared to contribute stated that they would pay a further £10 per year.

Since taking office the PFCC has held public meetings at least once a year in each of the 14 districts and unitary areas, where the people of Essex are able to challenge the PFCC on how he is holding the Chief Constable to account for the delivery of policing. The ongoing COVID-19 pandemic meant that this engagement continued to be hosted predominantly online during 2021/22, with the result that it has continued to reach a much larger and more diverse audience than traditional methods. Post-pandemic, the PFCC’s approach to public engagement is therefore likely to include a combination of face to face and online events. Notes of each of the meetings are made available on the PFCC’s website, along with issues raised at each of these events and any subsequent outcomes.

The PFCC also meets regularly with local Councillors and MPs in order to afford other elected representatives the opportunity to raise any concerns or offer any suggestions in relation to policing and crime in Essex. Forums also continue to be held with specific groups, discussing issues such as victim support, rural crime and business crime. These forums enhance partnership working across all areas and link directly with the delivery of the Police and Crime Plan.

The PFCC’s Communications and Engagement Strategy 2022-24 was approved in February 2022, to align with the formal launch of the new Police and Crime Plan. Essex Police also has its own comprehensive engagement strategy and the PFCC and Chief Constable jointly conduct a public survey of 7,700 people every year. The results of this work are reported on a quarterly basis to the PFCC via their Performance and Resources Board and to a wider group of stakeholders and partners via the Safer Essex partnership. The most recent results show that, for the 12 months to December 2021, overall confidence and satisfaction with Essex Police remained high, with 80% of respondents believing that Essex Police does a good or excellent job. However, whilst the yearly figures remain high and the results for Quarter 3 were stable when compared to Quarter 2, the results for these two quarters are below what was experienced in the first half of the 12-month period. This could be due to there being less focus nationally on policing contributions to dealing with the pandemic. Nonetheless, if this

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level of confidence remains, Essex Police will maintain significantly higher levels of confidence than pre-pandemic, despite crime volumes having returned to the volumes experienced beforehand.

In line with the reversion of crime recording to pre-pandemic levels, there is a growing perception that crime is once again becoming more of a problem, with the number of respondents in Quarter 3 who think that crime and anti-social behaviour have become more of a problem compared to 12 months ago rising from 27% to 33%.

In addition, victims continue to have a lower level of confidence than non-victims. 77% of respondents felt that Essex Police was supporting victims and witness in Quarter 3, compared with 82% in Quarter 2 and 90% in Quarter 1. The PFCC publishes clear contact details on their website that members of the community can use to raise issues or concerns with them. The PFCC's Correspondence Standards and Complaints and Expression of Dissatisfaction Policy set out how contact made with the PFCC will be responded to.

On a regular basis, the PFCC and Chief Constable also issue proactive press releases and engage in media interviews to explain the nature and role of their work and to answer questions relating to this.

At a more operational level, a multi-agency Out of Court Disposal Scrutiny Panel has been established to conduct independent reviews of a selection of cases that have been resolved through use of an out of court disposal determined by either Essex Police or the Crown Prosecution Service. Its aim is to determine whether the method of disposal was appropriate based on the information / evidence available to the decision maker at the time. Its intention is to increase public understanding, confidence and trust in this method of case disposal. The panel cannot change the outcome of the case but, where it is appropriate to do so, can give feedback at an organisational level or to individuals of each agency involved in a case. The intention in doing so is to promote best practice and to identify potential policy development or training needs for consideration by the force or other agencies.

The decisions of the PFCC are scrutinised by the Police, Fire and Crime Panel which is made up of elected representatives from each district, borough, city and unitary authority in Essex plus two independent members. The Panel has several statutory powers and duties, including the power to veto the proposed precept and candidate for the post of Chief Constable; to review the Police and Crime Plan and the PFCC's Annual Report and to make recommendations to which the PFCC must have regard; to consider complaints against the PFCC and Deputy PFCC, and to scrutinise the appointments of the PFCC's Chief Executive, Chief Finance Officer and Deputy PFCC. Panel meetings take place at least four times a year and are open to the public. Records of its meetings (including agendas papers, minutes and webcasts) are published on Essex County Council's website.

5. Value for Money Arrangements

- 5.1 The PFCC has responsibility for ensuring that their governance arrangements support good value for money and has thereby conducted a review of the effectiveness of the governance framework, including the system of internal audit and the system of internal control. The governance framework and value for money arrangements are also subject to ongoing monitoring for effectiveness by the PFCC's Chief Finance Officer and Chief Executive and Monitoring Officer. This is informed by the work of the External Auditors and by continuing Internal Audit reviews as well as through the Performance and Resources Board.
- 5.2 The roles and processes applied in maintaining and reviewing the effectiveness of the governance framework are outlined as follows:

PFCC

- 5.3 The PFCC has overall responsibility for the discharge of all powers and duties placed upon them, 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 the Chief Executive and

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Monitoring Officer, the Chief Constable and their senior staff including the Chief Finance Officer. As set out above, the PFCC's and Chief Constable's Joint Audit Committee has responsibility for overseeing these arrangements and will raise and scrutinise governance issues when appropriate.

Essex Police

- 5.4 The Chief Constable has responsibility for reviewing the effectiveness of the governance framework within the force. This review is informed by the work of Essex Police's Director for Strategic Change and Performance and the Head of Continuous Improvement, who have responsibility for the development and maintenance of the governance environment. In preparing this Annual Governance Statement a joint approach has been adopted by the PFCC and Chief Constable.
- 5.5 The Strategic Change Directorate within Essex Police delivers an annual compliance and review programme designed to assist senior managers to:
- Evaluate the reliability and integrity of specific data created and held by the force
 - Evaluate the force's compliance with legislation and associated national standards
 - Evaluate compliance with the force policies and authorised professional practice
 - Provide recommendations that improve force performance and compliance levels
 - Reduce the likelihood of personal and corporate financial and reputational risk
 - Assist in assessing the effectiveness of the force's risk mitigation and control(s)
 - Identify potential inappropriate, unethical and non-compliant activity, and
 - Assist in ensuring Essex Police is 'fit and healthy' going forward
- 5.6 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.

Internal Audit

- 5.7 In maintaining and reviewing the governance framework, the PFCC's and Chief Constable's Chief Finance Officers place reliance on the work undertaken by Internal Audit and, in particular, on Internal Audit's independent opinion on the adequacy and effectiveness of the system of internal control. For 2021/22 the Internal Auditor's opinion is as follows, for both the PFCC and Essex Police:

The organisation has an adequate and effective framework for risk management, governance and internal control.

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

- 5.8 A robust process is in place to track the implementation of recommendations and actions arising from internal audits across both Essex Police and the PFCC, which is overseen by the force's Chief Finance Officer and reported to the Joint Audit Committee on a quarterly basis. As well as reporting on closed recommendations and actions, this highlights those that have been presented to the CFO to close but where further evidence is

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required before this can be agreed, as well as those that are outside of their due date and for which no evidence has yet been presented.

- 5.9 In January 2022 an advisory report was issued on Off Payroll Workers (IR35). It concluded that although process had been implemented to manage IR35 risk, these processes required improvement. The force set up a working group with all the key stakeholders which meets monthly. Good progress has been made with many new processes in place by 31st March 2022 and formal training well underway. The force has agreed a follow up audit in 2022/23.

External Audit

- 5.10 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 the External Auditor's annual letter in particular providing comment on financial aspects of corporate governance, performance management and other reports.

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

- 5.11 HMICFRS's fifth PEEL (police effectiveness, efficiency and legitimacy) inspection of Essex Police, carried out in 2018/19, found that:

- The extent to which the force is effective at reducing crime and keeping people safe is **good**

"Since our 2017 inspection, the force has improved the way it uses legal powers to safeguard domestic abuse victims. It works well with other organisations to keep vulnerable victims safe. And it asks vulnerable victims what they think about its service. It uses their views to improve services" (p.15)

- The extent to which the force operates effectively and sustainably is **good**

"The force is good at planning for the future. The demand forecasts it made in the past have proved accurate. It invests in 'spend to save' projects. This will help it free up capacity and funds that can be used in other priority areas" (p.24)

"The force understand the effect of increased demand, financial constraints and reduced resources on other organisations. The force and its partner organisations have set up community safety hubs to make services sustainable and more cost-effective. The force is also recruiting volunteers to help offset the effect of austerity" (p.27)

"The force can demonstrate the benefits of its investments and has strong evidence to support its investment decisions" (p.28)

- The extent to which the force treats the public and its workforce legitimately is **good**

"The force continues to uphold an ethical culture and promotes 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" (p.6). This comment related particularly to delays in vetting processes. More resources have been invested in the vetting unit since the inspection to address this concern, although it remains a challenge, particularly given the focus on delivering the force growth plan.

"In 2017, we ... found that this force could not ensure it was always compliant with the Code of Practice for Victims of Crime. We are pleased to note that the force is now compliant with the code, as the Athena crime system automatically supports compliance" (p.13)

"The force is good at seeking out new ways of working and cost-effective systems to help balance the budget. It welcomes ideas from frontline officers and staff and encourages them to use Idea Drop, a

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web-based forum where they can post suggested improvements” (p.28)

“Essex Police understands the public’s expectations and what they are likely to be in the future. It asks the public for its views on the service. It then responds by altering its service or by developing new skills and capabilities” (p.32)

- 5.12 HMICFRS reported the findings of its Crime Data Integrity Inspection of Essex Police on 8 October 2019. The inspectorate found Essex Police’s performance to be outstanding in this area, making it only the third force of the 39 inspected at that point in the programme, to be judged outstanding on the first inspection. The inspectorate estimated that Essex Police records 95.8% (with a confidence interval of $\pm 1.53\%$) of the crimes reported to it and noted that the force had “substantially improved its crime recording accuracy” since 2014 and that “Victims are at the forefront of its crime recording arrangements”.

6. Significant Governance Issues

Operation Hazel

- 6.1 This is the Essex Police operational response to the Just Stop Oil (JSO) sustained protest activity at petrochemical distribution sites in West Essex and petrol station forecourts in April 2022. Since 1st April 2022 large numbers of JSO protestors have disrupted multiple sites in Essex simultaneously and used a wide range of tactics to cause significant disruption. These are sustained protests that now include site incursion, static road protests, lock on to tankers and lock on at heights in high-risk secure areas of petrochemical sites.

Although in 2022/23 financial year, it is a significant development post year end. With forecast costs anticipated to be approximately £6m, the Chief Constable and the PFCC are working together and the PFCC has written to the Home Office seeking financial recompense and requested that the 1% force contribution is waived.

Operation Oak

- 6.2 On Friday 15th October 2021, Essex Police were called to Belfairs Methodist Church, Eastwood Road, Leigh on Sea, SS9 4NG where Sir David Amess MP was holding a surgery. Sir David had been stabbed several times by a male armed with a knife who had booked an appointment to see him. The response to this murder was led by Essex Police and the murder investigation element later taken over by SO15 after it was declared a Terrorist Incident. This incident attracted significant national and international media attention and parallels drawn between the murder of Jo Cox MP in 2016 and the stabbing of Stephen Timms MP in 2010. Essex Police worked with SO15, the Parliamentary Liaison and Investigation Team (PLaIT), Southend and Essex Local Authorities and the Home Office to bring this to a conclusion and the defendant sentenced to life imprisonment for murder.

Events such as these are fortunately rare, but place a significant pressure on local budgets in a Force with one of the lowest funding formulas in England. The final spend in respect of this operation was £21,000.

- 6.3 Progress made in addressing the significant governance issues identified in last year’s AGS is summarised on the pages that follow.

Title	Action	Expected Delivery	Position as at 31 st March 2022
Demand Management	<p>Secure the ability of the force to manage existing and future demand, with an effective operating model of policing using the efficiency gains enabled by investment in new technology.</p> <p>Continue to encourage members of the public to report crime online.</p>	<p>Deploy an additional 184 police officers and an additional 19 police staff as part of the 2021/22 Force Growth Programme.</p> <p>Further improvements in demand management to be demonstrated by March 2022 as the impact of additional officers and continued investment in technology is seen.</p> <p>Deliver a total of £4.822m (£3.894m recurring) savings, comprised of cashable savings of £4.466m (£3.478m recurring) and non-cashable savings of £0.416m.</p>	<p>Continued attraction and recruitment of officers into the force resulted in the establishment and national Police Uplift Programme requirements for year 2 being exceeded. As at 31st March 2022, the officer strength was 3,752 FTE, which is 17 FTE over the establishment of 3,555 and an increase of 159.17 FTE compared with the position as at 31st March 2021. The staff strength was 2,131.46 FTE, which is 165.76 FTE below the establishment of 2,297.23 and equates to a vacancy rate of 7.22%. However, this represents a strength increase of 6.85 and a vacancy percentage point reduction of 0.22 compared with the position as at 31st December 2021.</p> <p>There was an 11% increase in all crime (17,838 more offences) for the 12 months to March 2022 compared to the 12 months to March 2021 but a 1% decrease (1,748 fewer offences) compared with the 12 months to March 2020. Within this, Essex experienced a 13.8% increase (5,798 more offences) in the number of repeat victims for the 12 months to March 2022 compared with the 12 months to March 2021.</p> <p>There were 2,670 Live Chat interactions during Quarter 4 of 2021/22, equating to 60 – 80 contacts per day which would otherwise have been dealt with via 101. In addition, 273 reports of anti-social behaviour were made via the online reporting facility rather than 101.</p> <p>As at 1st March 2022, the combined cashable and non-cashable savings forecast for 2021/22 showed a surplus of £0.517m against the agreed savings plan. With the inclusion of £25k surplus brought forward from 2020/21 and the addition of £70k derived from now unrequired investment elsewhere used to offset the shortfall in the savings programme, this position moved to a surplus of £0.612m.</p>
Comprehensive Spending Review 2020	<p>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.</p>	<p>Favourable outcome from the provisional grant settlement for 2022/23 due to be announced in December 2021, and from the CSR.</p>	<p>On 16th December 2021, the Government issued the provisional funding settlement for policing for 2022/23. The Home Office core grant increased to fund Essex's share of the 8,000 officer growth to be achieved nationally (equating to 180 additional officers in Essex by March 2023, of which 10 are for the Regional Organised Crime Unit), along with the increase in employers' national insurance contributions.</p>

Title	Action	Expected Delivery	Position as at 31 st March 2022
Public confidence and victim satisfaction	Building on learning obtained from the approach taken to engagement during the COVID-19 pandemic, continue to enhance the public's understanding of the work and successes of Essex Police, thereby increasing public satisfaction and confidence.	Improvements in public and victim satisfaction and confidence in local policing during 2021/22.	The independent survey commissioned by Essex Police and the PFCC returned a confidence rating in local policing of 80.1% for the 12 months to December 2021 – an increase of 3.8 percentage points compared with the year ending December 2020. Confidence amongst victims was stable compared with the previous 12 months, at 61.0%, but had increased amongst non-victims to 82.1%. Only one in four of the victims surveyed during Quarter 3 was satisfied with how well they were kept informed of progress, compared with 50% at the same time the previous year. A new question included in the survey from Quarter 3 of 2021/22 found that nearly half of all victims surveyed (49%) said they had not been informed of the outcome of the crime they reported. Victims were also less likely to think the Essex Police representative they encountered was professional compared to non-victims that had direct contact with Essex Police, at 62% compared with 83%).
Blue light collaboration	To promote collaborative working across blue light services, including greater efficiencies between Essex Police and the Essex County Fire and Rescue Service; through the Essex and Kent Police Shared Services directorate, and through the 7Force Strategic Alliance	Progress shared fleet workshops across Essex Police and the Essex County Fire and Rescue Service, along with further estate sharing in Harwich and Dovercourt. Implement collaborative Firearms, Shotguns, Explosives and Licensing (FSEL) administration across Essex and Kent as part of Operation Hexagon. Continue wider technological implementation of the Core Vet system through until autumn 2021. Agree future opportunities for 7F collaboration across the 14 corporation soles in summer 2021.	Work on a shared fleet workshop and further estates sharing between Essex Police and the Essex County Fire and Rescue Service has progressed during 2021/22 and remains ongoing. The collaboration between Essex and Kent continues to yield positive results and allow both forces to exercise significant influence nationally. The local investigative capacity within the joint Serious Crime Directorate is able to field sufficient numbers to surge and flex according to demand and, as a result, has secured a number of significant results. Work by the collaborated HR and Business Services teams meant that the uplift targets were exceeded across both forces, placing them in a strong position to meet next year's challenges, whilst excellent by the Learning and Development team meant that the new Police Education Qualifications Framework (PEQF) went live seamlessly in both forces. The Core Vet system is now in operational use. The 7F Strategic Alliance Summit agreed in November 2021 that, with effect from April 2022, the 7F strategic collaboration programme would transition to a leaner network which will continue to work together, to share knowledge, experience and best practice, and to complete live projects, but that no further projects would be commissioned through those arrangements. The section 22A agreement is currently being updated to reflect this.

Title	Action	Expected Delivery	Position as at 31 st March 2022
Recovery from the COVID-19 pandemic	<p>Respond appropriately to any increases in certain crime types that may emerge as a result of the pandemic.</p> <p>Establish and respond appropriately to any impact on support services delivered by the voluntary and community sector.</p> <p>Assess and respond appropriately to any subsequent loss of income due to reductions in Council Tax receipts (due to increases in non-payment and / or changes to the anticipated Council Tax base increase).</p>	Demand and financial impacts on the local population and the force are mitigated as far as possible.	Essex Police continued to maintain an operating status of “green” or “blue” (no impact) throughout the pandemic. A dedicated command structure and adaptations to ways of working have enabled the entire workforce to continue to carry out its policing duties in ways that protect its health and wellbeing. The investment made in officer recruitment over recent years, combined with the dedication of police officers and staff, have enabled the force to continue to provide visible patrols and community reassurance.
Government’s PCC Review	<p>Respond appropriately to changes to the Specified Information Order, anticipated in May 2021.</p> <p>Respond to the anticipated Government consultation on potential changes to the Policing Protocol Order 2011.</p> <p>Respond to the anticipated Home Office consultation on giving a General Power of Competence to all PCCs.</p> <p>Otherwise engage as appropriate in Part 2 of the review, including through</p>	The PFCC and the force will influence Government thinking, and therefore future national policy, relating to the role, remit and powers of PCCs.	<p>The PFCC has complied with the requirements of the Elected Local Policing Bodies (Specified Information) (Amendment) Order 2021, which came into effect on 31st May 2021.</p> <p>A Written Ministerial Statement on the PCC Review Part 2 was published on 7th March 2022. Amongst other things, this committed to placing a new reciprocal duty on PCCs and Regional Probation Directors to consult each other when developing priorities and putting Local Criminal Justice Boards (LCJBs) on a statutory footing, with PCCs chairing. It also committed to updating guidance on Violence Reduction Units (VRUs) to clarify the role of PCCs in chairing governance boards and providing strategic direction, and to equipping PCCs with the General Power of Competence.</p> <p>Government consultation on proposed changes to the Policing Protocol Order 2011 is currently underway. At the time of writing, the PFCC’s response is being finalised for submission.</p>

Title	Action	Expected Delivery	Position as at 31 st March 2022
	the PFCC continuing to form part of the Home Office's Advisory Group (if returned).		
Police and Crime Plan 2021 - 2024	Develop, consult on and secure Police, Fire and Crime Panel approval of a new Police and Crime Plan for the new electoral term	The PFCC will provide clear strategic direction to Essex Police as well as clarity to partners and the public concerning their commitments and priorities for improving community safety during the next electoral term.	Action complete. The Police and Crime Plan 2021 – 2024 was endorsed by the Police, Fire and Crime Panel in October 2021.

Significant governance issues for 2022/23

Significant governance issues for consideration in 2022/23 are identified below:

Title	Action	Expected Delivery
Demand Management	<p>Secure the ability of the force to manage existing and future demand, with an effective operating model of policing using the efficiency gains enabled by investment in new technology.</p> <p>Continue to encourage members of the public to report crime online.</p>	<p>Recruit an additional 200 police officers, of which 180 will be funded from the national Police Uplift Programme (10 of whom are designated for the ROCU and mandated by the Home Office grant conditions) and 20 of which will be funded from the precept uplift.</p> <p>Increase the police staff establishment by 68.4 FTE as part of the 2022/23 Force Growth Programme.</p> <p>Increase the number of Specials throughout 2022/23 in line with the aspiration to achieve 600 by 31st March 2023.</p> <p>Continue to increase ethnic minority and female officer representation throughout 2022/23.</p> <p>Further improvements in demand management to be demonstrated by March 2023 as the impact of additional officers and continued investment in technology is seen.</p> <p>Deliver total planned cashable savings of £4.662m (£3.756m recurring) and non-cashable savings of £3.906m, creating a combined total of £8.568m in year savings and efficiency.</p>
Review of the police funding formula	<p>To continue to promote the case for an improved Government police funding formula by working with the APCC, NPCC and PACCTS to deliver an evidence based response to the Home Office. This response will inform the HM Treasury decision.</p>	<p>Essex benefits from an updated and improved funding formula.</p>
Public confidence and victim satisfaction	<p>Continue to enhance the public's understanding of the work and successes of Essex Police, thereby increasing public satisfaction and confidence.</p>	<p>Improvements in public and victim satisfaction and confidence in local policing during 2022/23, with reduced disparities in confidence and satisfaction between victims and non-victims and between white and non-white ethnic minority respondents.</p>

Title	Action	Expected Delivery
Blue light collaboration	To promote collaborative working across blue light services, including greater efficiencies between Essex Police and the Essex County Fire and Rescue Service and through the Essex and Kent Police Shared Services directorate	Continue to progress shared fleet workshops across Essex Police and the Essex County Fire and Rescue Service, along with further estate sharing in Harwich and Dovercourt. Respond positively to anticipated new legislation relating to forensic science investigations and accreditation. Develop, commission and begin to implement a series of “Wave 2” initiatives as part of the Essex Emergency Services Collaboration Programme.
Levelling Up agenda	Continue to work with and through Essex Leaders and Chief Executives to inform the Essex response to the Levelling Up White Paper.	If desired, Essex is able to access a robust and fit for purpose devolution deal, accompanied by a simplified, long term funding settlement. Essex is well placed to deliver Mission 11 of the White Paper (By 2030, homicide, serious violence and neighbourhood crime will have fallen).

7. Conclusion

- 7.1 We propose over the coming year to take steps to address the identified issues to further enhance our governance arrangements. We are satisfied that the proposed actions will ensure that our governance processes will remain effective in a changing environment. We will continue to monitor their implementation and operation, including through our risk management and assurance processes.

Chief Constable of Essex

Chief Finance Officer of the Chief Constable of Essex

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 owned by the PFCC, which 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 PFCC 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 PFCC owes money at the end of the financial year.

Current Assets and Liabilities – Current assets are items that can be readily converted into cash. Current liabilities are items that are due immediately or in the short-term.

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 PFCC 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 & 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, provisions 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.

Glossary of Terms

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.

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Further Information

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.police.uk

In addition, members of the public have a statutory right to inspect the accounts before the audit is completed. The accounts are available for inspection on the Essex Police website by visiting: <https://www.essex.police.uk/>

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