



The Police, Fire and Crime
Commissioner for Essex and the
Police, Fire and Crime
Commissioner for Essex
Police Group

2021/22 Statement of Accounts

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Narrative Report 2021/22

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Narrative Report

The purpose of the Narrative Report is to provide information on the Police, Fire and Crime Commissioner (PFCC) and PFCC Group, 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

The purpose of the Narrative Report is to provide information on the Police Fire and Crime Commissioner and the Force, its main objectives and strategies and the principal risks it faces.

Police, Fire and Crime Commissioner's Report

The last year has seen the continuation of our investment programme in Essex Police. This has already resulted in Essex Police growing by more than 700 officers since 2016 and we have provided funding for this growth to reach 900 additional officers, meaning we will have 3,755 officers by March 2023. This will be the highest number of officers that we have ever had in Essex. During the year, we have also taken stock of the progress we have made, the changing context we operate within, not least the impact of COVID-19, and worked with partners and the public across Essex to set out a new ambitious strategy to get crime down, protect the vulnerable and support victims of crime that is set out in the published Police and Crime Plan 2021/2024.

Our new priorities build on the progress we have made over the last five years, in particular the growth in officers, the focus of working with communities to get crime such as anti-social behaviour, burglary and theft down, and our work to tackle domestic abuse and drug-driven violence. They also go beyond our previous priorities to set out more clearly our ambition to tackle violence against women and girls, protect the vulnerable and use the extra capacity our investment programme has delivered to shift the main focus of Essex Police from responding to incidents to preventing them in the first place.

Overall, levels of crime have increased over the last five years as new forms of crimes such as stalking, controlling and coercive behaviour have been added to the statute books and started to be used more commonly. Our work encouraging victims to come forward and report domestic violence means we now have a much better idea of the actual level of domestic violence in society, while we have seen a continued increase in the levels of violence driven by drugs.

At the same time, our response to burglary, theft and anti-social behaviour has led to significant year-on-year reductions showing that where we can focus and implement a clear strategic approach to tackling certain types of crimes, we can get these crimes down consistently.

These trends over the last five years have been significantly impacted by the COVID-19 pandemic and the lockdowns imposed to control its spread. Overall, crime levels fell significantly as shops closed and our movements were significantly reduced. Essex Police also used this time to take significant enforcement action on organised gangs, drug dealers and county lines, successfully targeting and closing down entire lines. The increased use of Domestic Violence Protection Orders and other proactive preventative tactics were also put to good use and had a positive impact.

We also knew that as many people were locked up in their homes, there was an increased risk that vulnerable people could become victims of crime and increased funding was channelled into supporting services, helplines and tailored interventions to prevent this being the case, if at all possible.

As the national vaccination programme progressed during 2021 and we slowly returned to normal, we also saw a return of some of the crime types that had been subdued over the previous 18 months. This resulted in a 11.7%



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increase in overall crime levels in the 12 months to March 2022 compared to the 12 months to March 2021. However, this was still 1% down on the 12 months to March 2020, the last year that did not have a direct impact from the COVID-19 lockdown measures.

These trends show that while overall crime levels have grown in the last year as lockdowns have eased, they are still at a lower level now than they were prior to the pandemic and provide a positive longer-term downward trend.

Essex Police have played a huge role throughout the pandemic, working with partners through the Essex Resilience Forum to co-ordinate the countywide response. During this period, public confidence in them has significantly increased from 64.7% of people thinking they 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 2021. This is a significant increase and gives a clear picture of the value that both the public and partners place on the force.

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-

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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.

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.

Police and Crime Plan

Further investment in crime prevention

Focused investment in crime prevention is essential to reduce overall crime and in keeping our communities safe. Since 2016, we have invested in the capacity of Essex Police to prevent crime and this investment continued during 2021/2022.

The officer establishment was increased by one-hundred-and-eighty-four during the year, taking the total increase in officers to 700 and bringing the total establishment of Essex Police up to 3,555. These new officers were recruited throughout the year with the force at establishment by the end of March 2022. These new officers focused on tackling serious violence, including doubling the size of the Serious Violence Team, tackling domestic abuse including a new Domestic Abuse Problem Solving Team, 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.

Working with partners and the public, we also secured support for further investment in 2022/23 with a commitment to recruit a further 200 officers during the year. This will mean by the end of March 2023, Essex Police will have 3,755 officers, making it the largest and strongest it has ever been.

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The new officers in 2022/2023 will focus on tackling violence in all its forms, including violence against women and girls, domestic abuse and drug-driven violence and crime prevention work, including boosting Town Centre Teams.

This investment in officers has been complemented by additional investment in support staff and technology to improve efficiency and ensure our officers can be out in their communities rather than stuck behind desks. Investments in smartphones, body-worn video and tasers have equipped our officers to log or process crimes while out in communities. New apps have improved access to guidance and support, making a huge difference in areas such as the use of Domestic Violence Prevention Orders. Body-worn video has drastically improved the level of evidence gathered, especially in domestic abuse cases, leading to stronger cases being presented at court.

Investment in technology has also helped to improve the accessibility of the force with online chat, Report It Online and 101 now making the force more accessible than ever. While this has had a significant impact on call waiting times, which have reduced from 40 minutes to eight minutes over the last four years, it has a bigger impact on the quality and consistency of intelligence received by the force. 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 receive accurate reports from the public. This is vital as the intelligence received from the public informs the intelligence led, targeted intervention that is the most effective way of tackling crime and anti-social behaviour.

Neighbourhood policing is at the core of prevention work and our investments in Town Centre Teams, community policing and volunteers, such as Specials, has had a significant impact on the level, visibility and quality of activity across the county.

During the year, Essex Police worked with the policing districts and their Community Safety Partnerships to identify areas of high demand where focused, highly visible neighbourhood policing activity could make a significant difference, and developed a programme of activity that brings partners together and effectively deploys the 1,500 volunteers (Specials, Active Citizens, Police Cadets, Accredited Persons) to target local areas at periods of known high demand.

One successful example of this type of deployment is Street Weeks where the large-scale deployment of multi-agency teams focus on a specific area 24/7 for a week to tackle repeat criminal and anti-social behaviour, build community support and leave a lasting legacy. There have been 12 deployments over the last two years, reaching more than 25,000 people face-to-face. These activities have led to a demonstrable reduction in anti-social behaviour, have solved repeat offending, increased safeguarding opportunities, as well as driving increased membership of Neighbourhood Watch, Special Constabulary, Volunteer Police Cadets and Citizens in Policing. They have also had a measurable positive impact on local levels of public confidence.

The activity supports the work of Community Safety Engagement Officers, who were recruited as part of our investment programme to provide greater visibility and communication with local communities and strengthen our ability to respond to identified local issues. These officers are based in each local policing district and work with partners in preventing identified local issues, such as shoplifting, nuisance motorcycles or intimidating behaviour. Specialist teams are also deployed to help this continued investment in prevention activity with focused activity from Roads Policing Teams, the Rural and Business Teams and more depending on the evidence-based demand in the local areas.

Reducing drug driven violence

Violence has no place in our society. And yet it accounts for roughly half of all crime in our county. It is a failure on behalf of the perpetrator, in their relationships with others, or ability to cope with their circumstances, and it can be stopped. We must get violent crime down, whether it is by bringing serial and vicious perpetrators to justice, taking weapons and drugs off of our streets, or by protecting and supporting those at risk.

Drug-driven violence is behind 40% of the Homicides, while also being a significant cause of serious violence. Gangs that exploit people and coerce them into a life of crime are preying on some of the most vulnerable people in our

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society. We must crack down on drug-driven violence and gangs, protect the vulnerable people these gangs prey on and deal with the hardened criminals whose activities increase violence in our communities.

Our strategy to tackle drug-driven violence has been to invest both in prevention, through our Violence and Vulnerability Partnership, and enforcement, by working with the National Crime Agency and investing in the Essex Police Serious Violence Unit.

In 2021/2022, we increased our investment in the Essex Police Serious Violence Unit and the Serious Crime Directorate and recruited a further 30 officers to these teams. This growth combined with additional central government funding, to support the National Drug Strategy, and the increased use of innovative enforcement tactics, such as using human trafficking charges, has led to a significant improvement in investigations and prevention activity. Our data shows that the level of violence related to drugs is either falling or steady across the county, the number of county line related homicides are at their lowest level of several years and the level of risk associated with county lines has fallen dramatically since October 2021.

In 2021 alone, the Serious Violence Unit seized more than 100 weapons and £569,000. Ninety-seven vulnerable individuals were identified and safeguarded and 37 people were referred to national organisations for support as the suspected victim of modern-day slavery. Comparing the 12 months to August 2021 to the average over the previous three years, the team collectively increased the number of people arrested from an average of 429 a year to 625, charged 578 compared to an average of 315, secured convictions on 92.5% of those charged compared to 73.4% over the last three years and secured an average sentence of 4.9 years compared to 14 months.

In summary, our extra investment has resulted in significantly stronger enforcement, better cases being presented at court and more weapons, drugs, money and criminals being taken off the street for longer.

Supporting this enforcement activity, a number of innovative prevention activities have also been undertaken to suppress drug-driven violence and make the operating environment for gangs extremely hostile. These focused activities range from co-ordinated, highly targeted activities on specific county lines, to using contacts in drug dealers' phones to warn people of the dangers of drugs. One exceptionally successful tactic which was developed in Essex and has since been picked up by central government is short, targeted high visibility patrols. The tactic identifies hot spots within the county which see the most street violence. This violence tends to correlate with areas of high footfall where there is a high likelihood of interactions between individuals and where minor confrontations escalate and/ or where excessive alcohol is consumed. In Essex, 79 harm spots across seven major towns were identified and each received 15-minute, high visibility patrols at regular interval over 266 days. This led to a significant reduction in violence over the period, especially in areas where patrols were strictly adhered to and where they were well targeted at the times and locations where violence was most likely.

This strong activity led by Essex Police is complemented by the work of our Violence and Vulnerability Partnership, where we take a public health approach to tackling violence with long-term investment across a wide partnership of organisations in Essex.

Together, this partnership:

- supports community and voluntary sector organisations to provide activities to those at risk of becoming involved in violence, drugs or gangs
- delivers and funds interventions in identified locations with key groups at times where they are open to changing their lives
- supports professionals, such as teachers or youth workers, to ensure they have the right resources to respond to vulnerable people appropriately
- runs communications campaigns to target vulnerable groups and reduce the risk of them being exploited
- uses data and insights to inform our approach

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Following detailed work undertaken last year to map and understand the journey our most prolific offenders take, this year we have been able to isolate and focus on specific periods of risk, such as the time between arrest and conviction. Increased visibility and interventions during this period offer the opportunity to drastically reduce the number of individuals that spiral into repetitive violence behaviour.

We have also completed a community listening project with young people at risk of being groomed into a life of crime. This project provided valuable insight into areas of vulnerability our young and vulnerable people exhibit.

This work, along with additional insight and research, has helped us to target our Vulnerability Community Safety Grants to groups and certain localities where the risk of exploitation is higher. With this fund, we have continued to identify a range of organisations which engage with young, vulnerable people. This can range from counselling or therapeutic support, to 1-2-1 coaching or increased provision of sports clubs and social activities.

These combined activities and collective approach to tackling the root causes of violence have started to turn the tide of violent crime in Essex. However, there is still much to do with violence with injury up by 2.9% over the 12 months to March 2022 compared to the 12 months to March 2020, the last year where the COVID pandemic did not have an effect on the statistics.

Protecting vulnerable people and breaking the cycle of domestic abuse

Protecting those at greatest risk and reducing the number who become victims of crime is essential to driving down the level of harm in our communities. Domestic abuse accounts for 33% of all violent crime in Essex and in 2021/2022 24,284 cases of violence against the person related to Domestic Abuse were recorded. This is an increase of 5.4%. These crimes account for a huge volume of the vulnerable people who become victims of crimes committed against them by partners or other family members and as such breaking the cycle of domestic abuse is an important focus to reduce vulnerability in Essex.

In Essex, our work to tackle domestic abuse is co-ordinated by the Southend, Essex and Thurrock Domestic Abuse Board (SETDAB). The Board is chaired by Deputy Police, Fire and Crime Commissioner Jane Gardner and works with partners to enable everyone to live a life free from all forms of domestic abuse. The Board has a comprehensive strategy, which was refreshed during 2021/2022 to provide a sharper focus following further detail about the Domestic Abuse Act. The SETDAB strategy focuses on achieving five outcomes:

- Outcome 1: Children and young people can recognise and form healthy relationships
- Outcome 2: People experiencing and at risk of experiencing domestic abuse are supported to be and feel safe
- Outcome 3: Everyone can rebuild their lives and live free from domestic abuse
- Outcome 4: Supporting and disrupting perpetrators to change their behaviour and break the cycle of domestic abuse
- Outcome 5: Communities, professionals and employers are able to recognise domestic abuse at the earliest opportunity and have the confidence to take action

The Commissioner, along with SETDAB partners, commissions a range of services to support victims from Victim Support who offer the first line of support to more specialist services such as Next Chapter, Safe Steps and Changing Pathways which is co-commissioned with Essex County Council, Southend-on-Sea City Council and Thurrock Council. These services deliver an integrated domestic abuse support service including refuges, Independent Domestic Violence Advisors (IDVAs) and community-based support. These co-commissioned services include the delivery of a seven-day-a-week, single point of access; the Compass helpline, which delivers advice and support for victims and professionals.

Synergy Rape Crisis Partnership, a service for victims of rape and sexual abuse including historic child sexual abuse, is also commissioned to deliver specialist support across the county, including therapeutic support, advocacy, counselling and Independent Sexual Violence Advisors (ISVAs). Synergy also offers a single point of contact for victims of abuse to engage through, ensuring help and advice can be found in a consistent and accessible way.

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Essex Police have an important role in safeguarding victims, reducing vulnerability and tackling perpetrators. During 2021/2022, the number of domestic abuse cases reported to them increased by 1596 cases or 3.9%. Twenty-six per cent of these cases involved stalking or harassment and 41% were repeat victims. All cases reported are graded as standard, medium or high risk dependent on the circumstances. Over the year, the number of high risk incidents has grown by more than 23.4%, while medium risk cases has increased by 7% and standard risk cases has increased by 1.6%.

This increased level of severity is a concern and may relate to under-reporting of lower risk or medium risk incidents during the COVID-19 lockdowns, resulting in further escalation prior to being reported to the police.

During the year, the force has launched DA Today, an internal daily update on current cases, which provides additional focus and drive to ensure that attendance at domestic abuse incidents is treated as a priority by local policing teams. The force aims to attend all domestic abuse incidents within 24 hours of being reported, excluding calls graded as emergency or priority which receive an immediate response. Over the last quarter of 2021/2022, Essex Police has attended 88% of domestic abuse incidents within 24 hours. This timely response combined with increased focus by local policing teams and tighter governance has helped to support the capture of better evidence and helped cases to be progressed more successfully.

Wherever possible, the force will pursue prosecutions through the criminal justice system. However, in circumstances where this is not possible, the force focuses on opportunities to improve the safeguarding of victims through use of alternative powers, including Domestic Violence Protection Notices and Orders (DVPNs and DVPOs), Stalking Protection Orders (SPOs) and the application of the Domestic Violence Disclosure Scheme (DVDS) Clare's Law. In the 12 months to October 2021, 278 DVPNs and 214 DVPOs were issued, with 77% of the DVPOs being accepted and enforced by the courts.

Significant additional officers have been invested in our response to domestic abuse over the last few years, including the development of new Domestic Abuse Problem Solving Teams. These new teams work alongside the established Domestic Abuse Investigations Teams to manage the most prolific domestic abuse perpetrators and the most vulnerable victims. The team is focused on working with these individuals in a sustained way to identify ways to resolve recurring incidents to prevent future harm and reduce repeat victimisation.

The work of these Domestic Abuse Problem Solving Teams complements a number of perpetrator behaviour change programmes commissioned by the Commissioner. These are designed to confront and change dangerous behaviour before it can cause more harm. In Essex, this work is delivered by The Change Project. The Commissioner has provided £170,000 to deliver the programme which has had more than 280 referrals in the last year and has been able to deliver a 95% reduction in physical violence. This is important work and is vital to driving down the number of people affected by domestic abuse in our county.

Breaking the cycle of domestic abuse requires changes throughout society and this broad partnership work has been evident throughout the year. Partners across Essex joined together to raise awareness of domestic violence and encourage victims to come forward and seek help. Linking activity into White Ribbon Day on 25th of November 2021, 16 days of actions were co-ordinated across the country where partners showed their support for eradicating violence against women. This gained significant positive publicity, building awareness of the support available and promoting reporting.

In January, the Essex Chambers of Commerce led Business Crime Strategic Board hosted a conference for businesses on domestic abuse and what they can do to help support members of their staff who are affected. More than 100 businesses were represented and further events to follow up on the theme have been planned in the coming 12 months.

Perhaps one of the most difficult aspects of domestic abuse to resolve are challenges around housing and how the provision of housing can help victims take the step to end abusive relationships. This has been a significant area of focus for SETDAB over the year, with local agreements being established to provide better support for victims.

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Reducing violence against women and girls

No women should feel afraid in their own community or be scared to go out, but the sad truth is that many women and girls do. That is not acceptable, and it is important for us as a society to change that.

Over the last year, since the horrific murder of Sarah Everard in March 2021, the Commissioner has spent time listening to women and girls, the organisations that support victims of male violence against women and working with partners, such as Essex County Council, to get a much better understanding of how women and girls feel in different areas and places across Essex.

Following these conversations, the Commissioner made a clear commitment in the Police and Crime Plan 2021/2024 to support a cultural change within society and provide strong, consistent and vocal support for the safety of women and girls, whether they report crimes against them or not.

Over the last year, working with council partners, education providers and local communities, the Commissioner has identified several areas where women and girls feel unsafe and successfully secured additional government funding, through the Safer Streets fund, to improve them. The latest area of focus is in Chelmsford, where the Commissioner secured £550,000.

This funding is being used to improve street lighting and fencing, encourage local volunteering to manage the surrounding landscaping, fund a university student-based initiative to create community solutions to safety concerns, run a series of community safety days, fund youth engagement in the area and develop a digital engagement programme. Other activities involve engagement with schools, football clubs and theatre groups to generate a conversation about safety and actions and what we can all do to help spaces feel and be safer for everybody.

As well as supporting this cultural change, the Commissioner has continued to support victims of crime as set out in the domestic abuse chapter above. This continued investment in support services includes specialist services such as counselling, advocacy and therapeutic support. It also includes the increased funding for Independent Sexual Violence Advisors, so victims get the support and help they need to move on.

Notwithstanding the huge amount of work that is currently under way to support victims and make our spaces and places safer for women and girls, the level of violence against women and girls is increasing while the level of successful prosecutions is still woefully inadequate.

While COVID-19 lockdowns have made the year-on-year statistics hard to read, there has been a 12.2% increase in violence against the person incidents committed against women when you compare the year to March 2020 (before the pandemic impacted stats) and the 12 months to 2022. Over the same period, there was a 27.5% increase in the number of sexual offences committed against females.

While this pattern is one that is being experienced across the country, it is not acceptable, and it is an area that will need significant focus in future years to reverse this trend.

Improving support for victims of crime

While we are working hard to prevent crime and reduce the number of people who suffer the impact of crime, where somebody becomes the victim of crime it is important that they receive the support they need to recover. As well as the vital support offered through Essex Police in the form of updates and support from officers investigating cases and working directly with those effected, the Commissioner also commissions a range of general and specialist services to help victims to cope and recover.

For the last few years, Victim Support have delivered the general support service provided to all victims of crime in Essex. They receive around 10,000 referrals per quarter, of which between 1,500 and 2,000 choose to engage directly.

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This service continues to make a significant difference to those who choose to engage, with more than 70% of victims showing clear signs of being better able to cope, feeling safer and being more informed after receiving support.

For victims of sexual offences, the Commissioner engages Synergy to provide Independent Sexual Violence Advisors and Community Support. Over the last year, this service has seen a significant increase in demand with the number of new victims increasing from 750 in quarter one 2020/2021 to 1,047 over the same period in 2021/2022. Thanks to the dedication of the team at Synergy, the positive impact of the service on victims has been maintained even under this extra demand with well over 90% of victims showing improved signs of being able to cope, communicate their needs effectively and feeling safer.

The Commissioner also provides funding for Compass who run a 24/7-hour domestic abuse helpline and Changing Pathways and Next Chapter who provide Independent Domestic Violence Advisors, community outreach and refuge. All three services are provided in partnership with Essex County Council and other partners and form part of the strong and countywide response to domestic abuse set out in the section above and overseen by the Southend, Essex and Thurrock Domestic Abuse Board.

During the year, the Commissioner was successful in securing £832,863 to invest in Independent Domestic Abuse Advisors (IDVAs) and Independent Sexual Abuse Advisors (ISVAs). This funding has allowed these services to expand their delivery and provide a positive response to the impact of COVID-19. This funding from the National ISVA and IDVA Fund and Critical Support Fund was shared between Victim Support, domestic abuse charities Changing Pathways and Next Chapter, and the consortium of rape and sexual abuse specialist support services, Synergy Essex.

The funding meant that two additional caseworkers could be recruited at Victim Support to work with standard and medium risk victims of domestic abuse, providing telephone and face-to-face support. At Changing Pathways, the money was invested in five specialist domestic abuse advocates, including expanding the service to include an advisor for young people. While Synergy used the additional funding to increase capacity for Independent Sexual Violence Advisors (ISVAs).

For many victims, having professionally mediated communication with the perpetrator of the crime that affected them is a positive way to help them to cope and recover. For perpetrators, this can also offer a life-changing experience as they come face-to-face with the people their actions have impacted and feel the emotional cost of their actions.

The Essex Restorative and Mediation Service, which is delivered from the Commissioner's team, has made a significant difference to victims and perpetrators. During 2021/22, they received 368 referrals, an increase of 24% compared to 2020/21. Sixteen per cent (57) of cases resulted in all parties communicating either face-to-face or indirectly. In total, the service contacted 532 victims and 253 perpetrators. Seventy-four per cent of referrals were from Essex Police, 14% from councils or housing agencies, 7% from probation (majority victim liaison officer referrals), 3% Youth service and 2% were self-referrals.

Throughout the year, the service has continued to grow its involvement with domestic abuse cases, having opened up the service to domestic abuse victims in 2020/2021. Over the year, domestic abuse referrals increased from 14 to 38 this year (171% increase) and hate crime referrals increased from 22 to 24 (9% increase).

The service continues to receive positive feedback, with 73% of people who provided feedback saying that the process had a positive impact on them and 89% saying they were satisfied with the service they received. All of the perpetrators who provided feedback said they would behave differently going forward. Essex Restorative and Mediation Service was also shortlisted for Team of the Year at the Essex Police Awards.

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Protecting rural and isolated areas

As part of the wider investment and growth of Essex Police, a Rural Engagement Team was developed in 2017. Working with Community Policing Teams and Local Policing Teams across rural areas of the county, this team has built understanding of rural crime within Essex Police, promoted and improved direct engagement with rural communities and significantly improved the confidence rural communities have in the force.

During 2021/2022, Essex Police has had a significant impact on several rural crimes such as hare coursing, wildlife crime, heritage crime, as well as continuing to reduce the number of unauthorised encampments across Essex by more than 60%.

Working with neighbouring forces, a new co-ordinated approach to tackling hare courses, including the increased use of community protection legislation, more engagement from rural communities and internal training, has led to a 25% reduction in the number of incidents. This focus will continue to develop with specialist officers reviewing all incidents across the county and using detailed analysis to identify hot spots and target resources effectively.

A similar reduction has been achieved with regards to flytipping where effective partnership work with local councils and the Environment Agency has led to a reduction in the number of reported incidents, from 385 in the 12 months to March 2018 to 349 in the 12 months to March 2022. While this shows a positive trend, concerns remain about under-reporting, with local rural communities indicating there is a far bigger problem than is reported. Increased work around encouraging the reporting of incidents along with the government's proposed changes to flytipping will continue to be a focus in the next years.

In the 12 months to Feb 2022, there have been 202 unauthorised encampments across Essex, a significant reduction from the 530 in the 12 months to 2018. This reduction has been the result of years of close co-operation between partners and sustained engagement with rural communities leading to positive and productive long-term relationships.

While these successes show the improvement in tackling these specific areas of rural crime, our engagement with rural communities clearly demonstrates that there is still much to be done. Overall confidence in Essex Police from rural communities is at 82.9% for the 12 months to December 2021. This is an improvement of 4.5% over the previous 12-month period and 2.9% above the general confidence levels. This is a significant turnaround from five years before and indicates the significant positive impact investing in a dedicated specialist team has achieved.

Preventing dog theft

Incidents of dog theft across Essex has been relatively small, however, over the last 18 months a national increase in these thefts has resulted in a significant increase in reported incidents and the fear of theft.

The force has reacted swiftly to this trend and proactively engaged with the recommendations from the National Pet Taskforce, introduced a process for all cases to be reviewed by a specialist officer, established the ability to proactively respond to reports of pet theft and established strong working relationships with the RSPCA, Dog Watch and Crimestoppers to promote prevention measures.

Work has been undertaken to improve the recording of incidents of pet thefts with stronger processes introduced in the force control room and national learnings introduced wherever possible.

The Rural Engagement Team have increased the engagement with pet owners attending country shows and other engagement opportunities to share best practice in preventing the theft of pets. This activity and advice has also featured strongly across the Commissioner and Essex Police's communication channels.

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Preventing business crime, fraud and cyber crime

Increased online activity since the start of the COVID-19 pandemic combined with higher levels of social isolation have led to an increase of 26% in the number of cybercrime or cyber enabled crimes reported in the 12 months to December 2021, compared to the 12 months to 2020. At the same time, due to the lower levels of social interactions, there has also been a reduction in face-to-face fraud of 22%.

In 2021, these offences accounted for 10,883 cases, the majority received via Action Fraud (the national fraud reporting process). Sixty-three per cent of these cases are cyber enabled, 93% are against individual victims and 7% are against organisations.

While the reported loss to victims in Essex is £45.2m, we know that the impact of these crimes is much more significant with businesses suffering loss of earning while they can't operate effectively and vulnerable victims suffering significant emotional and financial turmoil.

Working with businesses and wider communities, Essex Police and the Commissioner undertake a range of activities to build awareness of the dangers of fraud and cybercrime and how individuals and businesses can protect themselves from becoming victims.

The Essex Chamber of Commerce chaired Business Crime Strategic Board provides strategic level support and engagement with the Essex Police Business Crime Team to help share best practice, identify areas of focus and build resilience within the business community.

Essex Police's Fraud Prevention Officers also work within communities and with individual victims to provide advice and guidance to help to build resilience and provide warnings around current scams and threats. Regular Fraud Alerts were introduced in 2019 and grew in importance significantly during the pandemic as a way of highlight specific scams.

The Strategic Business Board also has a wider role working with the Business Crime Team in tackling all business crime and has been effective in identifying areas of focus, establishing relationships between the police and different sections of the businesses community and supporting proactive operations to target persistent offenders and disrupt repeat patterns of criminal activity, such as shoplifting.

Under the leadership of the Essex Chamber of Commerce, the Board has also stepped outside of this narrow focus and worked with the police and the wider business community to raise awareness of domestic abuse and how businesses can support staff who are being affected by this crime.

One area of significant focus over the last year has been in tackling violence against shop workers where the Business Crime Team led campaign Open for Business, Closed for Crime helped to improve the level of reporting as businesses recognised the offences against their staff as well as against their business. This campaign has led to a 124.5% increase in reported offences and has given us a much better picture of what is happening and how to tackle it.

Improve safety on our roads

Working through the Safer Essex Roads Partnership (SERP), Essex Police and the Police, Fire and Crime Commissioner for Essex continue to promote safer driving behaviours and robustly target those who cause the most harm.

During 2021/2022, 846 people were killed or seriously injured on our roads in Essex and 48 of these lost their lives. While this number is over 40% lower than the average between 2002/2009 and continues the long-term trend of fewer people being killed or seriously injured, it is still far too high.

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The investment in extra officers in 2020 continues to make a significant contribution to the strength and scale of roads policing across the county. This has resulted in greater capacity to improve road safety and disrupt those people intent on using our roads to commit other forms of crime, such as drug dealing or human trafficking.

Targeted enforcement at speed hotspots, either through the use of mobile speed cameras, permanent cameras or disruptive activity such as Community Speed Watch deployments, continues to be successful in addressing behaviours at specific sites. However, while work continues to tackle the wider issues of inappropriate and excessive speeds being used, this continues to be a significant cause of incidents.

Raising awareness of dangerous driving behaviour and educating high risk drivers continues to be a key priority and during 2021/2022, SERP has delivered a wide range of targeted engagement activity to reach these groups. This ranges from 24 Vision Zero days where a single town or area with a high rate of bad behaviour is focused on with all vehicles entering the areas being stopped and provided with advice, to engagement via schools or freshers fairs where young drivers can be reached.

Several programmes have been developed specifically designed for young people from class-based activities to online theatre. These have reached more than 20,000 students during the year at key points in their education

Motorcyclists are engaged through Better Biking courses, which help riders to build expertise and better identify risks, while Essex County Fire and Rescue Service Fire Bike Scheme also goes out and proactively meets with bikers at high risk areas to raise awareness of specific areas of danger.

While this engagement activity, combined with increased enforcement, is making a difference and as a result we are seeing reducing numbers of deaths and serious injuries, SERP as a group are also taking a broader look at how they can achieve our shared vision to have zero deaths on our roads by 2040.

The development of Essex over the next five years will significantly impact road users with large infrastructure projects planned on the A12, Lower Thames Crossing, Bradwell B as well as numerous smaller projects. These have the potential to increase risk to road users, but done well could also have a positive impact on driver behaviour.

Essex Police work closely with local planning authorities and Highways to promote the inclusion of technology in new infrastructure developments to enforce speed limits on new housing developments and infrastructure projects. These developments will increasingly lead to a shift across Essex in driver behaviour.

In particular, the force, through SERP, promote increased use of average speed systems within the design and build stage of projects and look for opportunities to build out the risk of collisions. This drive has been supported by the inclusion of Essex Police, Essex County Fire and Rescue Service and the East of England Ambulance Service within the Essex Design Guide. This is the first time the emergency services have been represented in the guide and provides early guidance to developers on designing safer communities.

At a national level, the Police, Fire and Crime Commissioner has been working with other Police and Crime Commissioners across the country to influence government policy so that emergency services are included as statutory consultees on all new building projects. This change would significantly increase the ability for our emergency services to shape our road network, removing risk and preventing deaths and serious injuries.

While these structural improvements will make our main road routes through the county significantly safer, we know that 49% of road deaths occur on rural roads. In these areas, mobile targeted enforcement or prevention activity is a key area, including the significant role undertaken by Community Speed Watch Groups.

There are more than 102 active Community Speed Watch Groups across Essex, with 950 volunteers. Together, these groups provide the data that results in an average of 1,265 warning letters being sent out each month. While this, in itself, is impressive, the real difference is being made by the impact this visible activity has on the countless other drivers who see the activity and moderate their driving behaviour as a result.

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These groups operate predominately in rural areas and provide a highly visible deterrent. During the year, Essex Police have managed to significantly increase their attendance alongside Speed Watch groups to enforce speed limits.

This mobile targeted enforcement approach will grow in the coming few years with the introduction of a revised Speed Management Strategy which will provide a much greater focus on rural roads as a response to recent revisions of the Highway Code and in line with Essex County Council's Speed Management Strategy.

Encouraging volunteers and community support

Working with our communities to prevent crime, support victims and ensure criminals have no place to operate is a vital part of effective policing. In Essex, we are proud to have the second largest Special Constabulary in the country, with only the Met having a larger number of volunteers. These 478 officers provide vital operational support to the force, while providing a unique and durable link to the communities we serve. The Special Constabulary has also proven attractive as a route for ethnic minority officers to join the force with 5.7% of the current Specials self-identifying as coming from an ethnic minority.

The Special Constabulary has also been an important source of recruits into the regular constabulary, with 269 officers making the step from a Special to a Regular over the last five years.

We have also continued to see the benefit of the close relationships we have built with our local businesses and councils. Essex has 100 officers in the Special Constabulary who are supported by the businesses they work for and are provided with time off to perform their Special duty. Fifty-one businesses across Essex are already signed up to this scheme, with a further 66 businesses at different stages of joining. This is by far the largest Employer Supported Policing Scheme in the country and represents well over 50% of all businesses signed up across England and Wales.

Our parish and town councils have also shown their support by sponsoring Specials in their communities. We have 12 Community Special Constables on active duty receiving financial and engagement support from their local council, with a further 20 officers in the pipeline. This scheme has proven to be very popular with requests from councils far exceeding the volunteers available from within their community. During the last two years, we have worked hard with councils to better align their appetite to support this initiative with the availability of people within their communities to make the commitment to step up and volunteer.

The Commissioner and Essex Police have also continued to support wider forms of volunteering, such as Active Citizens, Police Cadets and Accredited Persons who are provided with specific policing powers while working for different organisations such as councils. As set out under the **further investment in prevention** section, in total there are more than 1,500 volunteers directly connected to Essex Police who are integrated into days of action and other general proactive, prevention activity.

This number grows significantly when you include the members of the public who volunteer for other groups, such as Street Pastors, Crimestoppers and Neighbourhood Watch. All of these groups are supported and work closely with Essex Police while maintaining their own independence. Neighbourhood Watch alone has more than 100,000 members across Essex and provides a vital connection to communities. The Essex Association of Local Councils also provides important connections linking the active positive forces within communities with information about preventing crime and working together to improve our communities.

Within the Commissioner's office, there are also about 50 volunteers working in the Essex Restorative and Mediation Service, Independent Custody Visiting Scheme and the Dog Welfare Scheme. These volunteers provide a valuable service to the public and are highly regarded in the office and across the force for their professionalism, dedication and specialist skills.

During the year, the Essex Restorative and Mediation Service trained ten new volunteers, upskilled four volunteers to take advanced cases, and provided refresher training to 32 volunteers. To thank the volunteers for their contribution, three events were organised this year for the volunteers: a Christmas meal, a family afternoon at Hylands House and

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our annual Volunteer Appreciation Event. This event is a thank-you to our volunteers and includes an opportunity to hear from and meet experts across criminal justice and dog welfare and also includes an awards ceremony with categories for long service, special mention and people's choice. In addition, we also thank our volunteers with a small token gift and thank-you letter during Volunteer Week each year.

Supporting our officers and staff

The officers, staff and volunteers who work for Essex Police and the Commissioner's office do a great job in difficult circumstances. Their dedication, commitment and professionalism has shone through over recent years as they have been tested by the challenges presented by the COVID-19 pandemic.

In this light, both the Chief Constable and Commissioner in their distinct roles have pushed hard for better recognition of the contribution they have made and greater support. This includes strong support for the doubling of sentences for those who attack emergency workers, close engagement with central government about the proposed police covenant and support for Specials gaining the protection and support offered by members of the Police Federation.

The Chief Constable personally chairs the force's Diversity, Inclusion and Equality Group and has taken strong individual leadership of the force's drive to increase representation from a diverse range of communities and people and promote confidence within those communities. Over the last two years, this focused work has resulted in a gradual increase in the numbers of ethnic minority officers representing the force, from 3.7% in February 2020 to 4.4% in 2022. Confidence levels among non-white residents has also increased, with 77% of people self-identifying as non-white stating that they think Essex Police do a good or very good job. This is compared to 80% of people identifying as white and reflects a 2% reduction in the gap between these groups over the 12 months to January 2022.

The recruitment activity also continues to have a positive impact on the number of women within Essex Police, with a continued increase in recent years up to 35 % of all officers by the end of December 2021. This is the highest it has been. While steady progress is being made in relation to representation, it is also a positive sign that the number of officers and staff leaving Essex Police is at its lowest level since 2013.

Increasing collaboration

Working together with other emergency services in Essex and other police forces and partners regionally and nationally helps Essex Police and the Police, Fire and Crime Commissioner for Essex to provide the best possible service to residents.

The benefits of collaboration were evident throughout the response to the COVID-19 pandemic, with our Chief Constable BJ Harrington co-chairing the Essex Resilience Forum with Deputy Chief Fire Officer Rick Hylton. This emergency response brought together agencies across Essex, including councils, health and the voluntary sector and re-enforced the excellent relationships that were already there.

Building on this culture of collaboration has allowed us to continue to unlock resources to reinvest and improve the service we offer to the public. The Emergency Services Collaboration Programme was established in 2017 following the Police, Fire and Crime Commissioner taking on governance of Essex Fire and Rescue Service.

Since 2017, the programme has seen the successful introduction of a number of collaborative projects, including -

- The Tri-Service Rural Community Prevention Officer project which has been piloted during the year in The Dengie. This project uses a single officer to provide visibility, prevention activities and advice, as well as other community-based support, to residents on behalf of all three emergency services. Initial feedback suggests this has had a positive impact on local engagement with residents and has resulted in financial benefits to all services
- Harwich and Dovercourt – 2021 saw agreement for the co-location of Essex Police and Essex Fire and Rescue services at the current Dovercourt Fire Station which will result in a new, purpose-built facility for Essex Police

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on the site, including dedicated collaborative spaces. Essex Police will benefit from a capital receipt from the sale of the current Harwich Police Station, which requires considerable maintenance and investment

- The Essex Joint Education teams have been delivering safety education to all schools in Essex since 2019. The teams provide a wide range of training inputs, including cyber safety, arson and hoax call prevention, knife crime prevention, gang awareness, road safety, hate crime prevention, and anti-social behaviour prevention. This provides a consistent and combined offer on community safety issues to all Essex schools and is anticipated to deliver savings of around £1.8m between 2017 and 2027
- Collapsed Behind Closed Doors is a project that utilises the expertise and specialist equipment of Essex County Fire and Rescue Service to access individuals that may be trapped behind locked doors or inaccessible locations. This results in time savings for police officers and paramedics and results in injured people being assessed quicker, possibly avoiding hospital treatment or increasing the timeliness of them being transported to receive medical assistance. As well as improving outcomes for the public, this project is delivering savings in excess of £600k over the ten-year length of the collaboration programme

In total, it is estimated that through improved efficiency and effectiveness, the programme can generate savings of about £13m over ten years. This financial benefit leads to stronger investment in the three services, improved services to the public and, ultimately, safer and more secure communities.

While the Emergency Services Collaboration programme continues to deliver strong savings and improved services, we are also continuing to maximise the benefits of collaboration between Essex Police and Kent Police and engage effectively with all seven forces regionally. The relationship between Essex and Kent is a strong partnership that has been in place for more than ten years, with combined support services, human resources and Serious Crime Directorate and well-integrated strategic and operational activities. Both forces recognise the improved strength they have together to deliver for their public and positive impact national and regional policing. This is evident in the integrated IT projects that have continued to be delivered over the last year and the increased focus on tackling violence and homicide where both forces have been able to learn and improve their tactical responses together.

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Performance Framework

The PFCC chairs a Performance and Resources Board that holds the Chief Constable and the force to account for the performance of the force officers and staff against the delivery of the Police and Crime Plan.

On a monthly basis, the current performance data of the papers and minutes of the Performance and Resources Board are published on the PFCC website at:

www.essex.pfcc.police.uk/scrutiny/essex-police-performance/

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

Crime, including violent crime, has risen. This is in line with the national trend for crime increase and has been primarily influenced by the Government's easing of restrictions on gathering and movement in relation to COVID-19.

Police and Crime Plan Priorities	Police Priority Indicators	12 months to	12 months to	12 months to	Number Difference 2021/22	% Difference 2021/22	Direction of Travel 2021/22
		Mar 2020	Mar 2021	Mar 2022			
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	163,518	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			

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.

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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 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	4,065	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	-	-	-
	Confidence Interval ²			2.1			
Priority 8 - Dog Theft	Percentage of males who feel safe walking alone in their area after dark (internal survey) ¹	-	-	74.1	-	-	-
	Confidence Interval ²			2.0			
	Number of dog thefts ⁸	52	59	65	6	-	Deteriorating
Priority 9 - Business Crime, Fraud and Cyber Crime	Percentage of people who have confidence that the policing response to dog theft is improving (internal survey) ¹	-	-	63.6	-	-	-
	Confidence Interval ²			2.7			
	Number of business crime offences	23,661	15,929	18,802	2,873	18.0	Deteriorating
Priority 10 - Protecting vulnerable people and supporting victims of crime	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	-	-	-
	Confidence Interval ²			2.3			
Priority 11 - Staff	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	3,149	-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
Confidence Interval 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 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.

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.

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

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- 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'.

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. 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.



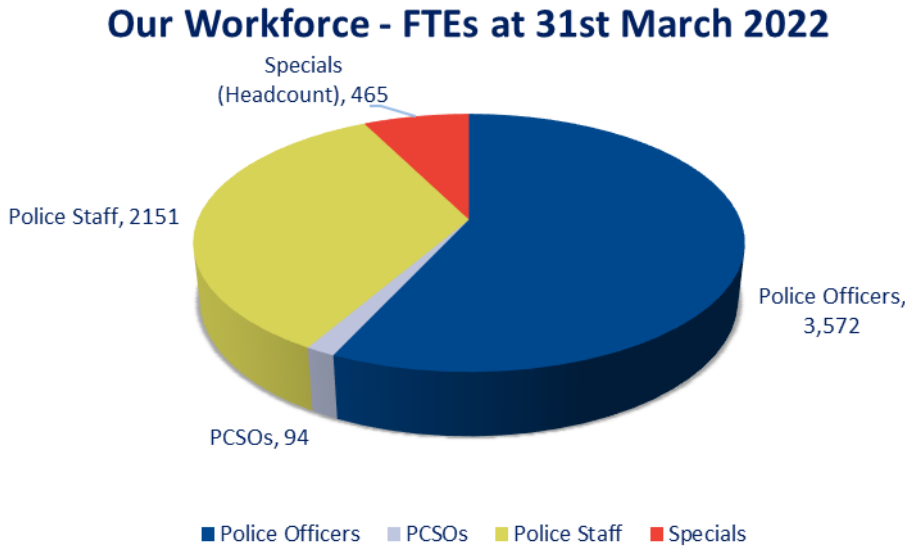
The campaign is changing the make-up of the force and making it more representative of the communities it services. Whilst application numbers for police officer slowed in 2021/22 compared to previous years, ethnic minority and

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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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Chief Financial Officer for the PFCC Report



Text to follow

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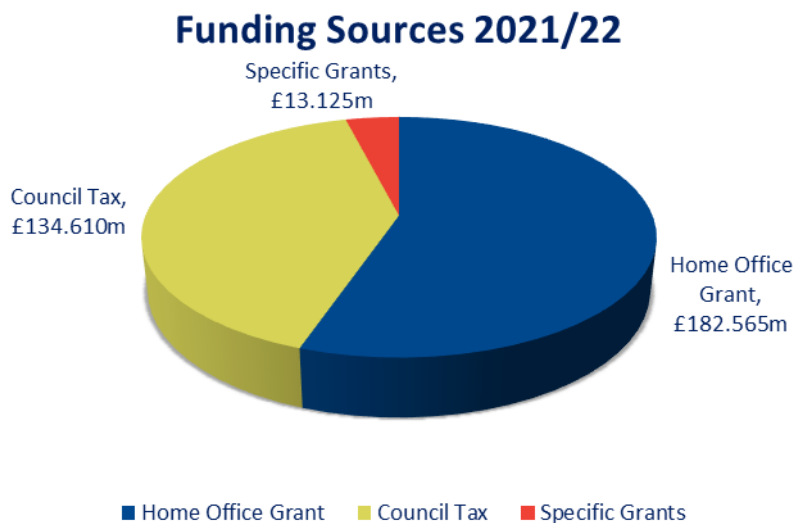
Financial Overview

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.

An ambitious programme of transformation continues to help prepare Essex Police to meet the demands of today and the future involving, police estates, technology and an enhanced police operating model.

Where the Money Comes From

The chart below shows an analysis of the PFCC's key sources of funding in 2021/22 totalling £330.3m. The Home Office core grant paid to the PFCC accounted for 55% of the total funding. These grants and income raised by Council Tax funded the net revenue budget for 2021/22 of £330.3m.



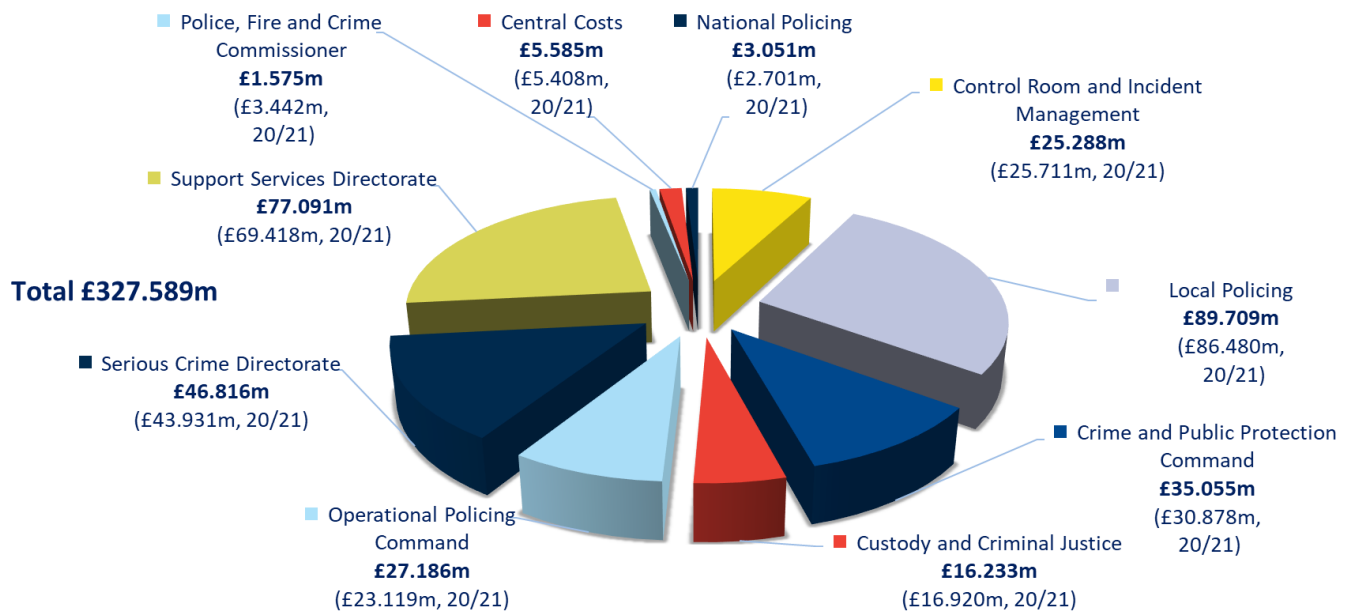
One of the challenges the force faces is that it is the lowest funded force nationally (funding from grants and council tax) and the 9th lowest in receipt of government grant per head of population. It also has the lowest spend per head of population (Source: HMICFRS 2021 Value for Money Profiles).

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.

What the Money is Spent on

The graph below shows an analysis of the Group's net revenue expenditure totalling £327.589m.

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Financial Performance

The Chief Constable has operational control of Police Officers, PCSOs and Police Staff (excluding PFCC staff). The PFCC has strategic control of all assets, income, PFCC staff and liabilities and is responsible for establishing most reserves and controlling all cashflow.

The tables overleaf show budgeted and actual net expenditure, the latter is also included in note 9 (Expenditure and Funding Analysis). The net expenditure 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 accounting practice. The Expenditure and Funding Analysis shows how the funding has been used and provides a link to the figures reported in the Comprehensive Income and Expenditure Statement.

The net expenditure budget of £330.712m, as approved at the Police and Crime Panel in February 2021, included planned contributions of £0.402m from reserves with the remainder of £330.310m funded from general grants and council tax. The actual position for the year was a surplus of £2.711m. The PFCC Group underspent by £1.720m against the latest approved budget with this, less a £0.064m budgeted withdrawal from the reserve, resulting in a net contribution of £1.656m transferred to the general reserve for future use and £1.055m transferred to earmarked reserves for specific operations and projects in future years.

Narrative Report

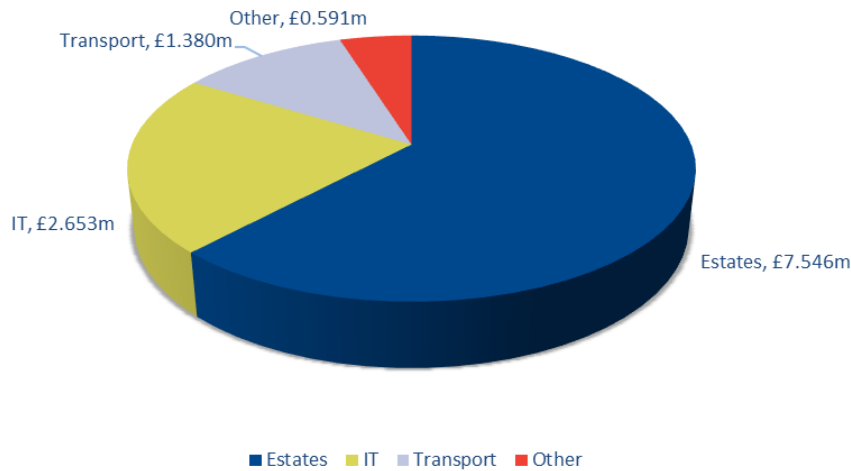
Group - 2021/22 Financial Performance	Original Budget £000	Virements £000	Current Budget £000	Actual £000	Variance over / £000
Employees					
Police Officer pay and allowances	196,955	5,698	202,653	204,178	1,525
PCSO pay and allowances	3,574	9	3,584	3,351	(233)
Police staff pay and allowances	87,709	2,379	90,088	89,980	(108)
Ill-health/medical pensions	4,496	(409)	4,087	4,243	156
Training	1,882	42	1,924	1,935	11
Other employee expenses	1,526	(790)	736	439	(297)
	296,143	6,930	303,073	304,126	1,054
Other Service Expenditure					
Premises	9,978	221	10,199	9,491	(707)
Transport	5,805	96	5,901	6,254	353
Supplies & services	36,871	3,364	40,235	38,081	(2,154)
Third party payments	9,347	(1,602)	7,746	7,756	10
	62,001	2,080	64,081	61,582	(2,499)
Gross Operating Expenditure	358,144	9,010	367,154	365,709	(1,445)
Income	(29,690)	(12,377)	(42,067)	(42,447)	(380)
Net Cost of Services	328,454	(3,368)	325,087	323,261	(1,825)
Other Expenditure / (Income)					
Other Expenditure / (Income)	77	-	77	(12)	(89)
Capital & other adjustments	2,181	2,160	4,340	4,340	-
	2,258	2,160	4,417	4,328	(89)
Net Expenditure	330,712	(1,208)	329,504	327,589	(1,914)
Sources of Funding					
Police grant	(126,258)	6,930	(119,328)	(119,328)	-
Formula funding grant	(56,307)	(6,930)	(63,237)	(63,237)	-
Council tax precept	(134,406)	-	(134,406)	(134,406)	-
Council tax support grant	(10,992)	-	(10,992)	(10,992)	-
Council tax freeze grant	(2,133)	-	(2,133)	(2,133)	-
Collection fund surplus	(214)	-	(214)	(204)	10
	(330,310)	-	(330,310)	(330,300)	10
(Surplus)/Deficit before Transfer to Earmarked Reserves	402	(1,208)	(806)	(2,711)	(1,904)
Transfer to/(from) Earmarked Reserves	798	72	870	1,055	185
Transfer to/(from) the General Reserve	(1,200)	1,136	(64)	1,656	1,719

Capital Expenditure

A capital investment programme amounting to £19.079m for 2021/22 was approved in February 2021 to maintain the infrastructure needed to support an effective and efficient police service. By March 2022 capital approvals had been updated to £12.170m reflecting decisions to reprofile schemes into future years. The force has experienced delays in the delivery of the capital programme including problems with supply chains, shortage of labour and other issues due to the on-going effects of the COVID-19 pandemic. There has also been significant slippage in delivery of Fleet Replacement Programmes due to ongoing issues with the National Vehicle Framework agreement and worldwide shortages of semi-conductor chips. The £12.170m invested during 2021/22 is shown in the chart below.

Narrative Report

Capital Expenditure 2021/22



Estates

Of a total spend of £7.547m, £3.481m related to the purchase of a depot at Boreham which had previously been leased, £1.878m on completion of refurbishment works at Chelmsford Police Station and the remainder primarily spent on the maintenance and refurbishment of the estate.

IT

Investment in IT of £2.653m included expenditure on:

- £1.419m for the annual refresh programme including replacement of servers, printers, docking stations, desktop and laptop computers along with the wider IT infrastructure and telephony network; and
- £0.929m on the migration of a data centre

Transport

Investment in Transport of £1.380m included expenditure on:

- £1.315m for the annual fleet replacement programme; and
- £0.019m on maintenance of the Marine Unit's Rigid Inflatable Boat

Other

This includes investment in Body Armour of £0.214m, automatic number plate recognition (ANPR) of £0.147m, and Firearms and associated component parts of £0.071m.

The Force has a capital investment programme totalling £132m over the six year period commencing 2021/22. There are three main areas of spend, Estates, Transport and Information Technology. The programmed investment will support the vision and strategic priorities within the Police and Crime Plan. The main element of spend relates to Estates, with a forecast investment of £77m and Information Technology with a forecast investment of £36m. This requirement is linked to a historic lack of investment in the estate leading to ongoing requirements for modernisation and maintenance and includes a key project to significantly redevelop and modernise the Force HQ site in Chelmsford.

Narrative Report

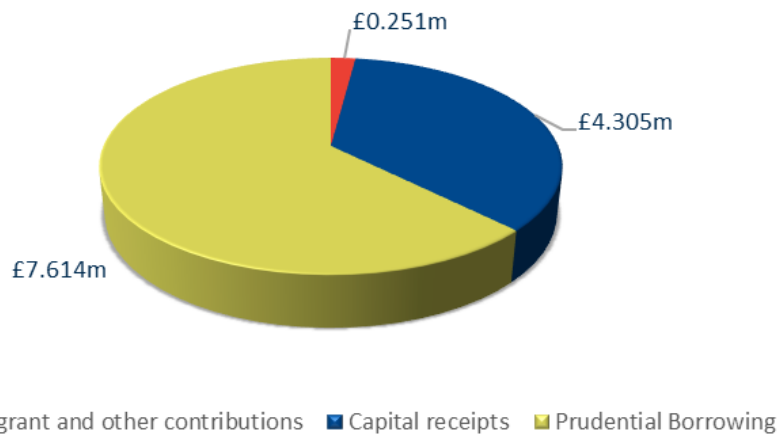
The investment in IT relates to a wide range of national and locally led projects with the overriding objective to provide more efficient digital solutions for all aspects of operational policing and their support services.

Capital Funding

Capital resources available to fund capital investment come from four main sources, primarily from capital receipts, government grants and contributions and revenue contributions. If capital investment exceeds these available resources the force can borrow to finance its capital investment providing it can demonstrate that it is complying with the Prudential Code of Practice which requires any borrowing to be affordable, prudent and sustainable. There was a need to finance 2021/22 capital investment with £7.614m of prudential borrowing but due to the level of cash resources held it has been possible to fund this spend from internal borrowing thereby avoiding interest payments. It is anticipated that there will be a need to externally borrow from 2022/23 onwards to fund future investment plans.

Capital financing resources applied in 2021/22 are shown below.

Capital - Financing Sources



Future capital expenditure is planned to increase over the coming years as investment in estates and IT takes place with capital expenditure forecast to be in excess of £118m over the next five years with indicative prudential borrowing of £76m over the same period. The revenue cost of borrowing to finance the capital programme is forecast to reach £4.6m per annum by 2026/27.

Reserves

Our revenue reserves are key to the financial strategy of the force, ensuring that we have some resilience to cope with unpredictable financial pressures and long-term financial commitments. Specific earmarked reserves are held to manage known financial liabilities and possible risks.

The main elements of the PFCC's reserve strategy are:

- To establish and maintain a General Reserve position of approximately 3% of net revenue expenditure over the medium term
- The PFCC will apply a prudent approach to reserves
- Earmarked Reserves will be created and held for significant events, change programmes and related costs. This includes transformation and saving programmes

Narrative Report

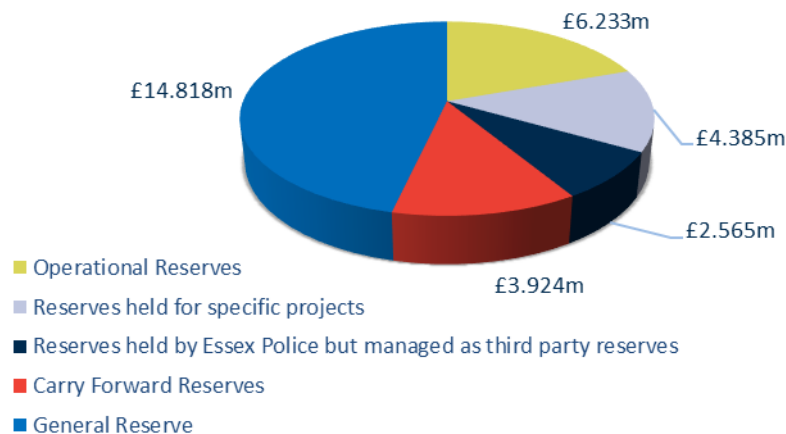
General Reserve

The General Reserve is held to provide a working balance to protect the force against unexpected cost pressures. The balance on the General Reserve as at 1st April 2021 was £13.162m. The 2021/22 contribution to the general reserve of £1.656m increases the balance to £14.818m, 4.5% of net revenue expenditure.

Earmarked Reserves

Included under this heading are earmarked reserves and Future Capital Funding Reserves as described in the CIES and further referred to as the PFCC's earmarked reserves and total £17.107m at 31st March 2022. Included within these reserves is £2.565m held but managed by third parties, an example of which is a reserve to hold receipts received through the Asset Recovery Incentive Scheme to fund crime reduction related expenditure. The level of reserves alongside the General Reserve are shown in the chart below.

Usable Revenue Reserves as at 31st March 2022



Pension Liabilities

Accounting standards require that the total future liabilities for the cost of pension payments to past and present police officers and police staff are fully reflected in the Balance Sheet. Accordingly, the Balance Sheet figures included within the accounts (see note 42) includes net liabilities of £193.569m (2020/21 £249.309m) for police staff and £3,297.849m (2020/21 £3,328.893m) for police officers.

The statutory arrangements for funding the police officer pension liability and the PFCC's arrangements for funding the police staff pension deficit, however, mean that the financial position of the PFCC remains sound.

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% percent increase (17,383 additional offences) compared to this period in 2021 and a 1% decrease (1,748 fewer offences) compared to this period in 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

Narrative Report

Force Management Strategy (FMS) 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.

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) begun 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 and increasing costs of services, the following are strategic risks that the force and the PFCC is currently facing which are likely or almost certain to have a major impact:

- **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
- **Reducing drug driven violence** – Challenges in relation to drug driven violence if underlying issues are not addressed, competing priorities amongst partners with limited resources to dedicate to this priority, and external factors with the risk of the number of people killed or seriously injured not improving
- **Protecting vulnerable people and breaking the cycle of domestic abuse** – A risk of increase in harm to victims with the potential for more domestic homicides. Priority may not be realised due to various potential issues including conflicting priorities against police budgets

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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Statement of Responsibilities

Statement of Responsibilities for the Statement of Accounts for the PFCC for Essex and the PFCC for Essex Group

The Commissioner's responsibilities

The Commissioner 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 to the Police, Fire & Crime Commissioner) 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 PFCC for Essex

I approve these Statement of Accounts

Roger Hirst
Police, Fire and Crime Commissioner
XXXXXX

The Chief Finance Officer to the PFCC's Responsibilities

The Chief Finance Officer is responsible for the preparation of the Commissioner's 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 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 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 Commissioner at 31st March 2022 and its income and expenditure for the year then ended.

Janet Perry FCCA ACMA CGMA
Chief Financial Officer to the PFCC
XXXXXX

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 PFCC and the Group 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 PFCC and the Group as at 31st March 2022. Net assets of the PFCC (assets less liabilities) are matched by reserves held. Reserves are reported in two categories:
 - Usable reserves** – these are reserves that the PFCC 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 PFCC and the Group. 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 PFCC
- **Cash Flow Statement** – this summarises the inflows and outflows of cash with third parties. The statement shows how the PFCC 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 PFCC are funded by way of taxation and grant income or from recipients of the services provided by the PFCC. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the PFCC'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 PFCC, which explain the basis on which the PFCC'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 2021/22

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Statement of Accounts – Financial Statements

Comprehensive Income and Expenditure Statement – Police, Fire & Crime Commissioner for Essex Group (For the years ended 31st March 2021 and 31st March 2022)

	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	216,581	-	216,581	279,672	-	279,672
PCSO pay and allowances	3,549	-	3,549	3,351	-	3,351
Police staff pay and allowances	106,773	-	106,773	112,494	-	112,494
Ill-health/medical pensions	4,184	-	4,184	4,243	-	4,243
Training	1,119	-	1,119	1,935	-	1,935
Other employee expenses	874	-	874	439	-	439
	333,080	-	333,080	402,133	-	402,133
<i>Other service expenditure</i>						
Premises	7,906	-	7,906	17,623	-	17,623
Transport	7,212	-	7,212	7,838	-	7,838
Other service expenditure	40,601	-	40,601	42,333	-	42,333
Third party payments	9,031	-	9,031	7,756	-	7,756
	64,750	-	64,750	75,550	-	75,550
<i>Income</i>						
Fees charges and other service income	-	(14,390)	(14,390)	-	(15,786)	(15,786)
Government grants and contributions	-	(31,145)	(31,145)	-	(26,661)	(26,661)
	-	(45,535)	(45,535)	-	(42,447)	(42,447)
Provision of Police Services - PFCC Group	397,830	(45,535)	352,295	477,684	(42,447)	435,236
(Gain)/loss on the disposal of non current assets	-	(1,360)	(1,360)	-	(911)	(911)
Other Operating Expenditure	-	(1,360)	(1,360)	-	(911)	(911)
Net interest on the defined benefit pensions liability						
- Police officers	66,116	-	66,116	65,880	-	65,880
- Police staff	4,457	-	4,457	4,675	-	4,675
Interest receivable and similar income	-	(17)	(17)	-	(12)	(12)
Financing and Investment Income and Expenditure	70,573	(17)	70,556	70,555	(12)	70,543
Police grant						
Police grant	-	(111,680)	(111,680)	-	(119,328)	(119,328)
Formula funding	-	(60,060)	(60,060)	-	(63,237)	(63,237)
Council tax precept	-	(128,693)	(128,693)	-	(136,442)	(136,442)
Council tax support grant	-	(10,992)	(10,992)	-	(10,992)	(10,992)
Council tax freeze grant	-	(2,133)	(2,133)	-	(2,133)	(2,133)
Pensions top up grant	-	(33,767)	(33,767)	-	(30,275)	(30,275)
Capital grant	-	(251)	(251)	-	(251)	(251)
Taxation and Non-Specific Grant Income	-	(347,576)	(347,576)	-	(362,658)	(362,658)
(Surplus)/Deficit on Provision of Police Services - PFCC	468,403	(394,488)	73,915	548,239	(406,029)	142,210
Other Comprehensive Income and Expenditure						
(Surplus)/deficit on revaluation of fixed assets	-	(2,426)	(2,426)	-	(14,480)	(14,480)
Remeasurement of the net defined benefit liability						
- Police officers	424,668	-	424,668	(143,081)	-	(143,081)
- Police staff	66,912	-	66,912	(74,569)	-	(74,569)
	491,580	(2,426)	489,154	(217,650)	(14,480)	(232,130)
Total Comprehensive Income and Expenditure	959,983	(396,914)	563,069	330,589	(420,509)	(89,920)

This statement shows the full cost in the year of providing policing services rather than the amount to be funded from taxation. It includes liabilities such as pensions and employee benefits where there is a neutral impact upon the amounts funded from council tax.

Statement of Accounts – Financial Statements

Comprehensive Income and Expenditure Statement – Police, Fire & Crime Commissioner for Essex (For the years ended 31st March 2021 and 31st March 2022)

	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 staff pay and allowances	1,842	-	1,842	2,265	-	2,265
Training	1,116	-	1,116	1,891	-	1,891
Other employee expenses	412	-	412	407	-	407
	3,370	-	3,370	4,563	-	4,563
<i>Other service expenditure</i>						
Premises	7,906	-	7,906	17,623	-	17,623
Transport	6,243	-	6,243	6,894	-	6,894
Supplies & Services	40,440	-	40,440	42,017	-	42,017
Third party payments	9,031	-	9,031	7,738	-	7,738
	63,620	-	63,620	74,272	-	74,272
<i>Income</i>						
Fees charges and other service income	-	(14,390)	(14,390)	-	(15,786)	(15,786)
Government grants and contributions	-	(31,145)	(31,145)	-	(26,661)	(26,661)
	-	(45,535)	(45,535)	-	(42,447)	(42,447)
Provision of Police Services - PFCC (before Intra-Group	66,990	(45,535)	21,455	78,835	(42,447)	36,388
Intra Group Funding for Chief Constable's Net Service Cost	320,463	-	320,463	331,462	-	331,462
Net Cost of Provision of Police Services - PFCC	387,453	(45,535)	341,918	410,297	(42,447)	367,850
(Gain)/loss on the disposal of non current assets	-	(1,360)	(1,360)	-	(911)	(911)
Other Operating Expenditure	-	(1,360)	(1,360)	-	(911)	(911)
Net interest on the defined benefit pensions liability						
- Police staff	26	-	26	41	-	41
Interest receivable and similar income	-	(17)	(17)	-	(12)	(12)
Financing and Investment Income and Expenditure	26	(17)	9	41	(12)	29
Police grant	-	(111,680)	(111,680)	-	(119,328)	(119,328)
Formula funding	-	(60,060)	(60,060)	-	(63,237)	(63,237)
Council tax	-	(128,693)	(128,693)	-	(136,442)	(136,442)
Council tax support grant	-	(10,992)	(10,992)	-	(10,992)	(10,992)
Council tax freeze grant	-	(2,133)	(2,133)	-	(2,133)	(2,133)
Pensions top up grant	-	(33,767)	(33,767)	-	(30,275)	(30,275)
Capital grant	-	(251)	(251)	-	(251)	(251)
Taxation and Non-Specific Grant Income	-	(347,576)	(347,576)	-	(362,658)	(362,658)
(Surplus)/Deficit on Provision of Police Services - PFCC	387,479	(394,488)	(7,008)	410,338	(406,028)	4,310
Other Comprehensive Income and Expenditure						
(Surplus)/deficit on revaluation of fixed assets	-	(2,426)	(2,426)	-	(14,480)	(14,480)
Remeasurement of the net defined benefit liability						
- Police staff	787	-	787	(496)	-	(496)
	787	(2,426)	787	(496)	(14,480)	(14,976)
Total Comprehensive Income and Expenditure	388,266	(396,914)	(8,647)	409,842	(420,508)	(10,666)

The group's account shows the full cost in the year of providing policing services rather than the amount to be funded from taxation. This means that it includes liabilities such as pensions and employee benefits where there is a neutral impact upon the amounts funded from council tax. The PFCC's account does not include police officers, PCSOs, staff (other than those employed by the PFCC), seconded officers or mutual aid. These costs are reported in the Chief Constable's Statement of Accounts and Group Comprehensive Income and Expenditure Statement.

Statement of Accounts – Financial Statements

Balance Sheet - Police, Fire & Crime Commissioner for Essex Group and the Police, Fire & Crime Commissioner for Essex (For the years ended 31st March 2021 and 31st March 2022)

The Balance Sheet shows the value of the assets and liabilities recognised by the PFCC. The net liabilities of the PFCC are matched by the reserves held by the PFCC.

Note	2020/21		2021/22	
	£000 PFCC	£000 Group	£000 PFCC	£000 Group
Non current assets				
18 Property, plant & equipment	96,658	96,658	106,454	106,454
19 Intangible assets	896	896	843	843
22 Long term debtors	29	29	26	26
Non current assets total	97,583	97,583	107,323	107,323
Current assets				
23 Short term investments	6,500	6,500	9,999	9,999
21 Inventories	1,323	1,323	1,324	1,324
22 Short term debtors	37,952	37,952	39,486	39,486
24 Cash and cash equivalents	5,312	5,312	4,218	4,218
25 Assets held for sale	3,556	3,556	2,173	2,173
Current assets total	54,643	54,643	57,200	57,200
Current liabilities				
26 Short term creditors	(31,435)	(37,603)	(33,586)	(38,177)
27 Provisions	-	-	(2,759)	(2,759)
Current liabilities total	(31,435)	(37,603)	(36,345)	(40,936)
Non current liabilities				
27 Provisions	(3,172)	(3,172)	-	-
42 Pensions liabilities - Police officers	-	(3,328,893)	-	(3,297,849)
42 Pensions liabilities - Police staff	(2,105)	(240,309)	(1,999)	(193,569)
28 Capital grants - receipts in advance	-	-	-	-
Non current liabilities total	(5,277)	(3,572,374)	(1,999)	(3,491,418)
Net assets/(liabilities)	115,513	(3,457,751)	126,179	(3,367,831)
Usable reserves				
34 General reserve	(13,162)	(13,162)	(14,818)	(14,818)
34 Earmarked revenue reserves	(11,694)	(11,694)	(12,748)	(12,748)
34 Future capital funding reserve	(606)	(606)	(4,358)	(4,358)
35 Usable capital receipts	-	-	(927)	(927)
Usable reserves total	(25,462)	(25,462)	(32,852)	(32,852)
Unusable reserves				
37 Revaluation reserve	(10,939)	(10,939)	(24,085)	(24,085)
Capital adjustment account	(81,073)	(81,073)	(69,262)	(69,262)
Pensions reserve - Police officers	-	3,328,893	-	3,297,849
Pensions reserve - Police staff	2,105	240,309	1,999	193,569
Collection fund adjustment account	(174)	(174)	(2,006)	(2,006)
Accumulated absences account	30	6,197	27	4,618
Unusable reserves total	(90,051)	3,483,214	(93,327)	3,400,683
Total Reserves	(115,513)	3,457,751	(126,179)	3,367,831

I certify that the statement of accounts give a true and fair view of the financial position of the PFCC/Group and its income and expenditure for the year ended 31st March 2022.

Janet Perry FCCA ACMA CGMA, Chief Financial Officer to the PFCC, XXXXXX

Statement of Accounts – Financial Statements

Cash Flow Statements

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

The Cash Flow statements show the changes in cash and cash equivalents of the PFCC and the PFCC Group 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 Cashflow statements show how the PFCC generates and uses cash and cash equivalents (liquid investments) by classifying cash flows as operating, financing and investing activities:

- The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the PFCC and the PFCC Group are funded by taxation and grant income, or from the recipients of services provided
- Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the PFCC and the PFCC Group's future service delivery
- Cash flows arising from financing activities are useful in estimating future demand on cash flows by providers of capital (such as borrowing or lease commitments) to the PFCC and PFCC Group

The cashflow statement for the PFCC group also highlights the continued need for cash to enable investment in non-current assets that are partly financed from operating activities, as well as operating policing demands.

Cash Flow Statement for the PFCC for Essex Group

Note	2020/21	2021/22
	£000	£000
	Group	Group
Net (Surplus)/Deficit on the Provision of Services:-	73,915	142,210
29 Adjustment to (surplus)/deficit on the provision of services for non-cash movements	(84,103)	(156,782)
29 Adjust for items included in the net (surplus)/deficit on the provision of services that are investing and financing activities	4,157	5,483
29 Net cash flows from operating activities	(6,031)	(9,089)
30 Net cash flows from investing activities	9,008	10,183
31 Net cash flows from financing activities	-	-
Net (increase)/decrease in cash and cash equivalents	2,977	1,094
Cash and cash equivalents at the beginning of the reporting period	8,289	5,312
Cash and cash equivalents at the end of the reporting period	5,312	4,218
Movement in cash equivalents	(2,977)	(1,094)

Cash Flow Statement for the PFCC

Note	2020/21	2021/22
	£000	£000
	PFCC	PFCC
Net (Surplus)/Deficit on the Provision of Services	(7,008)	4,310
29 Adjustment to (surplus)/deficit on the provision of services for non-cash movements	(3,180)	(18,882)
29 Adjust for items included in the net (surplus)/deficit on the provision of services that are investing and financing activities	4,157	5,483
29 Net cash flows from operating activities	(6,031)	(9,089)
30 Net cash flows from investing activities	9,008	10,183
31 Net cash flows from financing activities	-	-
Net (increase)/decrease in cash and cash equivalents	2,977	1,094
Cash and cash equivalents at the beginning of the reporting period	8,289	5,312
Cash and cash equivalents at the end of the reporting period	5,312	4,218
Movement in cash equivalents	(2,977)	(1,094)

Statement of Accounts – Financial Statements

Movement in Reserves Statement – Police, Fire & Crime Commissioner for Essex Group For the year ended 31st March 2021

This statement shows the movement in the year on the different reserves held by the PFCC Group, analysed into 'usable reserves' and 'unusable reserves'. The Balance Sheet provides a split of what is included within each of these headings.

The (Surplus)/Deficit on the Provision of Services line shows the true economic cost of providing policing services, more details of which are shown in the Comprehensive Income and Expenditure Statement. This is different from the statutory amounts required to be charged to the General Reserve for council tax setting purposes. The (increase)/decrease before the 'Transfers to Earmarked Reserves' line shows the General Reserve balance before any discretionary transfers to or from earmarked reserves.

	2020/21 Group					Total Usable	Total Unusable	Total Reserves
	General	Earmarked	Total General & Earmarked Reserves	Capital Receipts	Capital Grants Unapplied			
	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1st April 2020	(9,275)	(9,460)	(18,735)	(1,088)	-	(19,823)	2,914,507	2,894,684
(Surplus)/deficit on provision of services (accounting basis)	73,915	-	73,915	-	-	73,915	-	73,915
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	489,154	489,154
Total Comprehensive Income and Expenditure	73,915	-	73,915	-	-	73,915	489,154	563,069
Adjustments between accounting basis and funding basis under regulations	(80,640)	-	(80,640)	1,088	-	(79,552)	79,552	-
Net (Increase)/Decrease before Transfers to Usable Reserves	(6,725)	-	(6,725)	1,088	-	(5,637)	568,706	563,069
Transfers (to)/from Usable Reserves	2,840	(2,840)	-	-	-	-	-	-
(Increase)/Decrease in year	(3,885)	(2,840)	(6,725)	1,088	-	(5,637)	568,706	563,069
Balance at 31st March 2021	(13,162)	(12,300)	(25,462)	-	-	(25,462)	3,483,213	3,457,751

Statement of Accounts – Financial Statements

Movement in Reserves Statement – Police, Fire & Crime Commissioner for Essex Group 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	(13,162)	(12,300)	(25,462)	-	-	(25,462)	3,483,213	3,457,751
(Surplus)/deficit on provision of services (accounting basis)	142,210	-	142,210	-	-	142,210	-	142,210
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	(232,130)	(232,130)
Total Comprehensive Income and Expenditure	142,210	-	142,210	-	-	142,210	(232,130)	(89,920)
Adjustments between accounting basis and funding basis under regulations	(148,673)	-	(148,673)	(927)	-	(149,600)	149,600	-
Net (Increase)/Decrease before Transfers to Usable	(6,463)	-	(6,463)	(927)	-	(7,390)	(82,530)	(89,920)
Transfers (to)/from Usable Reserves	4,807	(4,807)	-	-	-	-	-	-
(Increase)/Decrease in year	(1,656)	(4,807)	(6,463)	(927)	-	(7,390)	(82,530)	(89,920)
Balance at 31st March 2022	(14,818)	(17,107)	(31,925)	(927)	-	(32,852)	3,400,683	3,367,831

Statement of Accounts – Financial Statements

Movement in Reserves Statement – Police, Fire & Crime Commissioner for Essex For the year ended 31st March 2021

This statement shows the movement in the year on the different reserves held by the PFCC, analysed into 'usable reserves' and 'unusable reserves'. The Balance Sheet provides a split of what is included within each of these headings.

The (Surplus)/Deficit on the Provision of Services line shows the true economic cost of providing policing services, more details of which are shown in the Comprehensive Income and Expenditure Statement. This is different from the statutory amounts required to be charged to the General Reserve for council tax setting purposes. The (increase)/decrease before the 'Transfers to Earmarked Reserves' line shows the General Reserve balance before any discretionary transfers to or from earmarked reserves.

	2020/21 PFCC					Total Usable	Total Unusable	Total Reserves
	Usable Reserves (Restated)			Capital Receipts	Capital Grants Unapplied			
	General	Earmarked	Total General & Earmarked	Capital Receipts	Capital Grants Unapplied			
	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1st April 2020	(9,275)	(9,460)	(18,735)	(1,088)	-	(19,823)	(87,042)	(106,865)
(Surplus)/deficit on provision of services (accounting basis)	(7,008)	-	(7,008)	-	-	(7,008)	-	(7,008)
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	(1,639)	(1,639)
Total Comprehensive Income and Expenditure	(7,008)	-	(7,008)	-	-	(7,008)	(1,639)	(8,647)
Adjustments between accounting basis and funding basis under regulations	282	-	282	1,088	-	1,370	(1,370)	-
Net (Increase)/Decrease before Transfers to Usable	(6,726)	-	(6,726)	1,088	-	(5,638)	(3,009)	(8,647)
Transfers (to)/from Usable Reserves	2,840	(2,840)	-	-	-	-	-	-
(Increase)/Decrease in year	(3,886)	(2,840)	(6,726)	1,088	-	(5,638)	(3,009)	(8,647)
Balance at 31st March 2021	(13,162)	(12,300)	(25,462)	-	-	(25,462)	(90,051)	(115,513)

Statement of Accounts – Financial Statements

Movement in Reserves Statement – Police, Fire & Crime Commissioner for Essex For the year ended 31st March 2022

	2021/22 PFCC Usable Reserves						Total Usable £000	Total Unusable £000	Total Reserves £000
	General £000	Earmarked £000	Total General & Earmarked £000	Capital Receipts £000	Capital Grants Unapplied £000				
Balance at 1st April 2021	(13,162)	(12,300)	(25,462)	-	-	(25,462)	(90,051)	(115,513)	
(Surplus)/deficit on provision of services (accounting basis)	4,310	-	4,310	-	-	4,310	-	4,310	
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	(14,976)	(14,976)	
Total Comprehensive Income and Expenditure	4,310	-	4,310	-	-	4,310	(14,976)	(10,666)	
Adjustments between accounting basis and funding basis under regulations	(10,774)	-	(10,774)	(927)	-	(11,700)	11,700	-	
Net (Increase)/Decrease before Transfers to Usable	(6,464)	-	(6,464)	(927)	-	(7,390)	(3,276)	(10,666)	
Transfers (to)/from Usable Reserves	4,807	(4,807)	-	-	-	-	-	-	
(Increase)/Decrease in year	(1,657)	(4,807)	(6,464)	(927)	-	(7,390)	(3,276)	(10,666)	
Balance at 31st March 2022	(14,819)	(17,107)	(31,926)	(927)	-	(32,852)	(93,327)	(126,179)	

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 page 43 to 50) and provide further information on the financial performance of the Police, Fire and Crime Commissioner for Essex and the Police, Fire and Crime Commissioner for Essex Group 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

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.

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, which means that the Chief Constable must take responsibility for the cost of employing officers, PCSO and staff.

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.

The powers and responsibilities of the PFCC were updated by the Home Office in July 2018 as set out in the Revised Financial Management Code of Practice (for the Police Forces of England and Wales).

All payments for the Group are made by the PFCC from the police fund and all 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.

The Chief Constable and PFCC have recognised the expenditure and income associated with day-to-day direction and control and the PFCC's funding to support the Chief Constable in the Chief Constable's Accounts, with the main sources of funding (i.e. central government grants and council tax) and the majority of balances being shown in the PFCC's accounts. Transactions in respect of operational police officer and staff costs, and transfer liabilities to the Chief Constable's Balance Sheet for employment and post-employment benefits are also recognised in the Chief Constable's Comprehensive Income and Expenditure Statement (CIES) in accordance with International Accounting Standard 19 (IAS19).

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

Statement of Accounts – Notes to the Financial Statements

2. Summary of Significant Accounting Policies

These are categorised as follows:-

Policies applying to the PFCC Group

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

2.1 General Principles

The Statement of Accounts summarises the PFCC's and the Chief Constable's financial transactions for the 2021/22 financial year and its position at the year-end of 31st March 2022. 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, 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
- Adoption of IFRS 15 - Revenue from contracts with customers is recognised when goods and or services are delivered and title passed. Activity is accounted for in the year that it takes place
- Interest receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract
- 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

Statement of Accounts – Notes to the Financial Statements

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 PFCC.

The PFCC 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 PFCC 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 Commissioner 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 PFCC 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.

Statement of Accounts – Notes to the Financial Statements

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 PFCC'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:-

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

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

2.8 Retirement Benefits - Police Staff

Police Staff (including Police Community Support Officers) are eligible to join the Local Government Pension Scheme (LGPS). This is also 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 the same set of assumptions as identified for police officers
- 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)

Statement of Accounts – Notes to the Financial Statements

- 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
 - 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
 - c) Interest cost: the expected increase in the present value of liabilities during the year as they move one year closer to being paid - charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
 - 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 -credited to Net Operating 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 - charged to the Comprehensive Income and Expenditure Statement
 - 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 – charged to Other Comprehensive Income and Expenditure in the Comprehensive Income and Expenditure Statement
 - g) Contributions paid to the Essex County Council Pension Fund: cash paid as employer's contributions to the pension fund

Statutory provisions limit the PFCC to raising council tax to cover the amounts payable by the PFCC to the pension fund in the year. 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 PFCC

- 2.10 Income
- 2.11 Council Tax Income
- 2.12 Reserves
- 2.13 Provisions
- 2.14 Value Added Tax

Statement of Accounts – Notes to the Financial Statements

2.15	Loss Allowance
2.16	Inventories and Long-Term Contracts
2.17	Property, Plant and Equipment
2.18	Intangible Assets
2.19	Assets Held for Sale
2.20	Non-Current Assets Out of Use
2.21	Capital Grants and Contributions
2.22	Donated Assets
2.23	Minimum Revenue Provision
2.24	Revenue Expenditure Funded from Capital
2.25	Leases
2.26	Financial Instruments
2.27	Cash and Cash Equivalents

2.10 Income

The PFCC is the recipient of all funding, including government grants, precept and other sources of income, related to policing and crime reduction and funding for the Chief Constable is via the PFCC. The PFCC is responsible for allocating this funding in consultation with the Chief Constable, or in accordance with any grant terms. The Chief Constable will provide professional advice and recommendations.

2.11 Council Tax Income

The PFCC raises council tax income by precepting upon the fourteen district and borough councils in Essex. In their capacity as billing authorities, these councils are regarded as acting as agents for the PFCC. Each billing authority credits the council tax income that it collects to its Collection Fund, and pays to the PFCC the precept or demand for the year, plus or less the PFCC's share of the surplus or deficit on the Collection Fund for the previous year.

The PFCC is required to include in its Comprehensive Income & Expenditure Statement its share of the accrued council tax income of each billing authority, i.e. the PFCC's precept upon the billing authority plus or less its share of council tax debtors and creditors.

Council tax income is accounted for in the PFCC's financial statements as follows:

Comprehensive Income & Expenditure Statement and Movement in Reserves Statement

The accrued council tax income is credited to the Comprehensive Income & Expenditure Statement. In order that there is a neutral impact upon the General Reserve, the difference between the accrued council tax income and the amount to be credited to the General Reserve under statute is transferred to the Collection Fund Adjustment Account via an adjusting item in the Movement in Reserves Statement.

Balance Sheet

The PFCC's share of each billing authority's council tax debtor and creditor balances and impairment allowance for doubtful debts is recognised in the balance sheet.

The council tax income adjustment on the Movement in Reserves Statement is taken to the Collection Fund Adjustment Account.

Statement of Accounts – Notes to the Financial Statements

2.12 Reserves

The PFCC maintains a General Reserve to cover contingencies and for cash flow management, and earmarked reserves representing funds set aside for specific purposes. Reserves are created by appropriating amounts in the Movements in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the Comprehensive Income and Expenditure Statement and the reserve is then appropriated back into the Movements in Reserves Statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for tangible fixed assets and retirement benefits, which do not represent usable resources for the PFCC. These reserves are explained in the relevant policies.

2.13 Provisions

The PFCC has set aside provision for future insurance claims and staff severance payments, which are likely to be incurred but cannot yet be determined precisely.

Provisions are charged to the Comprehensive Income and Expenditure Statement in the year that the PFCC becomes aware of the obligation, based on the best estimate of the likely settlement. When payments are eventually made, they are charged to the provision set up in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year, and where it becomes more likely that a payment will not now be required, or a lower settlement than anticipated will be made, the provision is reversed and credited back to the Comprehensive Income and Expenditure Statement.

When some or all of the payment required to settle a provision is expected to be met by a third party, this is only recognised as income in the Comprehensive Income and Expenditure Statement if it is certain that reimbursement will be received if the obligation is settled.

2.14 Value Added Tax

The Comprehensive Income and Expenditure Statement excludes all amounts related to VAT as, when collected, it is payable to HM Revenue and Customs and all VAT paid is recoverable from it.

2.15 Loss Allowance

An allowance is made in the balance sheet for potential losses in respect of bad and doubtful debts, based on an age analysis of the outstanding debt at the balance sheet date. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to the Comprehensive Income and Expenditure Statement for the income that may not be collected.

A share of the impairment allowances for the doubtful council tax debts in respect of each billing authority is also included in the balance sheet. These allowances are determined by each billing authority in accordance with its own policy for doubtful debts.

2.16 Inventories and Long Term Contracts

Inventories are included in the Balance Sheet on an average cost basis with the exception of vehicle parts, which are included at historic cost.

Long-term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

Statement of Accounts – Notes to the Financial Statements

2.17 Property, Plant and Equipment

Property, plant and equipment are tangible assets that have a physical substance and are held for use in the provision of services on a continuing basis.

Recognition: Expenditure on the acquisition or creation of new assets or the enhancement of existing assets is capitalised, provided that these assets yield benefit to the PFCC for a period of more than one year.

The PFCC operates a de minimis limit below which items will not be charged to capital on the grounds of materiality. The limit for individual items is £10,000 except for vehicles where a £7,500 limit applies. An exception to this covers certain equipment items which are individually below the de minimis, but when aggregated exceed the limit, e.g. IT hardware, body armour.

Expenditure that maintains, but does not add to, the future economic benefits or service potential of the asset (e.g. repairs and maintenance) is charged to the Comprehensive Income and Expenditure Statement as it is incurred.

From 1st April 2010, where a significant component of an asset is replaced or enhanced, the carrying amount of the old component is derecognised and the new component reflected in the carrying amount of the asset.

Measurement: Assets and components are initially measured at cost, comprising all expenditure that is directly attributable to bringing the asset or component into working condition for its intended use.

Assets are carried in the Balance Sheet using the following measurement bases:

- Assets under construction - historic cost
- Surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective
- Land and buildings – current value, for which existing use value is used, net of accumulated depreciation
- Vehicles, plant and equipment - historic cost less depreciation as a proxy for fair value
- Specialised assets where no active market exists (e.g. radio masts) – depreciated replacement cost

Land and buildings are revalued at least every five years by an external valuer in accordance with the Royal Institution of Chartered Surveyors (R.I.C.S.) Valuation Standards. However, to ensure that the Balance sheet reflects the current value of assets at a materially correct level, those assets with a net book value at 1st April 2021 in excess of £2million have also been revalued.

This policy change will be reviewed annually.

An increase in an asset value following revaluation is matched by a credit to the Revaluation Reserve to recognise unrealised gains unless the increase reverses a previous impairment loss or revaluation decrease on the same asset.

A reduction in an asset value following revaluation, which is not identified as impairment, is matched by a debit to the Revaluation Reserve to the extent of any credit balance in respect of the asset. Any difference is charged to the Comprehensive Income and Expenditure Statement and then transferred to the Capital Adjustment Account.

Statement of Accounts – Notes to the Financial Statements

The Revaluation Reserve contains revaluation gains recognised since 1st April 2007, the date of its formal implementation. Gains arising before that date were consolidated into the Capital Adjustment Account.

When an asset is disposed of the residual value of the asset in the Balance Sheet is written off to the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals are credited to the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account and reported through the Movement in Reserves Statement. The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account and reported through the Movement in Reserves Statement.

Capital Receipts: Proceeds from the disposal of assets in excess of £10,000 are categorised as capital receipts and can be used to fund new capital expenditure. Any unused receipts are held in the Usable Capital Receipts Reserve.

Depreciation: All assets with a determinable finite life are depreciated by allocating the value of each asset in the Balance Sheet over the periods expected to benefit from their use. Depreciation is not provided on freehold land, where it is deemed to have an unlimited useful life. For all other assets a depreciation charge is made from the date they become available for use and up to the date of disposal.

Components of an asset are recognised for depreciation purposes where the cost of the component is significant in relation to the total cost of the asset.

- Depreciation is calculated on the following basis:
- Buildings – straight line allocation over the economic life of the building as determined by the PFCC's property advisors, assuming no residual value
- Plant, vehicles and equipment - straight line allocation over the economic life of the assets, assuming no residual value

Components - straight line allocation over the economic life of the assets, assuming no residual value. The residual value, useful life and depreciation method are reviewed at each financial year end.

Although depreciation is calculated on the estimated economic life of the specific individual asset concerned, approximate average depreciation periods are as follows:

- Buildings 20-60 years
- Vehicles 3-8 years
- Plant, IT and equipment 3-30 years
- Marine vessels 10-25 years

Typically the standard estimated economic lives used by the force in practice are 40 years for buildings and 7 years for shorter-life assets such as vehicles or plant & IT.

Non-financial assets such as surplus assets are measured at fair value at each reporting date. Fair value is 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. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

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- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability

The fair value measurement of an asset or liability is based on the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the PFCC takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The valuation techniques used are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 - unobservable inputs for the asset or liability

Componentisation Policy

The componentisation policy applies from 1st April 2010 where an item of property, plant and equipment is enhanced, acquired or revalued. Recognition will follow capital expenditure where:

- a new component is added to an asset
- an existing component of an asset is refurbished or upgraded
- a component of an asset is replaced
- a new asset is acquired or constructed
- an existing asset is revalued

To be separately recognised a component must be identified as part of a material asset and exceed the PFCC's de minimis level.

In accordance with the Code, the carrying amount of a replaced or restored component of an asset is derecognised, with the carrying amount of the new component being recognised. This accounting treatment applies regardless of whether the replaced part had been depreciated separately. Where it is not possible to determine the carrying amount of the replaced part, the cost of the new part is used as an indication of what the cost of the replaced part was at the time it was acquired or constructed.

Material assets and the PFCC's de minimis for components

The PFCC operates a policy of only separately identifying components which are 20% or more (and greater than £100,000) of the total asset value. Where the component element is below this level it is included as part of the main structure of the building.

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Property assets

Where appropriate the PFCC separates assets between the following components:-

- Land
- Main building structure/fabric (to include roof)
- Windows
- Plant and engineering (including IT infrastructure)
- Custody facilities
- Radio masts

All police houses will only be separated into land and buildings under the component policy. This reflects the relatively low value of individual assets and the PFCC's policy of disposal of police housing.

All surplus properties will not be separated under the component policy as this reflects the valuation of surplus assets as highest and best use based on what is physically possible rather than its current use.

All other property assets will only be separated into separate components where the total asset value is equal to or greater than £500,000. Assets below this value will continue to be separated into land and buildings only. This reflects the relatively low value of individual assets and significant proportion of each assets value that relates to land, which is not depreciated.

The impact of the above exclusions is unlikely to result in a material misstatement of the accounts (i.e. depreciation charges and the assets carrying amount).

Equipment assets

The PFCC analyses all capital equipment purchases and separates these into components as appropriate. This continues the policy applied before the introduction of IFRS. As an example, IT projects are separated between hardware and software components.

Vehicle and marine assets

All of the fleet is below the £100,000 de minimis set for the componentisation policy.

Revaluation Reserve balances

Reserve balances on property are recorded by asset with separate balances for land and building elements of an asset.

In accordance with guidance contained within LAAP Bulletin 86 (Componentisation of Property, Plant & Equipment under the 2010/11 IFRS-based Code) the revaluation reserve balance for a building will not be allocated across the various components that are recognised.

All other assets are held at historic cost and are not revalued.

Future revaluation gains or losses on property are to be allocated across components.

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Impairment of assets

At the end of each financial year the PFCC assesses its assets for indication of impairment. This occurs where an asset is carried at an amount which exceeds the amount that could be recovered through use or sale of the asset.

Derecognition: An asset is derecognised when it is disposed of or when no future economic benefits or service potential are expected from its use or disposal.

Any impairment loss identified as part of this review, or as a result of a valuation exercise, is accounted for as follows:

- An impairment loss on a revalued asset is recognised in the Revaluation Reserve to the extent of any credit balance for that asset. The difference is then accounted for in Comprehensive Income and Expenditure Statement
- A loss which does not result from revaluation is recognised in the Comprehensive Income and Expenditure Statement

As an impairment loss is not a proper charge to council tax, the amount is transferred to the Capital Adjustment Account and reported in the Movement in Reserves Statement. At the end of each financial year the PFCC also assesses whether an impairment loss from previous reporting periods may no longer exist. In such circumstances, an estimate of the recoverable amount of the asset(s) is made. The reversal of an impairment loss is made up to the carrying amount that would have been determined for the asset if no impairment had been previously recognised. Any excess above the carrying amount is treated as a revaluation gain and taken to the Revaluation Reserve.

Charges to revenue for fixed assets - The Comprehensive Income and Expenditure Statement is charged with the following amounts to record the real cost of holding fixed assets during the year:

- depreciation attributable to the assets
- impairment losses on assets
- amortisation of intangible assets such as software licences

The PFCC is not required to raise council tax to cover depreciation, impairment losses or amortisation. However the PFCC is required to make a prudent provision from revenue to contribute towards the reduction in its overall borrowing requirements, which is equal to at least 4% of the underlying amount measured by the adjusted Capital Financing Requirement. Depreciation, impairment losses and amortisation are therefore replaced by revenue provision in the Movement in Reserves Statement, by way of an adjusting transaction with the Capital Adjustment Account for the difference between the two amounts.

2.18 Intangible Assets

Expenditure on the PFCC's intangible fixed assets, covering purchased computer software licences, is capitalised and disclosed separately. These assets are measured at cost as fair value cannot easily be determined. Intangible assets are amortised to the Comprehensive Income and Expenditure Statement from when the asset is available for use on an equal basis over their economic lives. The residual value assumed for intangible assets is normally zero. The amortisation period and method is reviewed at least at the end of each financial year.

An asset is derecognised on disposal or when no future economic benefits are expected from the asset. The gain or loss from derecognition is recognised in the Comprehensive Income and Expenditure Statement. These

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amounts are then transferred to the Capital Adjustment Account and reported in the Movement in Reserves Statement.

2.19 Assets Held for Sale

Assets are classified as held for sale where they meet strict criteria in accordance with the Code. Assets held for sale are measured at the lower of their carrying amount and fair value (market value) less costs to sell at initial reclassification and at the end of each reporting date (i.e. 31st March), and are not subject to depreciation.

Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously losses recognised in the Surplus or Deficit on Provision of Services.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

2.20 Non-Current Assets Out of Use

Where an asset does not qualify as held for sale there may be a circumstance where the asset will not be reclassified back to the asset classification from where it originally came i.e. assets that are surplus to service needs but that do not meet the definition of either investment property or assets held for sale. In this instance the asset is held as a 'surplus asset' under Property, Plant and Equipment.

2.21 Capital Grants and Contributions

All capital grants and contributions received by the PFCC are accounted for on an accruals basis and are initially recognised as income in the Comprehensive Income and Expenditure Statement.

Where the grant or contribution has a condition attached then the grant is not recognised as income until that condition is met. In those circumstances the grant is recognised as a receipt in advance. A condition is assumed to be attached where it conveys a requirement to return the grant if the condition is not met.

Where the grant is used to finance capital expenditure it is credited to the Capital Adjustment Account.

Where capital expenditure has not yet been incurred the grant is reversed out of the Comprehensive Income and Expenditure Statement and credited to the Capital Grants Unapplied Account.

A grant or contribution that becomes repayable is accounted for as a revision to an accounting estimate and is therefore recognised prospectively.

2.22 Donated Assets

Assets which are transferred to the PFCC at nil value or acquired at less than fair value are treated as donated assets.

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Donated assets transferred to the PFCC for nil consideration are recognised immediately at fair value as an asset on the Balance Sheet. Where there are no conditions attached to the transfer, or the PFCC has already matched the conditions, the asset is recognised in the Comprehensive Income and Expenditure Statement as income. Where conditions have not been satisfied the asset is credited to the Donated Assets Account and only recognised in the Comprehensive Income and Expenditure Statement once the conditions are satisfied.

Where a donated asset is acquired for less than fair value, the difference between the fair value of the asset and the consideration paid is recognised in the Comprehensive Income and Expenditure Statement as income. Where the transfer has a condition the difference is recognised in the Donated Assets Reserve until the condition is met.

Donated assets are revalued and depreciated in line with the accounting policies for Property, Plant and Equipment.

2.23 Minimum Revenue Provision

Where the PFCC finances capital expenditure by debt it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum value since 2008. The Local Government Act 2003 requires the PFCC to have regard to the Ministry of Housing, Communities & Local Government (MHCLG) Guidance on Minimum Revenue Provision (the CLG guidance) most recently issued in 2018. The broad aim of the CLG guidance is to ensure that capital expenditure is financed over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits or, in the case of borrowing supported by government grants, reasonably commensurate with the period implicit in the determination of those grants. The CLG guidance requires the PFCC to approve an annual MRP statement each year, and recommends a number of options for calculating a prudent amount of MRP.

For capital expenditure incurred before 1st April 2008, MRP will be determined as 4% of the Capital Financing Requirement in respect of that expenditure. The PFCC has used this policy in respect of the unfinanced element of capital expenditure dating from this period, in accordance with option 2 of the guidance.

For expenditure after the 31st March 2008 the PFCC has chosen the 'Asset Life Method' for its MRP calculations. This is where MRP is determined by reference to the life of the asset being financed, normally by the equal instalment method or alternatively the annuity method. Estimated life periods will be determined in accordance with the asset lives specified in the Property, Plant & Equipment accounting policy (as referred to in 2.17). These charges will be started in the year after the asset becomes operational e.g. unfinanced capital expenditure incurred during 2021/22 will not be subject to an MRP charge until 2022/23.

Purchase of freehold land will be charged over 50 years. MRP on expenditure not related to non-current assets but which has been capitalised by regulation or direction, will be charged over 20 years (as per Option 3 of the CLG guidance).

As it may not always be feasible to assess the useful life of some individual assets, asset lives will be measured on a basis which most reasonably reflects the anticipated period of benefit that arises from the expenditure. Also, where applicable, expenditure will be grouped together in a manner which reflects the nature of the main component of assets and will only be divided up in cases where there are two or more major components with substantially different useful economic lives.

Further information in respect of the PFCC's approach to MRP is included within the annual Capital Strategy and Treasury Management Strategy documents.

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2.24 Revenue Expenditure Funded from Capital

Some items of expenditure are permitted to be funded from capital resources that under accounting practice would be charged to the Comprehensive Income and Expenditure Statement. This expenditure does not result in a fixed asset on the balance sheet.

These charges will normally be grants or expenditure on property not owned by the PFCC. This expenditure is charged to the Comprehensive Income and Expenditure Statement. To avoid any impact on council tax, the charge is then moved to the Capital Adjustment Account.

2.25 Leases

Leases are classified as either finance leases or operating leases based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or the lessee. Where the lease transfers substantially all the risks and rewards to the PFCC it is accounted for as finance lease. All other lease arrangements are treated as operating leases.

In determining the accounting arrangements for an agreement where the PFCC is the lessee, consideration is given to substance of the transaction rather than the form of the agreement. The PFCC applies a number of tests to help determine the classification of the lease at its inception.

Where material, the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. When the land has an indefinite economic life, the land element is normally classified as an operating lease.

Finance leases: The PFCC recognises finance leases as assets and liabilities at the lower of the fair value of the property or the present value of the minimum lease payments. Assets recognised as finance leases are depreciated in accordance with the policy for depreciation of owned assets and are revalued in the same way as the PFCC's other assets.

Operating leases: Rentals payable are charged to the Comprehensive Income and Expenditure Statement on a straight line basis over the term of the lease, generally meaning that rentals are charged when they become payable.

Arrangements containing a lease: An arrangement that conveys the right to use an asset in return for payment, but which does not take the legal form of a lease, may be accounted for as an embedded lease. An assessment is made whether fulfilment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use that asset. This assessment is made at the inception of the arrangement.

Where an embedded lease is identified it is assessed to determine whether this is a finance or operating lease. The accounting treatment applied is in accordance with the lease accounting policy.

2.26 Financial Instruments

Adoption of IFRS 9

The PFCC has adopted the IFRS 9 Financial Instruments accounting standard with effect from 1st April 2018. The main changes relate to the remeasurement and reclassification of financial assets (as detailed in the section below) as well as the earlier recognition of impairments for these assets where applicable.

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Classifications

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Non-exchange transactions, such as those relating to taxes, government grants and statutory items, do not give rise to financial instruments.

Financial Assets

A financial asset is a right to future economic benefits controlled by the PFCC that is represented by cash, equity instruments or a contractual right to receive cash or other financial assets, or a right to exchange financial assets and liabilities with another entity that is potentially favourable to the PFCC. The financial assets held by the PFCC during the year are accounted for under the following three classifications:

- Amortised cost (where cash flows are solely payments of principal and interest and the PFCC's business model is to collect those cash flows) comprising:-
 - Cash in hand
 - Force bank accounts with Lloyds bank
 - Fixed term deposits banks and building societies
 - Loans to UK local authorities
 - Certificates of deposit and covered bonds issued by banks and building societies
 - Treasury bills and gilts issued by the UK Government
 - Bonds issued by multilateral development banks and large companies
 - Lease receivables
 - Trade receivables for goods and services provided
- Fair value through other comprehensive income (where cash flows are solely payments of principal and interest and the PFCC's business model is to both collect those cash flows and sell the instrument; and equity investments that the PFCC has elected into this category) comprising:
 - Bonds issued by banks, building societies, the UK Government, multilateral development banks and large companies that the PFCC holds to sell if cash flow needs demand
 - Pooled bond, equity and property funds managed by fund managers held as strategic investments
 - Equity investments held for service purposes, and
- Trade receivables for goods and services provided that may be sold to a debt collection agency
- Fair value through profit and loss (all other financial assets) comprising:
 - Money market funds managed by fund managers
 - Pooled bond, equity and property funds managed by fund managers
 - Equity investments

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- Loans where the cash flows are not solely payments of principal and interest

Financial assets held at amortised cost are shown net of a loss allowance reflecting the statistical likelihood that the borrower or debtor will be unable to meet their contractual commitments to the PFCC.

Financial Liabilities

A financial liability is an obligation to transfer economic benefits controlled by the PFCC and can be represented by a contractual obligation to deliver cash or financial assets or an obligation to exchange financial assets and liabilities with another entity that is potentially unfavourable to the PFCC.

The majority of the PFCC's financial liabilities held are measured at amortised cost and comprise:

- Long-term loans (where applicable) from the Public Works Loan Board and commercial lenders:
 - Short-term loans from UK local authorities
 - Overdraft with Lloyds bank
 - Lease payables
 - Trade payables for goods and services received

Fair Values

Financial instruments, except those classified at amortised cost, are carried in the Balance Sheet at fair value. For most assets, including treasury bills and shares in money market funds, the fair value is taken from the market price. The fair values of other instruments have been estimated by calculating the net present value of the remaining contractual cash flows at the Balance Sheet date.

Financial instruments classified at amortised cost are carried in the Balance Sheet at amortised cost. Their fair values are estimated by calculating the net present value of the remaining contractual cash flows at the Balance Sheet date, using the following methods and assumptions:

- Loans borrowed by the PFCC are valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans
- The fair values of other long-term loans and investments are discounted at the market rates for similar instruments with similar remaining terms to maturity at the Balance Sheet date
- The fair values of financial guarantees are estimated based on the likelihood of the guarantees being called and the likely payments to be made
- The fair values of finance lease assets and liabilities are calculated by discounting the contractual cash flows (excluding service charge element) at the appropriate AA-rated corporate bond yield
- No early repayment or impairment is recognised for any financial instrument
- The fair value of short-term instruments, including trade payables and receivables, is assumed to approximate to the carrying amount given the low and stable interest rate environment

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Fair values are split by their level in the fair value hierarchy:

- Level 1 – fair value is only derived from quoted prices in active markets for identical assets or liabilities, e.g. bond prices
- Level 2 – fair value is calculated from inputs other than quoted prices that are observable for the asset or liability, e.g. interest rates or yields for similar instruments
- Level 3 – fair value is determined using unobservable inputs, e.g. non-market data such as cash flow forecasts or estimated creditworthiness

2.27 Cash and Cash Equivalents

The PFCC's cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

The PFCC defines cash as money held at the bank and/or in overdraft. The PFCC defines cash equivalents as those funds that are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Cash equivalents shall include investments placed in instant access call accounts and money market funds which are readily convertible to known amounts of cash, with insignificant risk of change in value.

In the Cash Flow Statement and Balance Sheet, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and which form an integral part of the PFCC's cash management.

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

In reference to paragraph 3.3.2.13 of the 2021/22 Code changes in accounting policy should 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 adapts 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 2022/23 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)
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)

None of the matters covered in the annual improvements are dealt with in detail in the 2022/23 Code and both these and the IAS 16 changes are not anticipated to have a significant effect on the PFCC's financial statements. Further potential disclosures required in respect of the IFRS 16 leasing standard and the expected impact, are dealt with in the section which follows.

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IFRS 16 - Leases

Following its emergency consultation on exploratory proposals for changing the Code the CIPFA/LASAAC Local Authority Code Board (CIPFA/LASAAC) issued its preliminary decision and feedback statement. This decision was subsequently considered by the government's Financial Reporting Advisory Board (FRAB) with their advice being that the implementation of IFRS 16 Leases should be deferred until at least 1st April 2024.

CIPFA/LASAAC have now confirmed their decision to defer the implementation of this standard until 1st April 2024 (and therefore in the 2024/25 Code). However, both the 2022/23 and 2023/24 Codes will allow for early adoption should the PFCC consider it is able to do so as of 1st April 2022 or 2023, a decision which would also need to be agreed with the PFCC's auditors.

CIPFA/LASAAC has taken this decision in response to continued pressures on public sector finance teams as a result of the aftermath of the COVID-19 pandemic, and significant national issues in respect of local audits and their resourcing, as well as prior year accounts still needing to be signed off. The PFCC notes that this further deferral is limited to two years only and in preparation for the implementation of this wide-ranging and complex accounting standard with effect from the 2024/25 financial year, has set out the initial findings and expected impacts in the following tables. It should be noted that these figures are for explanatory purposes only and will be subject to further change and review prior to their formal inclusion in the financial statements for 2024/25 onwards (on the assumption that the early adoption route is not taken).

The main changes proposed by the IFRS 16 standard relate to additional recognition and disclosure requirements for the lessee in leasing agreements they are involved in. The concept of 'right of use asset' is introduced whereby if the lessee has a right to use an asset over a period of more than twelve months, the asset is recognised on the lessee Balance Sheet (subject to materiality and lower limit exclusion thresholds).

When fully incorporated into the Code, the new requirements are expected to require one leasing note under the IFRS 16 legislation, which will supersede the current requirements for separate operating leasing and finance leasing disclosures (as currently set out in Note 17). The expected impact of the standard, based upon current work undertaken, is set out as follows:-

Leases inward (PFCC as lessee)

Property Leases

The PFCC has several property leases which are of a duration greater than one year, and are not currently included within the PFCC's non-current assets. These leases have been identified and will need to be recognised from the 1st April 2022, with a corresponding lease liability.

Had they been recognised on the Balance Sheet from the 1st April 2022 their values would have been as follows:-

Balance Sheet (additional impact as at 1st April 2022)		
	£000	£000
Non-current assets	437	-
Leasing liability		
Obligation - current		(89)
Obligation - long-term		(348)
Net impact on Balance Sheet	437	(437)

In addition, the charges to service operating leases previously made to the Net Cost of Services would be removed and replaced by charges to the Financing and Investment section of the Comprehensive Income and Expenditure Statement.

Statement of Accounts – Notes to the Financial Statements

Had the leases in the above table been recognised within the 2021/22 Statement of Accounts the entries would have been as follows:-

Core Financial Statements		
	£000	£000
Comprehensive Income & Expenditure - Financing & Investment	7	
Balance Sheet (repayment)		
Obligation - current	89	
Cash & cash equivalents		(96)
Net impact on Core Financial Statements	96	(96)

To ensure the impact of the new standard is cost-neutral to the council tax payer, a corresponding minimum revenue provision charge would be enacted representing the value of the leasing obligation reduction in year. In addition, the new assets recognised would be depreciated in accordance with accounting policies. The latter is estimated at £0.084m for 2022/23.

Donated assets

The PFCC has use of several assets without any rental payments being made for their use. These assets are not currently included within the PFCC's non-current assets but have been recognised under the new legislation on the basis that the donor does not demand the return of these assets (and therefore the asset is unimpeded). These assets will need to be recognised from the 1st April 2024, with a corresponding lease liability.

Had all of these assets been recognised on the Balance Sheet from the 1st April 2022 the total amount recognised would have been £9.678m, as shown in the table below. This comprises:-

- £5.593m relating to Stansted Airport Main Building e.g. representing various office space provided free under the terms of the Terrorism Act 2000 for on-site policing activity
- £1.024m comprising six additional sites including right of use assets in shopping centres, airports, ports and other town centre locations

It should be noted that the office space at Chigwell, as previously recognised at £1.628m in the corresponding disclosure in the 2020/21 Statement of Accounts, is now included within property, plant equipment in the Balance Sheet.

To account for these assets in the Comprehensive Income & Expenditure Statement, a gain would be recognised for the corresponding value of the assets brought onto the Balance Sheet.

Had the leases in the above table been recognised within the 2021/22 Statement of Accounts the entries would have been as follows:-

Balance Sheet (additional impact as at 1st April 2022)		
	£000	£000
Non-current assets	6,957	
Unusable reserves		
Capital Adjustment Account		(6,957)
Net impact on Balance Sheet	6,957	(6,957)

Statement of Accounts – Notes to the Financial Statements

The donated assets recognised would also be depreciated in accordance with accounting policies. This charge is estimated at £0.111m for 2022/23.

Core Financial Statements		
	£000	£000
Comprehensive Income & Expenditure - Other Operating Expenditure		(6,957)
Movement in Reserves		
(additional impact as at 1st April 2022)		
Appropriation to Capital Adjustment Account	6,957	
Net impact on Core Financial Statements	6,957	(6,957)

Vehicles, plant, furniture & equipment

IFRS 16 requires all other assets which have previously been classified as operating assets and accounted for on a straight line basis cost through the Comprehensive Income and Expenditure Statement, to be recognised on the Balance Sheet from 1st April 2022. The exception to this rule are leases of less than one year or of de minimis value.

Had these assets been recognised on the Balance Sheet from the 1st April 2022 their values would have been as follows:-

Balance Sheet		
	£000	£000
Non-current assets	62	
Leasing liability		
Obligation - current		(33)
Obligation - long-term		(29)
Net impact on Balance Sheet	62	(62)

In addition, the charges to service operating leases previously made to the Net Cost of Services would be removed and replaced by charges to the Financing and Investment section of the Comprehensive Income and Expenditure Statement.

Had the leases in the above table been recognised within the 2021/22 Statement of Accounts the entries would have been as follows:-

Core Financial Statements		
	£000	£000
Comprehensive Income & Expenditure - Financing & Investment	1	
Balance Sheet - repayment (additional impact as at 1st April 2022)		
Obligation - current	33	
Cash & cash equivalents		(34)
Net impact on Core Financial Statements	34	(34)

Statement of Accounts – Notes to the Financial Statements

To ensure the impact of the new standard is cost-neutral to the council tax payer, a corresponding minimum revenue provision charge would be enacted representing the value of the leasing obligation reduction in year. In addition, the new assets recognised would be depreciated in accordance with accounting policies. The latter is estimated at £0.036m for 2022/23.

Lessor commitments (PFCC/Group)

IFRS 16 maintains most of the rules currently observed under the existing standard IAS 17. There is one major change which is related to income from sub-tenants on property leases. Where such income exists, a debtor would need to be created. Essex Police do not benefit from any sub-tenant income, and therefore for lessor commitments (or 'leases outward') it is not anticipated that these changes will have any material impact.

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 joint activities are shown in note 40, Jointly-Controlled Operations and Collaborative Activity.

Impairment of Assets

Further information can be found in notes 16 and 18.

Governance

On the 1st October 2017 the PFCC took on the governance of the Essex County Fire and Rescue Service (ECFRS), under the joint governance model. Under this model the Police, Fire and Crime Commissioner (PFCC) comprises two legal entities, the PFCC and the Police, Fire and Crime Commissioner Fire and Rescue Authority (PFCCFRA) which remain separate corporation soles. It should be noted that ECFRS continues to be a brand name for operational activities of the PFCCFRA. The Chief Constable was not impacted by this change, and their activities continue to be maintained within a separate corporation sole.

The PFCC is responsible for the formal oversight of Essex Police and the Chief Constable, including setting the strategic direction and holding the police to account; whilst the Chief Constable has direction and control over the force's officers and staff. To fully understand how police and criminal justice funds are spent a set of group accounts is created for these two separate legal entities. For accounting purposes the PFCC is the parent entity of the Chief Constable, and together form the group.

The accounts of the PFCCFRA remain separate and are not included within the PFCC Group Accounts, this is because the PFCC entity does not have control over the activities of PFCCFRA. All financial and governance decisions relating to ECFRS are made by the PFCCFRA and this control is embodied within the Commissioner. In making this judgement the PFCC has considered section 9.1 of the Code of Practice on Local Authority Accounting which sets out the requirement for accounting for Group Accounts. Paragraph 9.1.2.30 of the Code sets out the

Statement of Accounts – Notes to the Financial Statements

criteria which must be met to control an entity; the PFCC does not meet these requirements for PFCCFRA and therefore their activities are not included in the PFCC Group Accounts.

McCloud v Sargeant judgement

The PFCC along with other PCC's, PFCC's 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 hearing 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 PFCC has recognised £0.162m of costs in the CIES during 2021/22, in respect of retirements in the year.

Statement of Accounts – Notes to the Financial Statements

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 PFCC Group, 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 PFCC Group 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 2021/22, 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 PFCC 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 PFCC 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 PFCC 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 PFCC 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 has been one material event between the year-end and the date of approval of these accounts which has been deemed to be applicable for disclosure under IAS 10. This relates to Operation Hazel, the Essex Police operational response to the Just Stop Oil (JSO) protest activities at petrochemical distribution sites in West Essex, and petrol station forecourts. Since 1st April 2022 large numbers of JSO protestors have disrupted multiple sites in

Statement of Accounts – Notes to the Financial Statements

Essex and caused significant disruption with sustained protests, involving high-risk secure areas of petrochemical sites.

Based on the estimated costs forecast to be approximately £6m for Operation Hazel, and no certainty that any of these costs will be recovered at the current time, the PFCC is treating this as a non-adjusting event in respect of IAS 10. Whilst the Home Office have been contacted in respect of seeking financial compensation for these unforeseen costs, the outcome remains uncertain and should funding not be forthcoming this liability will otherwise have to met from the General Reserve.

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
Property, Plant and Equipment - valuations (COVID-19)	The PFCC has assessed any ongoing impact of COVID-19 in respect of its year-end asset base and sought the professional advice of its external valuers to determine whether its assets are materially misstated. The outbreak of COVID-19 in 2020 seriously impacted global finances and market activity has continued to be impacted in many sectors. Nevertheless, the PFCC's valuers have stated that the valuations completed in 2021/22 are not being reported on the basis of 'material valuation uncertainty' as per VPS3 and VPGA 10 of the RICS Valuation – Global Standards. As a consequence, a higher degree of certainty continues to be attached to the 2021/22 valuations compared to those undertaken for the previous years' accounts.	<p>Whilst the 'material uncertainty' valuation basis has now not been applied by the PFCC's valuers since the 2019/20 accounts, the PFCC nonetheless understands that there is still a risk of the pandemic impacting on asset values in the future. This means that the PFCC's valuers continue to be faced with circumstances in which their professional judgements may be impacted by uncontrollable external factors. Given this unknown future impact that COVID-19 might have on the real estate market, the valuation of the PFCC's non-current asset portfolio will be kept under review until such a time that the pandemic is no longer having an impact on economic activity, particularly the sectors in which the PFCC holds assets.</p> <p>At the Balance Sheet date the conclusions made by the valuers mean that the PFCC is happy that it is highly unlikely that asset values are misstated, and therefore no adjustments have been made in the Statement of Accounts. The wider external context will continue to be reviewed in 2022/23 to assess any further impacts which require potential impairment entries.</p>

Statement of Accounts – Notes to the Financial Statements

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
<p>Property, Plant and Equipment - valuations (rolling programme)</p>	<p>The PFCC adopts a rolling programme for its revaluation of non-current assets, with each asset valued at least once every five years. In addition, with effect from 2019/20 onwards, the PFCC values all assets > £2m (net book value) on an annual basis, thus reducing the impact of the potential swing in values by adopting the rolling programme for higher-value assets.</p>	<p>For 2021/22 the valuation date for the applicable assets being valued that year is the 28th February, with a market review process undertaken at the 31st March to ensure:- a) these assets have not changed value materially in the subsequent one month, and b) the remainder of the assets in the rolling programme have not changed value materially during the accounting period.</p> <p>Based on the year-end assessment, the PFCC is satisfied with its valuers conclusion that there have been no material swings between the 28th February valuation date and the 31st March year-end date, and therefore no further adjustments have been deemed necessary in the Statement of Accounts (however some potential uncertainty remains, in light of the content of the separate COVID-19 disclosure above as well as current market conditions).</p> <p>An assessment of the cumulative potential impact on the PFCC's remaining assets had they all been revalued on an annual basis over the preceding five year period has been undertaken, with the cumulative under-valuation assessed at £XXXXm as at the 31st March 2022 (equating to X.X% of the year-end Property, Plant & Equipment Balance Sheet value).</p>
<p>Accounting Estimates</p>	<p>The PFCC uses estimates in a wide range of its accounting approaches, which are consistent with the recommendations within IAS 8 <i>Changes in Accounting Policies, Changes in Accounting Estimates, Errors</i>, as well as the PFCC's accounting policies. In using estimates the PFCC recognises the material impact of such assumptions, the need to ensure these are accurate and timely, and that appropriation management review and approval procedures are in place.</p> <p>The PFCC uses material accounting estimates for areas such as the valuation of land and buildings, depreciation and valuations of pension liabilities. Where this work is undertaken with the involvement of a third party 'specialist' the PFCC understands that it solely is responsible for the estimates which are ultimately included within the financial statements.</p>	<p>Management will ensure that estimates used are as accurate as possible and ensure governance arrangements are in place to manage these processes. Where estimates differ to actual values which subsequently occur, management will seek to understand the reasons for such differences and implement procedures whereby processes for future estimates are revised to minimise the risk of further variances arising.</p> <p>Where estimates are complex and material such as valuations of non-current assets or pensions liabilities, the PFCC understands that a specialist may be required. In such instances additional scrutiny will be required to ensure the estimates are reviewed thoroughly prior to inclusion in the financial statements, and all of the associated rationale is fully understood.</p> <p>Where material, appropriate disclosures will be made in the financial statements to articulate how estimates have been used to calculate figures which are being presented, including any element of estimation uncertainty within these values.</p>

Statement of Accounts – Notes to the Financial Statements

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Accounting Estimates (continued)	Assets are depreciated on a straight line approach over their estimated useful economic lives, that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets, as well as the period where related benefits will be obtained from these assets. The useful economic lives applied for assets are based upon accounting policy 2.17 'Property, Plant & Equipment'.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.
Pensions Liability (LGPS) - actuarial roll-forward approach	<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>	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 than the use of a full actuarial valuation, however the impact is mitigated by the inclusion of the afore mentioned experience items which are incorporated into subsequent accounting reports.
Pensions Liability - LGPS scheme assets	<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 PFCC 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 PFCC 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>

Statement of Accounts – Notes to the Financial Statements

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
<p>Pensions Liability – sensitivity of variable factors (summary)</p>	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the level 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 PFCC with expert advice about the assumptions to be applied.</p>	<p>The various potential impacts of these uncertainties are illustrated in the relevant table in Note 42 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 pension liability of changes in individual assumptions can be measured.</p>
<p>Pensions Liability – sensitivity of variable factors (discount and mortality rates)</p>	<p>A small amendment to the discount or mortality rates used to calculate future pension liabilities can potentially have a material impact on the values recognised in the Balance Sheet and can be critical to accurate decision making when assessing future financial challenges. However, the various assumptions interact in complex ways and the PFCC will therefore work closely with its actuaries when determining these rates so the impact of any changes can be fully understood.</p>	<p>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. Subsequent actions arising for the PFCC may include the potential requirement to increase deficit contributions.</p>
<p>Cashflow and Financial Instruments</p>	<p>The PFCC has reviewed its cash and investment position in the context of the current economy and local conditions, particularly the assessment of its financial assets as well as increased levels of risk which need to be disclosed in the Statement of Accounts. Further details of this analysis can be found in Note 39, Financial Instruments - Risks.</p> <p>The PFCC has also recognised within its Treasury Management Strategy (TMS) 2022/23 that capital investment plans will equate to an external borrowing requirement in the forthcoming year. Whilst cash resources will reduce over the coming twelve months, a borrowing strategy has been agreed and is in the process of being approved by the PFCC.</p>	<p>The relatively low amount of cash available to the PFCC, particularly in the first quarter of 2022/23 and again towards the back end of the year, will mean that liquidity will need to be prioritised in order that the PFCC meets its short-term commitments.</p> <p>Whilst interest rates are rising, thus meaning additional income streams from investments, the PFCC will need to ensure that its borrowing remains prudent and affordable, with financing costs at a manageable level. The controls and thresholds set out in the TMS will provide the framework for this, and also ensure the PFCC has readily available access to funds when required to ensure its core services are not impacted.</p>

Statement of Accounts – Notes to the Financial Statements

7. Contingent Liabilities

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

Allard & Ors v Devon and Cornwall Constabulary

The PFCC and Chief Constable for Essex Police, along with other PCC's, PFCC's and Chief Constables, have 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 PFCC 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 PFCC currently holds a Legal Claims Reserve with £0.709m earmarked at the Balance Sheet date for any future claims in respect of Allard.

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

The Statement of Accounts was authorised for issue on XXXXXX by Janet Perry FCCA ACMA CGMA, Chief Finance Officer to the PFCC.

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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 PFCC and PFCC Group (i.e. government grants, and council tax) for the year has been used in providing services in comparison with those resources consumed or earned by forces in accordance with generally accepted accounting practices. This analysis brings together performance reported on the basis of expenditure measured under proper accounting practices, with statutorily defined charges to the General Fund. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

The EFA is a note to the Financial Statements rather than a primary statement itself, however, the Group and PFCC EFA's are positioned here as they provide a link from the figures reported in the CIES to the General Fund Balance and Usable Revenue Reserves.

EFA for the Police, Fire & Crime Commissioner for Essex Group – 2020/21

	Net expenditure chargeable to the General Fund	Adjustments for capital purposes (EFA note 1)	Total Adjustments		Total adjustments	Net expenditure in the Comprehensive Income and Expenditure
			Net charge for pensions adjustments (EFA note 2)	Other differences (EFA note 3)		
	£000	£000	£000	£000	£000	£000
Police officer pay and allowances	192,613	-	22,059	1,909	23,968	216,581
PCSO pay and allowances	3,549	-	-	-	-	3,549
Police staff pay and allowances	86,474	-	18,925	1,374	20,299	106,773
Ill-health/medical pensions	4,184	-	-	-	-	4,184
Training	1,119	-	-	-	-	1,119
Other employee expenses	874	-	-	-	-	874
Premises	9,826	(1,920)	-	-	(1,920)	7,906
Transport	5,574	1,638	-	-	1,638	7,212
Supplies & services	36,295	4,306	-	-	4,306	40,601
Third party payments	9,030	-	-	-	-	9,030
Fees charges and other service income	(14,390)	-	-	-	-	(14,390)
Government grants and contributions	(31,007)	(138)	-	-	(138)	(31,145)
Net Cost of Service	304,142	3,887	40,984	3,282	48,153	352,295
Income from council tax	(129,871)	-	-	1,177	1,177	(128,694)
Non-specific government grant income	(184,865)	(251)	(33,767)	-	(34,018)	(218,883)
Other income and expenditure	3,866	(5,243)	70,573	-	65,330	69,196
(Surplus)/Deficit on Provision of	(6,728)	(1,607)	77,790	4,459	80,642	73,914
(Surplus)/Deficit to GF reserves	(6,728)					
Opening General Fund balance at 1 st April 2020 (includes Future Capital Funding Reserve)	(18,735)					
Less (surplus)/deficit on General Fund balance in Year	(6,728)					
Closing General Fund balance at 31st March 2021	(25,462)					

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EFA for the Police, Fire & Crime Commissioner for Essex – 2020/21

	Total Adjustments				Total adjustments	Net expenditure in the Comprehensive Income and Expenditure Statement
	Net expenditure chargeable to the General Fund	Adjustments for capital purposes (EFA note 1)	Net charge for pensions adjustments (EFA note 2)	Other differences (EFA note 3)		
	£000	£000	£000	£000	£000	£000
Police officer pay and allowances	-	-	-	-	-	-
PCSO pay and allowances	-	-	-	-	-	-
Police staff pay and allowances	1,718	-	108	15	123	1,841
Ill-health/medical pensions	-	-	-	-	-	-
Training	1,116	-	-	-	-	1,116
Other employee expenses	412	-	-	-	-	412
Premises	9,826	(1,920)	-	-	(1,920)	7,906
Transport	4,605	1,638	-	-	1,638	6,243
Supplies & services	36,134	4,306	-	-	4,306	40,440
Third party payments	9,031	-	-	-	-	9,031
Fees charges and other service income	(14,389)	-	-	-	-	(14,389)
Government grants and contributions	(31,007)	(138)	-	-	(138)	(31,145)
Cost of Service	17,446	3,887	108	15	4,009	21,455
Intra group adjustment for CC's net service cost	286,696	-	33,767	-	33,767	320,463
Net Cost of Services	304,142	3,887	33,875	15	37,777	341,918
Income from council tax	(129,871)	-	-	1,177	1,177	(128,693)
Non-specific government grant income	(184,865)	(251)	(33,767)	-	(34,018)	(218,883)
Other income and expenditure	3,866	(5,243)	26	-	(5,217)	(1,351)
(Surplus)/Deficit on Provision of Services	(6,728)	(1,607)	134	1,192	(281)	(7,008)

Statement of Accounts – Notes to the Financial Statements

EFA for the Police, Fire & Crime Commissioner for Essex Group – 2021/22

EFA for the Police, Fire & Crime Commissioner for Essex Group - 2021/22

	Total Adjustments					Net expenditure in the Comprehensive Income and Expenditure £000
	Net expenditure chargeable to the General Fund £000	Adjustments for capital purposes (EFA note 1) £000	Net charge for pensions adjustments (EFA note 2) £000	Other differences (EFA note 3) £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	89,980	-	23,154	(641)	22,513	112,494
Ill-health/medical pensions	4,243	-	-	-	-	4,243
Training	1,935	-	-	-	-	1,935
Other employee expenses	439	-	-	-	-	439
Premises	9,491	8,132	-	-	8,132	17,623
Transport	6,254	1,585	-	-	1,585	7,838
Supplies & services	38,081	4,252	-	-	4,252	42,333
Third party payments	7,756	-	-	-	-	7,756
Fees charges and other service income	(15,786)	-	-	-	-	(15,786)
Government grants and contributions	(26,661)	-	-	-	-	(26,661)
Net Cost of Service	323,261	13,968	99,586	(1,579)	111,975	435,236
Income from council tax	(134,610)	-	-	(1,832)	(1,832)	(136,442)
Non-specific government grant income	(195,691)	(251)	(30,275)	-	(30,526)	(226,216)
Other income and expenditure	576	(1,499)	70,555	-	69,056	69,632
(Surplus)/Deficit on Provision of Services	(6,463)	12,219	139,866	(3,411)	148,674	142,210
(Surplus)/Deficit to Earmarked Reserves and General Reserve	(6,463)					
Opening Earmarked Reserves and General Reserve balance at 1 st April 2021 (includes Future Capital Funding)	(25,462)					
Less (surplus)/deficit on Earmarked and General Reserve balance in Year	(6,463)					
Closing Earmarked Reserve and General Reserve balance at 31st March	(31,925)					

It should be noted that the 2021/22 surplus appropriated to earmarked reserves and the General Reserve of £6.463m shown above, includes £3.752m being transferred to the Future Capital Funding Reserve, which is included within the Net Cost of Services line within the Narrative report on page 25.

This is due to a difference in the internal and external reporting lines during 2021/22, which have subsequently been aligned from 2022/23.

Statement of Accounts – Notes to the Financial Statements

EFA for the Police, Fire & Crime Commissioner for Essex – 2021/22

	Net expenditure chargeable to the General Fund	Adjustments for capital purposes (EFA note 1)	Total Adjustments		Total adjustments	Net expenditure in the Comprehensive Income and Expenditure
			Net charge for pensions adjustments (EFA note 2)	Other differences (EFA note 3)		
	£000	£000	£000	£000	£000	£000
Police officer pay and allowances	-	-	-	-	-	-
PCSO pay and allowances	-	-	-	-	-	-
Police staff pay and allowances	1,919	-	349	(3)	346	2,265
Ill-health/medical pensions	-	-	-	-	-	-
Training	1,891	-	-	-	-	1,891
Other employee expenses	407	-	-	-	-	407
Premises	9,491	8,132	-	-	8,132	17,623
Transport	5,309	1,585	-	-	1,585	6,894
Supplies & services	37,765	4,252	-	-	4,252	42,017
Third party payments	7,739	-	-	-	-	7,739
Fees charges and other service income	(15,786)	-	-	-	-	(15,786)
Government grants and contributions	(26,661)	-	-	-	-	(26,661)
Cost of Service	22,074	13,968	349	(3)	14,314	36,388
Intra group adjustment for CC's net service cost	301,187	-	30,275	-	30,275	331,463
Net Cost of Services	323,261	13,968	30,624	(3)	44,589	367,851
Income from council tax	(134,610)	-	-	(1,832)	(1,832)	(136,442)
Non-specific government grant income	(195,691)	(251)	(30,275)	-	(30,526)	(226,216)
Other Income and Expenditure	576	(1,499)	41	-	(1,458)	(882)
(Surplus)/Deficit on Provision of Services	(6,463)	12,219	390	(1,835)	10,774	4,310

10. Notes to the Expenditure and Funding Analysis

Capital Adjustments - Group		2020/21	2021/22
		£000	£000
Adjustments for Capital Purposes (EFA Note 1)			
<i>Additional items included within the Comprehensive Income and Expenditure Statement</i>			
Depreciation and revaluations - property		(1,920)	8,132
Depreciation and revaluations - vehicles and vessels		1,638	1,585
Depreciation and revaluations - plant, equipment, I.T. and intangibles		4,306	4,252
Specific capital grants		(138)	0
Total adjustments included within the Net Cost of Services		3,887	13,969
<i>Remove items included within net expenditure chargeable to the General Fund balance</i>			
Minimum revenue provision		(500)	(588)
Revenue contribution to capital		(3,383)	0
<i>Add items included within the Comprehensive Income and Expenditure Statement</i>			
Net (gain)/loss on disposal of non-current assets		(1,360)	(911)
Non-specific capital grants		(251)	(251)
Total adjustments included within the (Surplus)/Deficit on the Provision of Services		(5,494)	(1,750)
Total adjustments		(1,607)	12,219

Statement of Accounts – Notes to the Financial Statements

Pensions Adjustments - Group		
	2020/21	2021/22
	£000	£000
<u>Adjustments for Pensions (EFA Note 2)</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	18,925	23,154
Total adjustments included within the Net Cost of Services	40,984	99,586
<i>Additional items included within the Comprehensive Income and Expenditure Statement</i>		
Costs recognised in respect of IAS 19 - officers	66,116	65,880
Costs recognised in respect of IAS 19 - staff	4,457	4,675
Police Officer Pension Grant	(33,767)	(30,275)
Total adjustments included within the (Surplus)/Deficit on the Provision of Services	36,806	40,280
Total adjustments	77,790	139,866
Other Adjustments - Group		
	2020/21	2021/22
	(Restated)	
	£000	£000
<u>Adjustments for other differences (EFA note 3)</u>		
<i>Additional items included within the Comprehensive Income and Expenditure Statement</i>		
Movement on accumulated absences liability - officers	1,909	(938)
Movement on accumulated absences liability - staff	1,373	(641)
Total adjustments included within the Net Cost of Services	3,282	(1,579)
<i>Additional items included within the Comprehensive Income and Expenditure Statement</i>		
Movement on Collection Fund Adjustment Account	1,177	(1,832)
Total adjustments included within the (Surplus)/Deficit on the Provision of Services	1,177	(1,832)
Total adjustments	4,459	(3,411)

Statement of Accounts – Notes to the Financial Statements

Capital Adjustments - PFCC		
	2020/21 £000	2021/22 £000
<u>Adjustments for Capital Purposes (EFA Note 1)</u>		
<i>Additional items included within the Comprehensive Income and Expenditure Statement</i>		
Depreciation and revaluations - property	(1,920)	8,132
Depreciation and revaluations - vehicles and vessels	1,638	1,585
Depreciation and revaluations - plant, equipment, I.T. and intangibles	4,306	4,252
Specific capital grants	(138)	0
Total adjustments included within the Net Cost of Services	3,887	13,969
<i>Remove items included within the Net expenditure chargeable to the General Fund Balance</i>		
Minimum revenue provision	(500)	(588)
Revenue contribution to capital	(3,383)	0
<i>Additional items included within the Comprehensive Income and Expenditure Statement</i>		
Net (gain)/loss on disposal of non-current assets	(1,360)	(911)
Non-specific capital grants	(251)	(251)
Total adjustments included within the (Surplus)/Deficit on the Provision of Services	(5,494)	(1,750)
Total adjustments	(1,607)	12,219
Pensions Adjustments - PFCC		
	2020/21 £000	2021/22 £000
<u>Adjustments for Pensions (EFA Note 2)</u>		
<i>Additional items included within the Comprehensive Income and Expenditure Statement</i>		
Costs recognised in respect of IAS 19	108	349
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	33,875	30,624
<i>Additional items included within the Comprehensive Income and Expenditure Statement</i>		
Costs recognised in respect of IAS 19	26	41
Police Officer Pension Grant	(33,767)	(30,275)
Total adjustments included within the (Surplus)/Deficit on the Provision of Services	(33,741)	(30,234)
Total adjustments	134	390
Other Adjustments - PFCC		
	2020/21 £000	2021/22 £000
<u>Adjustments for other differences (EFA note 3)</u>		
<i>Additional items included within the Comprehensive Income and Expenditure Statement</i>		
Movement on accumulated absences liability - staff	15	(3)
Total adjustments included within the Net Cost of Services	15	(3)
<i>Additional items included within the Comprehensive Income and Expenditure Statement</i>		
Movement on Collection Fund Adjustment Account	1,177	(1,832)
Total adjustments included within the (Surplus)/Deficit on the Provision of Services	1,177	(1,832)
Total adjustments	1,192	(1,835)

Statement of Accounts – Notes to the Financial Statements

11. Intra Group Adjustments

This note provides an explanation for an intra group adjustment within the respective accounts. These adjustments reflect the financial resources consumed by the Chief Constable on behalf of the PFCC. The corresponding recharge to the PFCC accounts includes a further adjustment to ensure the intra-group recharge is calculated on a funding basis rather than accounting regulations. This includes adjustments for IAS 19 pensions costs and movements in respect of compensated absences accruals. 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 deduction in 2020/21)
- **Plus** funding basis adjustment in respect of Accumulated Absences - £1.576m (£3.267m deduction in 2020/21)

In respect of outstanding intra group balances at the 31st March 2022, the PFCC recognised a creditor of £1.325m with the Chief Constable, representing employee-related commitments 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 PFCC's pay is set by an external organisation known as the Senior Salaries Review Body, which is overseen by the Home Secretary. 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 tables, 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 PFCC for Essex Group 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. The latter also impacts on the numbers in the PFCC for Essex table.

Statement of Accounts – Notes to the Financial Statements

PFCC for Essex Group

Remuneration Band	2020/21 (Restated)			2021/22		
	Police Officers	Police Staff	Total	Police Officers	Police Staff	Total
£50,000 - £54,999	-	31	31	-	34	34
£55,000 - £59,999	-	19	19	-	24	24
£60,000 - £64,999	-	7	7	-	8	8
£65,000 - £69,999	-	3	3	-	2	2
£70,000 - £74,999	-	3	3	-	5	5
£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
£105,999 - £109,999	-	1	1	-	1	1
Total for Group	7	74	81	10	84	94

PFCC for Essex

Remuneration Band	2020/21 Police Staff (Restated)	2021/22 Police Staff
£50,000 - £54,999	1	3
£55,000 - £59,999	1	-
£60,000 - £64,999	1	1
£65,000 - £69,999	1	1
£70,000 - £74,999	-	1
Total for PFCC	4	6

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. The remaining element of their costs are recharged to the six remaining forces. All figures include officers and staff seconded to other police forces, government departments and other public bodies.

Statement of Accounts – Notes to the Financial Statements

Senior Officer's Remuneration note

The following section sets out the remuneration of the Chief Officers as well as senior employees of the PFCC for Essex Group and the PFCC:-

Group – 2020/21

	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
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
Police, Fire & Crime Commissioner	89,700	-	-	-		89,700
Deputy Police, Fire & Crime Commissioner	64,284	-	-	12,150		76,434
Chief Executive - Police, Fire and Crime Commissioner	96,871	-	-	18,309		115,180
Head of Finance for the PFCC (note 9)	9,791	-	-	1,851		11,642
Total for Group	1,283,472	43,941	43,494	256,816		1,627,723

PFCC – 2020/21

	2020/21					Total Remuneration £
	Salary (note 1)	Benefits in Kind (note 2)	Allowances (note 3)	Employers Pension contributions (note 4)		
	£	£	£	£		
Police, Fire & Crime Commissioner	89,700	-	-	-		89,700
Deputy Police, Fire & Crime Commissioner	64,284	-	-	12,150		76,434
Chief Executive - Police, Fire and Crime Commissioner	96,871	-	-	18,309		115,180
Head of Finance for the PFCC (note 9)	9,791	-	-	1,851		11,642
Total for PFCC	260,646	-	-	32,310		292,956

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

Statement of Accounts – Notes to the Financial Statements

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

Group – 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	
Police, Fire & Crime Commissioner	89,700	-	-	-	89,700	
Deputy Police, Fire & Crime Commissioner	82,877	-	-	15,664	98,541	
Chief Executive - Police, Fire and Crime Commissioner	97,866	-	-	18,497	116,363	
Head of Finance for the PFCC (note 11)	51,369	-	-	9,708	61,077	
Chief Financial Officer for the PFCC (note 12)	3,270	-	-	619	3,889	
Total for Group	1,414,047	-	48,040	299,390	1,761,477	

Statement of Accounts – Notes to the Financial Statements

PFCC – 2021/22

	2021/22				Total
	Salary (note 1)	Benefits in Kind (note 2)	Allowances (note 3)	Employers Pension Contributions (note 4)	Remuneration
	£	£	£	£	£
Police, Fire & Crime Commissioner	89,700	-	-	-	89,700
Deputy Police, Fire & Crime Commissioner	82,877	-	-	15,664	98,541
Chief Executive - Police, Fire and Crime Commissioner	97,866	-	-	18,497	116,363
Head of Finance for the PFCC (note 11)	51,369	-	-	9,708	61,077
Chief Financial Officer for the PFCC (note 12)	3,270	-	-	619	3,889
Total for PFCC	325,082	-	-	44,488	369,570

- The salary figures show just salary costs (i.e. they do not include allowances)
- 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.
- Allowances, where applicable, include housing, rent and monthly car lease allowances
- Employer pension contributions are an employer cost and are not received by the employee
- 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
- 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
- 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
- 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
- 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
- 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
- The Head of Finance for the PFCC left the position on 15th March 2022 and the costs shown are up to this point. Had they been in post for the full duration of 2021/22 their salary would have been £53,694 plus allowances
- The role of S151, fulfilled by the Head of Finance for the PFCC until 15th March 2022, was subsequently incorporated into the responsibilities of the Chief Financial Officer for the PFCC. The costs shown are from 16th March 2022. Had they been fulfilling this role for the entirety of 2021/22 their salary would have been £74,586 plus allowances

Statement of Accounts – Notes to the Financial Statements

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 (Police Staff)

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.

PFCC for Essex Group - 2020/21

Exit package cost band	2020/21 Number of Exit Packages			Cost of Exit Packages		Total £
	Compulsory Redundancies	Other Departures Agreed	Total Number of Exit Packages	Severance	Pension Strain	
				£	£	
£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

PFCC for Essex Group - 2021/22

Exit package cost band	2021/22 Number of Exit Packages			Cost of Exit Packages		Total £
	Compulsory Redundancies	Other Departures Agreed	Total Number of Exit Packages	Severance	Pension Strain	
				£	£	
£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

Statement of Accounts – Notes to the Financial Statements

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 possible future 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 CIES is £0.034m (£0.263m in 2020/21).

For the PFCC there were no employee contracts terminated in 2021/22 (nil in 2020/21), therefore no severance payment or enhancement of pension strain liabilities were incurred.

14. External Audit Costs

	2020/21 £000 PFCC	2020/21 £000 Group	2021/22 £000 PFCC	2021/22 £000 Group
External Audit Costs				
<u>Fees payable</u>				
- with regard to agreed audit fee plan for the designated financial year, in respect of external audit services carried out by the appointed auditor	47	59	47	59
Total	47	59	47	59

Statement of Accounts – Notes to the Financial Statements

15. Grant Income

The PFCC credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement.

	2020/21 £000	2021/22 £000
Credited to Taxation and Non Specific Grant Income		
Police Grant	(111,680)	(119,328)
Formula Funding	(60,060)	(63,237)
Council Tax Precepts	(128,693)	(136,442)
Council Tax Support Grant	(10,992)	(10,992)
Council Tax Freeze Grant	(2,133)	(2,133)
Pension Top Up Grant	(33,767)	(30,275)
Capital Grants	(251)	(251)
Total	(348,753)	(362,658)
Credited to Provision of Police Services		
ERSOU Grants	(5,251)	(3,986)
Home Office Grants		
Police Pension Grant	(2,892)	(2,892)
Police Uplift Programme (PUP) Grant	(3,776)	(2,248)
COVID PPE Reimbursement	(1,415)	-
COVID PPE Income Loss Recovery Scheme	(1,164)	-
COVID Surge Funding	(1,304)	-
Operation Melrose Funding	(1,913)	-
Local Partnership Funding	(1,959)	(1,711)
PFCC Grants & Commissioning Partnership Funding	(6,048)	(7,449)
Council Tax Related Grants	-	(2,268)
Support to Specific Police Operations	-	(2,348)
Proceeds of Crime Act Grant	(319)	(733)
Other Grants	(5,104)	(3,027)
Total	(31,145)	(26,661)

The Police Uplift Programme (PUP) grant reflects the element of ring-fenced funding in the year that must be claimed. In the subsequent year the whole grant is added to the Home Office core grant, therefore the reduction in grant income shown in the table above does not reflect a reduction in funding.

Funding for 2020/21 to support specific police operations was not categorised separately in last year's Statement of Accounts and is included within the 'Other Grants' line of the table above.

There were no specific COVID related grants during 2021/22.

Statement of Accounts – Notes to the Financial Statements

16. Impairment of Assets

Paragraph 4.7.4.2(1) of the Code requires disclosure by class of assets of the amounts for impairment losses and impairment reversals charged to the Surplus or Deficit on the Provision of Services and to Other Comprehensive Income and Expenditure.

A review of property assets which were not formally revalued in 2021/22 was undertaken in conjunction with the PFCC's valuers. The review of asset valuations comprised an assessment of the PFCC's property portfolio and general movement in property values. This concluded that there are no grounds to substantiate any material change in values on non-properties. It also concluded that it would be reasonable to not make any specific annual adjustment for market condition in relation to police house property.

Impairment losses were also charged in 2021/22 where capital expenditure on completed minor improvements works to property assets was not considered to have made any material change to the assets' value. Impairment disclosures are consolidated in notes 18 and 19 reconciling the movement over the year in the Property, Plant and Equipment and Intangible Asset balances.

17. Leases

The PFCC has a number of non-cancellable property leases that are accounted for as operating leases. The future minimum lease payments due in future years are:

The total of future minimum sub-lease payments expected to be received under non-cancellable sub-leases at the 31st March 2022 is a total of £0.314m (£0.365m at 31st March 2021). These figures include a number of non-cancellable leases in respect of radio masts on police buildings.

	2020/21	2021/22
	£000	£000
Not later than one year	113	112
Later than one year and not later than five years	453	428
Later than five years (per annum)	110	27
Total	676	567

Expenditure charged into the Comprehensive Income and Expenditure Statement during 2021/22 are:

- £0.347m minimum lease payments
- £0.235m contingent rents
- (£0.053m) sub-lease receivables

Please refer to Note 3 in respect of the anticipated impact to the PFCC's accounts of the proposed changes in the IFRS 16 accounting standard, which is due to take effect from April 2024.

Statement of Accounts – Notes to the Financial Statements

18. Property, Plant and Equipment

The following two tables show the movements for 2020/21

Operational land and buildings are valued at current value in existing use. All other assets are valued at fair value.

	Land and Buildings	Plant and Equipment	Vehicles	Surplus Assets	Assets Under Construction	Total Property Plant and Equipment
	£000	£000	£000	£000	£000	£000
Cost or Valuation						
At 1st April 2020	68,751	27,159	13,374	8,286	997	118,567
Additions	118	5,185	2,096	440	4,190	12,029
Revaluation increases/(decreases) recognised in the Revaluation Reserve	1,480	-	-	655	-	2,135
Revaluation increases/(decreases) recognised in the Impairment (losses)/reversals recognised in the	966	-	-	994	-	1,960
Derecognition - Disposals	-	(3,582)	(888)	(3,815)	-	(8,285)
Derecognition - Other	-	-	-	-	-	-
Assets reclassified (to)/from						
- Within PPE	(990)	-	-	990	-	-
- Held for Sale	(620)	-	-	(1,775)	-	(2,395)
- Intangibles	-	-	-	-	-	-
Other movements	-	-	-	-	-	-
At 31st March 2021	69,705	28,762	14,582	5,775	5,187	124,011
Accumulated Depreciation and Impairment						
At 1st April 2020	(1,313)	(16,944)	(8,066)	(4,058)	-	(30,381)
Depreciation Charge	(1,160)	(3,682)	(1,603)	(70)	-	(6,515)
Depreciation written out to the Revaluation Reserve	235	-	-	140	-	375
Depreciation written out to the Surplus/Deficit on the Provision of Services	948	-	-	203	-	1,151
Derecognition - Disposals	-	3,466	686	3,807	-	7,959
Derecognition - Other	-	-	-	-	-	-
Assets reclassified (to)/from						
- Within PPE	70	-	-	(70)	-	-
- Held for Sale	25	-	-	33	-	58
At 31st March 2021	(1,195)	(17,160)	(8,983)	(15)	-	(27,353)
Net Book Value						
At 31st March 2020	67,438	10,215	5,308	4,228	997	88,186
At 31st March 2021	68,510	11,602	5,599	5,760	5,187	96,658

Statement of Accounts – Notes to the Financial Statements

The following two tables show the movements for 2021/22 as at 31st March 2022.

Operational land and buildings are valued at current value in existing use. All other assets are valued at fair value

	Land and Buildings	Plant and Equipment	Vehicles	Surplus Assets	Assets Under Construction	Total Property Plant and Equipment
	£000	£000	£000	£000	£000	£000
Cost or Valuation						
At 1st April 2021	69,705	28,762	14,582	5,775	5,187	124,011
Additions	5,724	2,821	1,359	-	1,963	11,867
Revaluation increases/(decreases) recognised in the Revaluation Reserve	12,942	-	-	370	-	13,312
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(7,400)	-	-	90	-	(7,310)
Derecognition - Disposals	-	(3,981)	(1,268)	-	-	(5,249)
Assets reclassified (to)/from						
- Within PPE	2,054	-	-	-	(4,916)	(2,862)
- Held for Sale	-	-	-	-	-	-
At 31st March 2022	83,025	27,602	14,673	6,235	2,234	133,769
Accumulated Depreciation and Impairment						
At 1st April 2021	(1,196)	(17,160)	(8,984)	(15)	-	(27,355)
Depreciation Charge	(1,174)	(3,934)	(1,545)	(83)	-	(6,736)
Depreciation written out to the Revaluation Reserve	1,034	-	-	-	-	1,034
Depreciation written out to the Surplus/Deficit on the Provision of Services	658	-	-	98	-	756
Derecognition - Disposals	-	3,882	970	-	-	4,852
Derecognition - Other	(154)	-	-	-	-	(154)
Assets reclassified (to)/from						
- Within PPE	287	-	-	-	-	287
- Held for Sale	-	-	-	-	-	-
At 31st March 2022	(545)	(17,212)	(9,559)	-	-	(27,316)
Net Book Value						
At 31st March 2021	68,510	11,602	5,599	5,760	5,187	96,658
At 31st March 2022	82,480	10,390	5,114	6,235	2,234	106,454

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The PFCC has a programme of regularly revaluing its land and property assets in accordance with the Code.

A total of 74 of the PFCC's existing land and building assets were revalued as at 28th February 2022 by external professionally qualified valuers, Guy Harbord MA MRICS IRRV (Hons) of Wilks, Head an Eve. This included those disclosed within the Assets Held for Sale disclosure (note 25). Valuations were completed in accordance with the Code. As required by the Code and the PFCC's accounting policy, significant components were separately valued in relation to selected property assets.

As part of the collaborative arrangements between Essex Police, Kent Police and their collaborative partners in the Seven Force Consortium (7F) a number of assets have been jointly purchased specifically for joint/collaborative operations. The following table sets out jointly controlled assets that were held at 31st March 2022 and which are included in the above PPE note.

Jointly Controlled Assets with Kent Police and Seven Forces Programme	Percentage Contributed by Essex Police %	Total value of Joint Assets at 31st March 2022 £000
CSI - Software Application	50	22
DNA Clean Room	50	90
Laser for Forensics	50	18
Network Infrastructure Upgrade	50	182
SCD - Specialist Equipment	50	284
SCD - Fingerprint Cabinet	50	14
Single Desktop Programme	50	87
Storm Gazetter	50	20
Video Conferencing	50	-
Visual Media Evidence	50	230
Emergency Services Mobile Communications Programme	50	82
SCD - Software	50	14
Perimeter Monitoring	50	50
Eastern Region Special Operations Unit (ERSOU) - Building Purchase	13	1,251
ERSOU - Specialist Equipment	50	39
SCD - Forensics Management Software	50	18
SCD - Specialist Equipment #2	50	59
SCD - Back Record Conversion	50	84
Eastern Region Special Operations Unit (ERSOU) - Building Purchase #2	14.1	7,545
SAP Technical Refresh - Shared Platform	50.0	190
Driver Management Module	21.2	292
Oracle Database Application	50.0	332
Total		10,903

Fair Value Disclosures for Surplus Assets

Details of the PFCC's surplus property assets as at 31st March 2022 are as follows:

Recurring Fair Value Measurement Using:	Quoted Prices in Active Markets for Identical Assets (Level 1)	Other Significant Observable inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value as at 31 st March 2022
	£000	£000	£000	£000
Surplus Operational Buildings	-	4,027	-	4,027
Surplus Land	-	2,209	-	2,209
Total	-	6,236	-	6,236

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19. Intangible Assets

The PFCC accounts for his software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets include both purchased licenses and software developed for the PFCC by third parties. All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the PFCC. The useful lives assigned to the major software suites used by the PFCC of five years are: Athena, SAP System Licences, Emergency Services Mobile Communications Programme (ESMCP), Integrated Communication Control System (ICCS) Replacement, SCD Replacement Software and Infrastructure Modernisation Programme.

The carrying amount of intangible assets is amortised on a straight-line basis. The movement on intangible asset balances during the year is as follows:

	2020/21 Purchased Software Licences £000	2021/22 Purchased Software Licences £000
Gross book value at start of year	10,379	9,984
Movement in year		
Additions	132	303
Disposals and deletions	(527)	(1,835)
Gross book value at end of the year	9,984	8,452
Accumulated amortisation at start of year	(8,909)	(9,088)
Movement in year		
Amortisation on disposals and deletions	480	1,835
Amortisation for the year	(659)	(355)
Accumulated amortisation at end of the year	(9,088)	(7,608)
Net book value at end of the year	896	843

Carrying Amount (Major Software Suites only)

	31 st March 2021 £000	31 st March 2022 £000	Remaining Amortisation Period at 31 st March 2022
SAP Systems Licences	-	165	48 months
ESMCP ICCS Replacement	171	112	5 months
SCD Replacement Software	91	60	12 months
Infrastructure Modernisation Programm	121	47	36 months
Athena Phase 2	45	34	24 months

Statement of Accounts – Notes to the Financial Statements

20. Capital Expenditure and Financing

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of capital expenditure incurred by the PFCC that has yet to be financed. This CFR balance reduces as the related assets are used by the PFCC and minimum revenue provision is allocated to the revenue account. The movement in the CFR is analysed in the second part of this note.

	2020/21 £000	2021/22 £000
Opening Capital Financing Requirement	6,065	9,097
Capital Investment		
Property, plant and equipment	12,029	11,867
Intangible assets	132	303
Total Capital Investment	12,161	12,170
Sources of Finance		
Capital receipts	(4,857)	(4,305)
Government grants and contributions	(389)	(251)
Revenue funding (incl. use of internal funds)	(3,383)	0
Total Sources of Finance	(8,629)	(4,556)
Minimum revenue provision	(500)	(588)
Closing Capital Financing Requirement	9,097	16,123
Explanation of movements in year		
Net increase/(decrease) in underlying need to borrow (unsupported by government financial assistance)	3,032	7,026
Increase/(decrease) in Capital Financing Requirement	3,032	7,026

The minimum revenue provision of £0.588m is offsetting the CFR brought forward. A reconciliation to the Balance Sheet in respect of the year-end CFR, is presented in the table below.

	2020/21 £000	2021/22 £000
Closing Capital Financing Requirement (as per above table)	9,097	16,123
Balance Sheet		
Property, plant and equipment	96,657	106,454
Intangible assets	896	843
Assets held for sale	3,556	2,173
Net assets	101,109	109,470
Revaluation reserve	(10,939)	(24,085)
Capital adjustment account	(81,073)	(69,262)
Unusable reserves	(92,012)	(93,347)
Closing Capital Financing Requirement (as per Balance Sheet)	9,097	16,123

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The estimated value of significant commitments under capital contracts totalled £0.421m at 31st March 2022 (£1.2m at 31st March 2021). The significant reduction is primarily due to refurbishment works at Chelmsford Police Station nearing completion in 2021/22.

21. Inventories

	Vehicle Parts		Uniform		CS Spray Prisoner Supplies General Stock PPE Stock		Total	
	2020/21 £000	2021/22 £000	2020/21 £000	2021/22 £000	2020/21 £000	2021/22 £000	2020/21 £000	2021/22 £000
Opening Balance	173	333	723	880	42	111	938	1,323
Purchases	1,357	1,566	642	748	4	2	2,002	2,316
Recognised as an expense in the year	(1,197)	(1,518)	(485)	(796)	(8)	(1)	(1,690)	(2,315)
Donated PPE Stock	0	0	0	0	73	0	73	0
Closing Balance	333	381	880	832	111	112	1,323	1,324

22. Debtors

Long term debtors

The long-term debtors figure of £0.026m (2020/21 £0.029m) represents pay advances made in previous years to new police officers, which are recoverable at the end of the officers' service with Essex Police. These advances are no longer made and the balance will therefore reduce over time as officers retire or transfer to other police forces.

Short term debtors

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

	2020/21 £000	2020/21 £000	2021/22 £000	2021/22 £000
	PFCC	Group	PFCC	Group
Trade receivables	5,808	5,808	4,405	4,405
Payments in advance	5,826	5,826	6,067	6,067
Income accruals	17,837	17,837	17,874	17,874
Council Tax-related	7,438	7,438	8,080	8,080
VAT-related	1,182	1,182	3,177	3,177
Other debtors	17	17	-	-
	38,108	38,108	39,603	39,603
Less loss allowance for doubtful debts	(156)	(156)	(117)	(117)
Closing Balance	37,952	37,952	39,486	39,486

The group debtors position in the above table excludes intra-group balances held by the Chief Constable at year-end, relating to employee liabilities rechargeable to the PFCC.

Statement of Accounts – Notes to the Financial Statements

23. Short-Term Investments

The table below shows the PFCC's year-end short-term investments, which typically have a fixed maturity date which is no longer than twelve months from the end of the accounting period. Please refer to the Financial Instruments section in note 37 for further details.

Short-Term Investments	2020/21	2021/22
	£000	£000
Central government bodies	6,500	9,999
Total	6,500	9,999

24. Cash and Cash Equivalents

Cash and Cash Equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These funds are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. The balance is made up of the following elements:

	2020/21	2021/22
	£000	£000
<u>Current Assets</u>		
Liquid investments	7,069	4,046
Operational bank accounts	(1,809)	119
Petty cash advances	53	53
Closing Balance	5,312	4,218

For 2021/22 year-end £4.015m of third party balances have been omitted from the Cash and Cash Equivalents total. The previous year comparable amount omitted was £4.191m. In respect of 2020/21, the operational bank accounts balance of (£1.890m) includes the cashbook impact of a (£2.635m) payment run actioned on the 30th March 2021, which was not physically debited from the bank account until the 1st April 2021. The actual operational bank balance held with Lloyds at 31st March 2021 was £0.818m. Because this deficit was only short-term and would be netted against other liquid assets if required to discharge a liability at short notice, this negative bank position has been retained within debtors on the Balance Sheet, rather than creditors.

25. Assets Held for Sale

	2020/21	2021/22
	£000	£000
<u>Opening Balance</u>	3,298	3,556
Assets newly classified as held for sale:		
Property, Plant and Equipment	595	-
Surplus Assets	1,740	3,011
Revaluation gains/(losses):		
Revaluation Reserve	(84)	137
Comprehensive Income and Expenditure Statemen	41	(1,848)
Asset disposals	(2,034)	(2,684)
Closing Balance	3,556	2,173

Statement of Accounts – Notes to the Financial Statements

Assets qualify as being held for sale where they meet all of the following criteria:

- available for immediate sale
- a sale is highly probable
- the asset is being actively marketed
- completion of the sale is expected within one year of the date of classification.

At 31st March 2022, five assets met the above criteria (31st March 2021, eight properties).

26. Creditors

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

	2020/21	2020/21	2021/22	2021/22
	£000	£000	£000	£000
	PFCC	Group	PFCC	Group
Trade payables	(11,421)	(11,421)	(15,890)	(15,890)
Expenditure accruals	(9,026)	(9,026)	(8,460)	(8,460)
Receipts in advance	(372)	(372)	(192)	(192)
Council Tax-related	(7,264)	(7,264)	(6,074)	(6,074)
Compensated absences	(30)	(6,197)	(27)	(4,618)
Other employee-related	(511)	(1,403)	(1,219)	(1,219)
Other creditors	(2,811)	(1,920)	(1,724)	(1,724)
Closing Balance	(31,435)	(37,603)	(33,586)	(38,177)

The group creditors position in the above table excludes intra-group balances held by the PFCC at year-end, relating to employee liabilities rechargeable from the Chief Constable.

For 2021/22 year-end £4.015m of third party balances have been omitted from the Creditors total. The previous year comparable amount omitted was £4.191m.

27. Provisions

The PFCC maintained three provisions during 2021/22 as follows:

a) Insurance Provision:-

	2020/21	2021/22
	£000	£000
Opening Balance	(2,583)	(3,032)
Additional provisions made in-year	(1,178)	(697)
Amounts used in-year	729	1,005
Closing Balance	(3,032)	(2,724)

The PFCC has made a provision of £2.724m for the settlement of outstanding insurance claims that fail to be met under the 'excess' clauses of the PFCC's Insurance Policies. It is not certain that all valid claims have yet been received by the PFCC. Estimates of outstanding claims payments depends on a number of factors and

Statement of Accounts – Notes to the Financial Statements

assumptions around future claims development. An actuarial review of the appropriateness of the provision is undertaken annually by insurance consultants. 2021/22 saw a decrease in actual in-year claims expenditure of £0.479m but based on an offsetting increase in respect of the estimated value of outstanding claims in progress at the end of the financial year, the overall provision value decrease for the year equated to £0.308m. This comprised a combination of employer, public and motor liability claims.

Following an assessment of the values within the provision at the Balance Sheet date the Insurance Provision value has been classified as short-term, rather than the previous classification of long-term. No restatement has been actioned in respect of the 2020/21 year-end balance.

b) Legal Claims Provision (see Note 7 for further details):-

	2020/21	2021/22
	£000	£000
Opening Balance	(721)	-
Additional provisions made in-year	-	-
Amounts used in-year	48	-
Reverse unused provisions	673	-
Closing Balance	-	-

c) Severance Provision (see Note 13 for further details):-

	2020/21	2021/22
	£000	£000
Opening Balance	(11)	(140)
Additional provisions made in-year	(140)	(35)
Amounts used in-year	11	50
Reverse unused provisions	-	90
Closing Balance	(140)	(35)

28. Capital Grants - Receipts in Advance

The PFCC receives a number of capital grants and contributions that can only be recognised as income when the applicable conditions attached to them are fully met, and there is confirmation that the monies will not need to be returned to the contributor. The balances at the year-end are shown in the table below:

	2020/21	2021/22
	£000	£000
Opening Balance	-	-
Received in year	(251)	(251)
Applied for financing	251	251
Closing Balance	-	-

Statement of Accounts – Notes to the Financial Statements

29. Cashflow – Operating Activities

The cashflows for operating activities included the following items:

	2020/21	2020/21	2021/22	2021/22
	£000	£000	£000	£000
	PFCC	Group	PFCC	Group
Interest received	17	17	12	12
Total	17	17	12	12

The Surplus/Deficit on the Provision of Services has been adjusted for the following non-cash movements:

	2020/21	2020/21	2021/22	2021/22
	£000	£000	£000	£000
	PFCC	Group	PFCC	Group
Depreciation	(6,515)	(6,515)	(6,738)	(6,738)
Impairment and valuation changes	3,150	3,150	(6,875)	(6,875)
Amortisation	(659)	(659)	(356)	(356)
(Increase)/decrease in impairment for bad debts	-	-	39	39
(Increase)/decrease in creditors	(382)	(3,650)	(2,150)	(574)
Increase/(decrease) in debtors	3,242	3,242	1,496	1,496
Increase/(decrease) in inventories	385	385	-	-
Movement in pension liability	(135)	(77,790)	(390)	(139,866)
Carrying amount of non-current assets (including assets held for sale) sold/derecognised	(2,409)	(2,409)	(4,321)	(4,321)
Other non-cash items charged to the net Surplus/Deficit on the Provision of Services	143	143	413	413
Total	(3,180)	(84,103)	(18,882)	(156,782)

The Surplus/Deficit on the Provision of Services has been adjusted for the following items that are investing and financing activities (and which are also included in notes 30 and 31 where applicable):

	2020/21	2020/21	2021/22	2021/22
	£000	£000	£000	£000
	PFCC	Group	PFCC	Group
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	3,769	3,769	5,232	5,232
Any other items for which the cash effects are investing or financing cash flows	388	388	251	251
Total	4,157	4,157	5,483	5,483

Statement of Accounts – Notes to the Financial Statements

30. Cashflow - Investing Activities

	2020/21	2020/21	2021/22	2021/22
	£000	£000	£000	£000
	PFCC	Group	PFCC	Group
Purchase of property, plant and equipment, investment property and intangible assets	12,161	12,161	12,170	12,170
Purchase of short-term and long-term investments	1,000	1,000	3,499	3,499
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(3,769)	(3,769)	(5,232)	(5,232)
Other receipts from investing activities	(384)	(384)	(254)	(254)
Total	9,008	9,008	10,183	10,183

31. Cashflow – Financing Activities

There were no items in either 2020/21 or 2021/22 which met the classification of financing activities to be adjusted for cashflow purposes.

32. Adjustments between Accounting Basis and Funding Basis under Regulations

The following tables identify the adjustments that have been made to the total comprehensive income and expenditure recognised by the PFCC Group in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the PFCC Group to meet future capital and revenue expenditure.

PFCC Group - 2020/21	General Reserve	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Revaluation Reserve	Capital Adjustment Account	IAS19 Pensions Reserve-Police Officers	IAS19 Pensions Reserve-Police Staff	Collection Fund Adjustment Account	Accumulating Absences Account	Total Unusable Reserves	Total all Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Adjustments involving the Capital Adjustment Account												
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement</u>												
Charges for depreciation and impairment of non current assets	(3,365)			(3,365)		3,365					3,365	-
Amortisation of intangible assets	(659)			(659)		659					659	-
Revaluation losses on Property, Plant & Equipment												-
Write out net asset value debited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(2,409)			(2,409)		2,409					2,409	-
Net write off of revaluation gains in respect of asset disposals in year				-	1,903	(1,903)					-	-
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement</u>												
Statutory provision for the financing of capital investment	500			500		(500)					(500)	-
Capital Expenditure charged against the General Reserve	3,383			3,383		(3,383)					(3,383)	-
Adjustments involving the Capital Grants Unapplied Account												
Capital grants and contributions credited to Comprehensive Income and Expenditure Statement that have been applied to usable reserves	388		(388)	-							-	-
Use of the Capital Grants Unapplied Account to finance new capital expenditure			388	388		(388)					(388)	-
Adjustments involving the Capital Receipts Reserve												
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	3,769	(3,769)		-							-	-
Use of the Capital Receipts Reserve to finance new capital expenditure		4,857		4,857		(4,857)					(4,857)	-
Adjustments involving the IAS19 Pensions Reserve												
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(163,475)			(163,475)			127,514	35,961			163,475	-
Employers' pension contributions and direct payments to pensioners payable in the year	85,687			85,687			(73,107)	(12,580)			(85,687)	-
Adjustments involving the Collection Fund Adjustment Account												
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(1,177)			(1,177)					1,177		1,177	-
Adjustments involving the Accumulating Absences Account												
Amounts by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different to remuneration chargeable for the year in accordance with statutory requirements	(3,282)			(3,282)						3,282	3,282	-
Total	(80,640)	1,088	-	(79,552)	1,903	(4,598)	54,407	23,381	1,177	3,282	79,552	-

PFCC - 2020/21	General Reserve	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Revaluation Reserve	Capital Adjustment Account	IAS19 Pensions Reserve-Police Officers	IAS19 Pensions Reserve-Police Staff	Collection Fund Adjustment Account	Accumulating Absences Account	Total Unusable Reserves	Total all Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Adjustments involving the Capital Adjustment Account												
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement</u>												
Charges for depreciation and impairment of non current assets	(3,365)			(3,365)		3,365					3,365	-
Amortisation of intangible assets	(659)			(659)		659					659	-
Write out net asset value debited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(2,409)			(2,409)		2,409					2,409	-
Net write off of revaluation gains in respect of asset disposals in year	-			-	1,903	(1,903)					-	-
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement</u>												
Statutory provision for the financing of capital investment	500			500		(500)					(500)	-
Capital Expenditure charged against the General Reserve	3,383			3,383		(3,383)					(3,383)	-
Adjustments involving the Capital Grants Unapplied Account												
Capital grants and contributions credited to Comprehensive Income and Expenditure Statement that have been applied to usable reserves	388		(388)	-							-	-
Use of the Capital Grants Unapplied Account to finance new capital expenditure			388	388		(388)					(388)	-
Adjustments involving the Capital Receipts Reserve												
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	3,769	(3,769)		-							-	-
Use of the Capital Receipts Reserve to finance new capital expenditure		4,857		4,857		(4,857)					(4,857)	-
Adjustments involving the IAS19 Pensions Reserve												
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(297)			(297)			297				297	-
Employers' pension contributions and direct payments to pensioners payable in the year	163			163			(163)				(163)	-
Adjustments involving the Collection Fund Adjustment Account												
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(1,177)			(1,177)					1,177		1,177	-
Adjustments involving the Accumulating Absences Account												
Amounts by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different to remuneration chargeable for the year in accordance with statutory requirements	(15)			(15)						15	15	-
Total	281	1,088	-	1,369	1,903	(4,598)	-	134	1,177	15	(1,369)	-

PFCC Group - 2021/22	General Reserve	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Revaluation Reserve	Capital Adjustment Account	IAS19 Pensions Reserve - Police Officers	IAS19 Pensions Reserve - Police Staff	Collection Fund Adjustment Account	Accumulating Absences Account	Total Unusable Reserves	Total all Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Adjustments involving the Capital Adjustment Account												
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement</u>												
Charges for depreciation of non current assets	(6,738)			(6,738)		6,738					6,738	-
Amortisation of intangible assets	(356)			(356)		356					356	-
Revaluations and impairments for Property, Plant & Equipment	(6,874)			(6,874)		6,874					6,874	-
Write out net asset value debited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(4,321)			(4,321)		4,321					4,321	-
Net write off of revaluation gains in respect of asset disposals in year				-	1,334	(1,334)					-	-
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement</u>												
Statutory provision for the financing of capital investment	588			588		(588)					(588)	-
Capital Expenditure charged against the General Reserve	-			-		-					-	-
Adjustments involving the Capital Grants Unapplied Account												
Capital grants and contributions credited to Comprehensive Income and Expenditure Statement that have been	251		(251)	-							-	-
Prior year income removed from reserve and transferred to Capital Grant Creditor				-							-	-
Use of the Capital Grants Unapplied Account to finance new capital expenditure			251	251		(251)					(251)	-
Adjustments involving the Capital Receipts Reserve												
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and	5,232	(5,232)		-							-	-
Release of deferred capital receipts				-							-	-
Use of the Capital Receipts Reserve to finance new capital expenditure		4,305		4,305		(4,305)					(4,305)	-
Adjustments involving the IAS19 Pensions Reserve												
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and	(223,327)			(223,327)			182,081	41,246			223,327	-
Employers' pension contributions and direct payments to pensioners payable in the year	83,461			83,461			(70,044)	(13,417)			(83,461)	-
Adjustments involving the Collection Fund Adjustment Account												
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	1,832			1,832					(1,832)		(1,832)	-
Adjustments involving the Accumulating Absences Account												
Amounts by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different to remuneration chargeable for the year in accordance with statutory requirements	1,579			1,579						(1,579)	(1,579)	-
Total	(148,673)	(927)	-	(149,600)	1,334	11,811	112,037	27,829	(1,832)	(1,579)	149,600	-

PFCC - 2021/22	General Reserve	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Revaluation Reserve	Capital Adjustment Account	IAS19 Pensions Reserve- Police Officers	IAS19 Pensions Reserve- Police Staff	Collection Fund Adjustment Account	Accumulating Absences Account	Total Unusable Reserves	Total all Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Adjustments involving the Capital Adjustment Account												
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement</u>												
Charges for depreciation of non current assets	(6,738)			(6,738)		6,738					6,738	-
Amortisation of intangible assets	(356)			(356)		356					356	-
Revaluation losses on Property, Plant & Equipment	(6,874)			(6,874)		6,874					6,874	-
Write out net asset value debited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(4,321)			(4,321)		4,321					4,321	-
Net write off of revaluation gains in respect of asset disposals in year	-			-	1,334	(1,334)					-	-
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement</u>												
Statutory provision for the financing of capital investment	588			588		(588)					(588)	-
Adjustments involving the Capital Grants Unapplied Account												
Capital grants and contributions credited to Comprehensive Income and Expenditure Statement that have been applied to usable reserves	251		(251)	-							-	-
Use of the Capital Grants Unapplied Account to finance new capital expenditure			251	251		(251)					(251)	-
Adjustments involving the Capital Receipts Reserve												
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	5,232	(5,232)		-							-	-
Use of the Capital Receipts Reserve to finance new capital expenditure		4,305		4,305		(4,305)					(4,305)	-
Adjustments involving the IAS19 Pensions Reserve												
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(571)			(571)				571			571	-
Employers' pension contributions and direct payments to pensioners payable in the year	181			181				(181)			(181)	-
Adjustments involving the Collection Fund Adjustment Account												
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	1,832			1,832					(1,832)		(1,832)	-
Adjustments involving the Accumulating Absences Account												
Amounts by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different to remuneration chargeable for the year in accordance with statutory requirements	3			3						(3)	(3)	-
Total	(10,773)	(927)	-	(11,700)	1,334	11,811	-	390	(1,832)	(3)	11,700	-

Statement of Accounts – Notes to the Financial Statements

33. Purpose of Earmarked Reserves

The following notes explain the purpose of the earmarked reserves on which there was a movement during or a balance at the end of 2021/22:-

- 1) The PFCC Carry Forward Reserve represents amounts carried forward from the financial year just ended to the new financial year to meet specific financial commitments, as directly requested/approved by the Police, Fire and Crime Commissioner.
- 2) The Chief Constable's Carry Forward Reserve represents amounts carried forward from the financial year just ended to the new financial year to meet specific financial commitments, as directly requested by the Chief Constable, and approved by the Police, Fire and Crime Commissioner.
- 3) The Forfeiture Monies Reserve holds funds transferred to the PFCC from the Misuse of Drugs Act Seizures Fund. These funds are subsequently transferred from the reserve into the Comprehensive Income & Expenditure Statement in order to fund the costs of operations mounted to tackle drug related crime and drug abuse.
- 4) The Transformation Reserve (formerly referred to as Investment in Estates and IT Strategies) was created in 2015/16 and helps to fund the one off costs of implementing the Estates and IT Strategies.
- 5) The Operation Dagenham Maintenance Reserve (formerly known as The Leased Property Dilapidation & Maintenance Reserve) funds the cost of minor repairs to a multi-occupancy building jointly owned by the Seven Force Consortium (7F). The reserve represents the Essex Police share of this maintenance reserve.
- 6) The Proceeds of Crime Act (POCA) Reserve holds receipts received through the Asset Recovery Incentive Scheme, to fund crime reduction-related expenditure.
- 7) The Redundancy and Relocation Reserve was created in 2014/15 and supports the cost associated with strategic change programmes.
- 8) The Major Operational Reserve was created in 2016/17 to fund in-year shortfalls on major incidents that are not reimbursed by the Home Office. Generally additional expenditure above 1% of the force's annual budget is reimbursed by the Home Office.
- 9) The Legal Claims Reserve was originally created in 2016/17 to fund one-off costs of future legal claims. This includes expected costs of on-going pensions-related legal cases where potential liabilities to the PFCC remain uncertain in terms of timing and value.
- 10) The Operational Transformation Reserve was created in 2018/19 to fund one-off investments that will enable the enhancement and transformation of our future capability, capacity and effectiveness in delivering our ambitions.
- 11) The Special Constabulary Reserve was set up in 2018/19 to support the expenditure required to increase the number of Specials Constables.
- 12) The Policing Education Qualification Framework (PEQF) is a framework for the education of police officers and police staff. This reserve was created in 2019/20 to fund one-off costs for the introduction of this training programme.
- 13) The Data Analytics reserve was created in 2019/20 to support the cost of introducing a new data analytics tool.
- 14) The COVID Roadmap Violence Reduction Reserve was set up in 2020/21 for the purpose of Operation Sunshade, which aims to address violent crime reduction surrounding the easing of lockdown measures. The remaining balance is to be returned to the General Reserve as planned within the Medium Term Financial Strategy for 2022/23.
- 15) The Restricted Grant Reserve is used for unspent balances of grants received for specific purposes which have yet to be fully utilised.
- 16) The Future Capital Funding Reserve is used as an enabling facility to finance future capital expenditure arising in both new and existing projects.

Statement of Accounts – Notes to the Financial Statements

34. Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Reserve in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet revenue expenditure commitments in 2021/22. See note 33 for details of the purpose of earmarked reserves.

	Balance at 31 st March 2020 £000	Transfers Out 2020/21 £000	Transfers In 2020/21 £000	Balance at 31 st March 2021 £000	Transfers Out 2021/22 £000	Transfers In 2021/22 £000	Balance at 31 st March 2022 £000
Earmarked Reserves							
PFCC Carry Forward Reserve (1)	267	(267)	1,089	1,089	-	2,085	3,174
Chief Constable's Carry Forward Reserve (2)	500	-	500	1,000	(435)	185	750
Forfeiture Monies Reserve (3)	125	(37)	177	265	-	161	426
Transformation Reserve (4)	453	(51)	1,362	1,764	(968)	314	1,110
Leased Property Dilapidations Reserve	-	-	-	-	-	-	-
Operation Dagenham Maintenance Reserve (5)	-	-	110	110	(32)	14	92
POCA Reserve (6)	2,739	(758)	153	2,134	(640)	553	2,047
Redundancy & Relocation Reserve (7)	230	-	4	234	(111)	900	1,023
Major Operational Reserve (8)	1,500	-	-	1,500	-	-	1,500
Legal Claims Reserve (9)	-	-	741	741	-	575	1,316
Operational Transformational Reserve (10)	1,055	(224)	-	831	(352)	-	479
Special Constabulary Reserve (11)	145	-	-	145	-	-	145
PEQF Reserve (12)	218	-	73	291	-	35	326
Data Analytics Reserve (13)	228	(171)	-	57	(29)	-	28
COVID Roadmap Violence Reduction Reserve (14)	-	-	1,533	1,533	(1,304)	-	229
Restricted Grant Reserve (15)	-	-	-	-	-	103	103
Sub total	7,460	(1,508)	5,742	11,694	(3,871)	4,925	12,748
Held for capital purposes							
Future Capital Funding Reserve (16)	2,000	(3,383)	1,989	606	-	3,752	4,358
Sub total	9,460	(4,891)	7,731	12,300	(3,871)	8,677	17,106
Unallocated Reserves							
General Reserve	9,275	-	3,887	13,162	(1,200)	2,856	14,818
Total Specific/General Reserves	18,735	(4,891)	11,618	25,462	(5,071)	11,533	31,925

Statement of Accounts – Notes to the Financial Statements

35. Usable Capital Receipts

The usable capital receipts reflect the cash settlements receivable from sales of non-current assets. This income is used for financing capital expenditure.

	2020/21 £000	2021/22 £000
Opening Balance	(1,088)	-
Capital receipts received		
In-year receipts	(3,769)	(5,232)
Capital receipts applied		
Used for financing capital expenditure	4,857	4,305
Closing Balance	-	(927)

36. Usable Reserves

The year-end balances and the movements in the PFCC's usable reserves are detailed in the Movement in Reserves Statement.

37. Unusable Reserves

The tables on the following pages describe the unusable reserves.

37.1 Revaluation Reserve

The Revaluation Reserve contains the gains made by the PFCC arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:-

- Revalued downwards or impaired and the gains are lost
- Used in the provision of services and the gains are consumed through depreciation
- Disposed of and the gains are realised

The reserve contains only revaluation gains accumulated since 1st April 2007, the date that the reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

	2020/21 £000	2021/22 £000
Opening Balance	(10,416)	(10,939)
Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services		
Upward revaluation of assets	(7,781)	(14,480)
Downward revaluation of assets and impairment losses	5,356	-
Amount written off to the Capital Adjustment Account		
Depreciation of revaluation gains	63	-
Accumulated gains on assets sold or scrapped	395	-
Accumulated gains from previous years	1,444	1,334
Closing Balance	(10,939)	(24,085)

Statement of Accounts – Notes to the Financial Statements

37.2 Capital Adjustment Account

The Capital Adjustment Account is a reserve account used to adjust the accounting items related to non-current assets that have been recognised in the Comprehensive Income and Expenditure Statement. It is used to remove accounting charges and also to ensure that the financing of non-current assets is appropriately levied in the local taxpayer. It shows the extent to which non-current assets have been financed from internal sources. Note 32 provides details of the source of all the transactions posted to the account, apart from those involving the Revaluation Reserve.

	2020/21 £000	2021/22 £000
Opening Balance	(76,474)	(81,073)
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
Net charges for depreciation and impairment of non current assets	3,365	6,738
Revaluation (gains)/losses on Property, Plant and Equipment	-	6,874
Amortisation of Intangible Assets	659	356
Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	2,409	4,321
Adjusting amounts written out of the Revaluation Reserve	(1,903)	(1,334)
Net written out amount of the cost of non current assets consumed in the year	(71,944)	(64,118)
Capital financing applied in the year:		
Use of the Capital Receipts Reserve to finance new capital expenditure	(4,857)	(4,305)
Capital Grants and Other Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to Capital Financing	(389)	(251)
Statutory provision for the financing of Capital Investment charged against the General Reserve	(500)	(588)
Capital Expenditure charged against the General Reserve	(3,383)	-
Closing Balance	(81,073)	(69,262)

37.3 Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The PFCC accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the PFCC makes employer's contributions to pension funds or eventually pay any pensions when police officers retire.

The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the PFCC has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

Statement of Accounts – Notes to the Financial Statements

	2020/21 Group			2021/22 Group		
	Police Officers £000	Police Staff £000	Total £000	Police Officers £000	Police Staff £000	Total £000
Opening Balance	2,849,818	150,015	2,999,833	3,328,893	(82,680)	3,246,213
Actuarial (gains)/losses on pensions assets and liabilities	424,668	(256,076)	168,592	(143,081)	(74,569)	(217,650)
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	35,961	163,475	182,081	41,246	223,327
Employer's pensions contributions and direct payments to pensioners payable in the year	(73,107)	(12,580)	(85,687)	(70,044)	(13,417)	(83,461)
Closing Balance	3,328,893	(82,680)	3,246,213	3,297,849	(129,420)	3,168,429

	2020/21 PFCC			2021/22 PFCC		
	Police Officers £000	Police Staff £000	Total £000	Police Officers £000	Police Staff £000	Total £000
Opening Balance	-	1,184	1,184	-	2,105	2,105
Actuarial (gains)/losses on pensions assets and liabilities	-	787	787	-	(496)	(496)
Reversal of items relating to retirement benefits debited to the (Surplus)/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	-	297	297	-	571	571
Employer's pensions contributions and direct payments to pensioners payable in the year	-	(163)	(163)	-	(181)	(181)
Closing Balance	-	2,105	2,105	-	1,999	1,999

37.4 Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

	2020/21 £000	2021/22 £000
Opening Balance	(1,351)	(174)
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	1,177	(1,832)
Closing Balance	(174)	(2,006)

Statement of Accounts – Notes to the Financial Statements

37.5 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. Statutory arrangements require that the impact on the General Reserve is neutralised by transfers to or from the account.

	2020/21 PFCC £000	2020/21 Group £000	2021/22 PFCC £000	2021/22 Group £000
Opening Balance	15	2,915	30	6,197
Settlement or cancellation of accrual from previous year	(15)	(2,915)	(30)	(6,197)
Amounts accrued for revised liability value at the end of the current year	30	6,197	27	4,618
Closing Balance	30	6,197	27	4,618

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 of accrued annual leave balances over a longer period.

38. Financial Instruments – Overview

Introduction

The following disclosures in respect of financial instruments have been prepared on the basis of the IFRS 9 accounting standard which has been adopted with effect from the 1st April 2018. For further information on this as well as further detail on financial assets, financial liabilities and the related use of fair values, please see accounting policy 2.26

Financial Instruments – Balances

Financial Assets

The financial assets disclosed in the Balance Sheet are analysed across the following categories:

Statement of Accounts – Notes to the Financial Statements

Financial Instruments Overview	2020/21	2021/22
	£000	£000
Financial Assets		
<i>At amortised cost:</i>		
Principal	6,500	9,999
Total Investments	6,500	9,999
<i>At amortised cost:</i>		
Principal	3,003	4,218
<i>At fair value through profit & loss:</i>		
Fair Value	2,309	-
Total Cash and Cash Equivalents	5,312	4,218
<i>At amortised cost:</i>		
Receivables	8,999	8,294
Loss Allowance	(156)	(117)
Included in Debtors	8,843	8,177
Total Financial Assets	20,655	22,394

All of the above financial assets are classified as short-term. There were no long-term financial assets held at the 31st March 2022. Interest accrued has not been included in any of the above categories based on materiality.

There were no financial assets classified at *fair value through other comprehensive income*. The short-term investment balance held *at amortised cost* relates to fixed-term investments held at the 31st March 2022, with the Debt Management Office (DMADF) and Thurrock Council. The DMADF balance comprises £4.999m of treasury bills where fair value has been deemed materially comparable to amortised cost.

Financial instruments held at *fair value through profit and loss* have been classified as Level 1 within the fair value hierarchy. This typically relates to money market funds held by the PFCC, which are part of the liquid investments element within Cash and Cash Equivalents, which also includes call accounts (the latter of which are *excluded* from the fair value element above). It should be noted that whilst the PFCC held £3.3m of money market funds at the 31st March 2022 they are not included above as they have been deemed to relate to third party monies held, that are not part of Cash and Cash Equivalents at the balance sheet date.

The debtors lines on the Balance Sheet include £31.191m (2020/21, £24.823m) short-term and £0.026m (2020/21, £0.029m) long-term debtors that do not meet the definition of a financial asset as they relate to non-exchange transactions.

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Financial Liabilities

The financial liabilities disclosed in the Balance Sheet are analysed across the following categories:

Financial Liabilities	Short Term		Long Term	
	2020/21	2021/22	2020/21	2021/22
	£000	£000	£000	£000
<i>At amortised cost:</i>				
Payables	(22,254)	(23,863)	-	-
Included in Creditors	(22,254)	(23,863)	-	-
<i>At amortised cost:</i>				
Provisions	-	-	(3,172)	(2,759)
Total Long-term Liabilities	-	-	(3,172)	(2,759)
Total Financial Liabilities	(22,254)	(23,863)	(3,172)	(2,759)

There were no financial liabilities classified at *fair value through profit and loss* or *fair value through other comprehensive income*.

The creditors lines on the Balance Sheet include £14.314m (2020/21, £11.881m) short-term creditors that do not meet the definition of a financial liability as they relate to non-exchange transactions.

The PFCC does not hold any external borrowings at the 31st March 2022 but has an internal borrowing requirement of £16.123m (as per note 20). This comprises £11.058m of unfinanced capital expenditure from 2020/21 onwards, and a further £5.065m of unfinanced capital expenditure incurred before 1st April 2008.

Fair Values

Where the PFCC holds financial instruments at amortised cost there is an expectation that these values are materially equivalent to their fair value as at the reporting date.

Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments consist of the following:-

Gains and Losses	2020/21	2021/22
	£000	£000
Financial Assets		
<i>At amortised cost:</i>		
Interest income	(17)	(12)
Gains from changes in fair value	-	-
Interest and Investment income	(17)	(12)
Financial Liabilities		
<i>At amortised cost:</i>		
Interest expense	-	-
Gains from changes in fair value	-	-
Interest Payable and Similar Charges	-	-
Net (gain)/loss recognised within the (Surplus)/Deficit on Provision of Services	(17)	(12)

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The PFCC has closely reviewed its financial instruments at the Balance Sheet date to assess any potential depreciation in value of the investments held, particularly in light of any residual impact of COVID-19 and the current challenging market conditions. The PFCC considers the value of its financial assets in the context of IFRS 9 Financial Instruments and specifically the Expected Credit Loss (ECL) model. This requires the PFCC to make judgements about both the value of investments at the Balance Sheet date as well as any anticipated future losses based on current knowledge.

The PFCC has assessed that there are no anticipated credit losses to recognise in the 2021/22 Statement of Accounts, either in respect of financial assets held at *amortised cost* or those held at *fair value through profit and loss*. The economic outlook for the PFCC's financial assets has been taken into account in making this assessment, with consideration of the risk of default, the exposure to that default risk and any estimated loss as a result of the default. Whilst the PFCC accepts the ongoing impacts will need to be monitored closely going forward (as described in the measures set out within Note 39) there is no evidence that credit losses need to be recognised at the current time, based on the investments held and the counterparties these monies are held with.

39. Financial Instruments - Risks

The PFCC complies with CIPFA's Code of Practice on Treasury Management and Prudential Code for Capital Finance in Local Authorities, both revised in December 2017.

In line with the Treasury Management Code, the PFCC approves a Treasury Management Strategy before the commencement of each financial year. The Strategy sets out the parameters for the management of risks associated with financial instruments. The PFCC also sets Prudential Indicators and Treasury Management Indicators specifying the arrangements to be followed to manage these risks.

The Treasury Management Strategy includes an Investment Strategy in compliance with the Ministry for Housing, Communities and Local Government Guidance on Local Government Investments. The Guidance emphasises that priority is to be given to security and liquidity, rather than yield. The PFCC's Treasury Management Strategy along with the Prudential Indicators and Treasury Indicators, seek to achieve a suitable balance between risk and return or cost, however the emphasis has been on security of funds over the preceding twelve month period.

The main risks covered are:

- **Credit Risk:** The possibility that the counterparty to a financial asset will fail to meet its contractual obligations, causing a loss to the PFCC
- **Liquidity Risk:** The possibility that the PFCC might not have the cash available to make contracted payments on time
- **Market Risk:** The possibility that an unplanned financial loss will materialise because of changes in market variables such as interest rates or equity prices

Credit Risk: Treasury Investments

The PFCC manages credit risk by ensuring that treasury investments are only placed with organisations of high credit quality as set out in the Treasury Management Strategy. These include commercial entities with a minimum long-term credit rating of A, the UK government and other local authorities. Other financial instruments such as money market funds have specific criteria applied. Recognising that credit ratings are imperfect predictors of default, the PFCC has regard to other measures when selecting commercial entities for investment.

A limit of the higher of £1m/5% of the total portfolio is placed on the amount of money that can be invested with UK financial institutions (other than the UK government or local authorities). Specific criteria applies for Lloyds

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Bank plc as the PFCC's provider for operational banking arrangements. The PFCC also sets limits on investments in other financial instruments. No fixed term investments can be made for a period longer than one year.

Based solely on the financial instruments used during 2021/22, the table below summarises the credit risk exposure during the year in respect of the PFCC's treasury investment portfolio by credit rating and remaining time to maturity:

Approved counterparty criteria where investments placed during 2021/22

Counterparties	Maximum time limit	Counterparty limit £	Sector limit £
UK central government (including DMADF facility)	10 years	Unlimited	Unlimited
UK local authorities & other government entities	5 years	£5m	Unlimited
Secured investments - UK (between A and AAA) fixed term-duration	1 year	Higher of £1m or 5%	Unlimited
Secured investments - Non-UK (between A and AAA) fixed term-duration	6 mths	Higher of £1m or 5%	Unlimited
Lloyds Bank plc (operational bank account) where at least A	1 year	Higher of £1m or 5%	n/a
Lloyds Bank plc (operational bank account) where below A	Overnight	£1m	n/a
Banks, Building societies and registered providers - UK unsecured (between A and AAA) fixed term duration	1 year	Higher of £1m or 5%	Unlimited
Banks, Building societies and registered providers - Non-UK unsecured (between A and AAA) fixed term duration	6 mths	Higher of £1m or 5%	50%
Banks, Building societies and registered providers - unsecured (between A and AAA) with same day access e.g. call	n/a	Higher of £1m or 5%	Unlimited
Money market funds (minimum AAA rated)	n/a	10%	50%
Strategic pooled funds	n/a	£5m	50%

There have been no significant issues or concerns in respect of credit risk for treasury investments during 2021/22, and the PFCC does not expect any losses from non-performance for these investments in the future. However, treasury management performance will continue to be reviewed as the 2022/23 financial year progresses, with a need to ensure that appropriate arrangements are in place to manage credit risks arising. This will need to incorporate the potential impact of a money market fund getting into difficulties, potential downgrades of UK banks and building societies, as well as multiple business failure in the UK and the related effect on tax base economic activity. Should any of these issues arise the PFCC's response to this additional risk will be to apply additional prudence when making investments, with a greater focus on counterparty worthiness and reduced durations for investments.

The following analysis summarises the PFCC's trade receivables, by due date. Only those receivables meeting the definition of a financial asset are included.

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Trade Receivables	2020/21	2021/22
	£000	£000
Neither past due or impaired	5,287	4,216
Between 31 and 60 days	296	(22)
Between 61 and 90 days	1	6
Over 90 days	224	205
Total	5,808	4,405

Loss allowances on trade receivables have been generally calculated by reference to the PFCC's historic experience of default (currently assessed at 0.05%). Following a review of outstanding balances at the 31st March 2022, this provision value has been assessed with a reduction of £0.039m applied through the CIES. In respect of the calculation of any further potential bad debts, receivables are deemed to have suffered a significant increase in credit risk where they are 30 or more days past due and they are determined to be credit impaired where they are 90 or more days past due.

Where the bad debt provision value is not sufficient, trade receivables are written off to the (Surplus)/Deficit on the Provision of Services when they are past due, with a bad debt being recognised. There were no material charges of this nature during 2021/22.

Liquidity Risk

The PFCC manages its liquidity position through a comprehensive cash management system. This includes the use of call accounts, notice accounts and money market funds. In respect of the latter, five funds are now in use by the PFCC, to assist with its liquidity management. It is likely that the PFCC will need to keep under review the liquidity of its investment portfolio and make cash available in the shorter-term. In addition the PFCC may need to consider their ability to be convert investments to cash at short notice, although it is not currently expected that this approach will be required.

The PFCC has ready access to borrowing at favourable rates from the Public Works Loan Board and UK local authorities, and at higher rates from banks and building societies. There is no perceived risk that the PFCC will be unable to raise finance to meet its commitments however the PFCC is expecting to require external borrowing to fund its capital programme from 2022/23 onwards. This was originally anticipated to be required in 2021/22 but significant slippage to the capital programme as well as revenue underspends, meant that external borrowing was not needed during the year. The proposed approach to acquire this funding over the coming year and beyond has been influenced by the recent changes to the Prudential Code, which places further restrictions on public sector borrowing. However, it is not expected that these changes will materially impact on the PFCC's borrowing plans. Further detail in respect of the PFCC's borrowing approach and medium-term financial commitments, as well as the related governance process are set out in the 2022/23 Treasury Management Strategy document.

Market Risk: Interest Rate Risk

The PFCC is exposed to risk in terms of its exposure to interest rate movements on its investments and (where applicable) its borrowings. Movements in interest rates have a complex impact on the force. For instance, a rise in interest rates would have the following effects:

- borrowings at variable rates – the interest expense will rise
- borrowings at fixed rates – the fair value of the liabilities will fall
- investments at variable rates – the interest income will rise

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- investments at fixed rates – the fair value of the assets will fall

Investments measured *at amortised cost* and loans borrowed are not carried at fair value, so changes in their fair value will have no impact on the Comprehensive Income and Expenditure Statement. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the (Surplus)/Deficit on the Provision of Services. Movements in the fair value of fixed rate investments measured at fair value will be reflected in Other Comprehensive Income or the (Surplus)/Deficit on the Provision of Services as appropriate.

The Treasury Management Strategy aims to mitigate these risks by setting upper limits on its net exposures to fixed and variable interest rates. At 31st March 2022, £9.9m (31st March 2021: £6.5m) of short-term investments were exposed to fixed rates and £8.1m (31st March 2021: £11.3m) of liquid investments (within Cash & Cash Equivalents) exposed to variable rates.

If all interest rates had been 1% higher (with all other variables held constant) the increased investment income would be:-

	2020/21 £000 (restated)	2021/22 £000
Increase in interest receivable on variable rate investments (based on year-end Balance Sheet position)	113	81
Total	113	81

This additional income would flow through to the (Surplus)/Deficit on the Provision of Services. This indicator can also be used to indicate the additional yield which the PFCC could earn in respect of diversifying its Treasury Management Strategy. The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed.

Market Risk: Price Risk

The PFCC does not currently invest in equity shares or other similar financial instruments and therefore has no exposure to losses arising from movements in the price of shares.

Market Risk: Foreign Exchange

The PFCC has no financial assets or liabilities that are denominated in foreign currencies and therefore has no exposure to loss arising from movements in exchange rates. From time to time the PFCC purchases specialist goods and services from countries outside the United Kingdom. These goods and services are denominated into Euros and therefore there is a modest exchange rate risk in respect of outstanding balances.

40. Jointly-Controlled Operations and Collaborative Activity

The Group in conjunction with other parties participates in a number of joint operations that involve the use of the assets and resources of the parties rather than the establishment of a separate entity. The Group recognises the assets that it controls and the liabilities that it incurs on its Balance Sheet, with the PFCC/Group share of these set out in Note 18. Jointly- controlled assets are items of property, plant or equipment that are jointly controlled by the Group and other parties, with the assets being used to obtain benefits for all the parties.

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The joint operations do not involve the establishment of a separate entity (e.g. they are not classified as a joint venture). The Group accounts for only its share of the liabilities and expenses that it incurs on its own behalf or jointly with others in respect of interest in the operation, and income that it earns from the arrangement.

In accordance with IFRS 11, any Joint Operation recognised must meet the definition of joint control where decisions about the relevant activities of the arrangement require the unanimous consent of all the parties sharing control. The PFCC/Group has one arrangement which meets this criteria, as follows:-

The Eastern Region Special Operations Unit (ERSOU)

ERSOU was established 1st April 2010 as a joint arrangement originally between six forces, but from 2016/17 it comprises seven forces— Hertfordshire, Cambridgeshire, Essex, Suffolk, Norfolk, Bedfordshire and Kent, to provide one serious and organised crime unit for the eastern region. ERSOU is run by a management board where all forces are equally represented and decisions are made with the unanimous consent of all forces. Therefore each force's share of costs are consolidated into their own financial statements.

The 2021/22 net expenditure figures for ERSOU, and the PFCC's share of both this and the related assets, will be included in the 2021/22 accounts when the information becomes available.

Whilst not meeting the criteria of a joint operation in accordance with IFRS 11 due to the definition of control, the following arrangements have involved material transactions with partnering forces during the year, and otherwise represent similar arrangements to the detail set out above.

Kent Collaborative Agreement

Essex Police has collaborative agreements with Kent Police covering Serious Crime Directorate and Support Services Directorate which includes Business Services, IT Services, Transport Services, Human Resources, Learning & Development, and Payroll Services. Each of these are categorised as joint operations as decisions are made with the unanimous consent of both forces. Therefore, each force's share of assets, liabilities, income and expenditure are consolidated into their own financial statements.

The amount received from Kent Police during 2021/22 in respect of contributions to joint departments was £14.381m (2020/21 £12.292m). The amount paid to Kent Police for the year 2021/22 in respect of contributions to joint departments was £12.245m (2020/21 £13.218m).

Athena

Athena is an IT system covering case preparation, custody, investigation management and intelligence. It is a one stop policing solution for intelligence, investigative management, custody and case preparation. The contract between Essex and Northgate Information Systems Ltd was signed in December 2011 and was initially developed for the seven forces consortium (7F) within the region. West Mercia and Warwickshire joined the consortium in 2016 and the benefits and liabilities of the Athena contract are shared between the nine forces through a Section 22 Athena Collaborative Service Agreement largely in proportion to their net revenue expenditure. Athena continues to be developed, working closely with Connect forces.

The Strategic Athena Management Board (SAMB) consists of the PFCC and Chief Constable of the nine Athena forces with equal voting rights. Athena development and day to day management is delegated by participating forces to the Athena Management Organisation (AMO). Essex acts as the lead force for managing all income and expenditure incurred by the AMO. This mainly covers payments to suppliers, salary costs of the personnel seconded to the AMO from founder forces, together with other overheads. All costs and refunds to forces for their seconded staff are then aggregated and net costs recovered from participating forces in accordance with the terms of the Athena Collaborative Service Agreement.

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The original Athena contract period envisaged a go live date of 2013 followed by a ten year maintenance contract. Moreover, during the first four years of the contract Essex owns the master licence and any additional force joining the Athena family would lower the cost for all member forces. Warwickshire and West Mercia joined as part of Wave 2 in 2015/16 with fixed payments per quarter. In March 2021 the Athena contract, which was due to end in April 2024, was extended by another five years until April 2029.

Essex went live with Athena on 1st April 2015 with the other founder forces joining during 2016/17, 2017/18 and 2018/19. A joint team between Essex Police and Kent Police had been set up to manage the local implementation of the system but this arrangement has now ceased and each force has their own team.

In classifying the Athena Agreement in accordance with IFRS 11 a 'joint arrangement' is an arrangement over which two or more parties have 'joint control'. Furthermore, joint control is the contractually agreed sharing of control of an arrangement which exists only when the decisions about the relevant activities require the unanimous consent of the parties sharing control. The Strategic Athena Management Board (SAMB) is the highest level board consisting of the PFCC/PCCs and Chief Constables of the nine forces. The SAMB has control over significant activities and funding arrangements of Athena and each board members has one vote (18 votes in total). Decisions by the SAMB do not need to be unanimous but require a majority. On this basis, the Athena arrangement is not classified as a 'joint arrangement' and is also not subject to IFRS 12 disclosures as there is no separate entity.

The following table identifies the shared costs of the Athena system:-

	2020/21		2021/22	
	Share of Athena system costs £000	AMO Management costs £000	Share of Athena system costs £000	Recharge of AMO Management £000
Bedfordshire	134	312	135	338
Cambridgeshire	169	395	171	427
Hertfordshire	247	577	249	624
Kent	373	893	376	964
Norfolk	193	467	194	512
Suffolk	148	360	150	395
Essex	348	821	352	882
Warwickshire	81	228	89	227
West Mercia	119	245	137	273
Total	1,812	4,298	1,853	4,642

Seven Forces Strategic Collaboration Programme (7FSCP)

This team was originally set up in October 2015 with resources contributed across the Seven Force Consortium (7F) and the costs shared based on Net Revenue Expenditure (NRE). Following the decision at the 7F Summit to move to a 7F Network the 7F programme team went through consultation in December 2021 and has been reduced to a small team whose objective is to implement the business cases already agreed, with funding for these resources agreed until autumn of 2023. The 7F Network is being set up with a separate senior responsible officer (SRO) leading and will be a business as usual (BAU) function.

The initial transition to 7F Firearms Training Compliance function commenced on 1st April 2018. The costs associated with the posts of 7F Chief Firearms Instructor (CFI), 7F Deputy CFI and Training Delivery Manager were shared (on a NRE apportionment basis) by the Norfolk, Suffolk, Bedfordshire, Cambridgeshire, Hertfordshire and Essex forces during the transition period. The Strategic Risk Assessment (STRA) Coordinator role was also

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established during the transition period, with the cost of this post being shared (on a NRE apportionment basis) by all seven forces. Other costs incurred to enable the longer-term development of the 7F function (i.e. 7F Chronicle and Airbox/Mosaic) were also shared on a NRE apportionment basis, by all seven forces. In 2020/2021 the CFI function was fully collaborated, with all costs from this post shared on a 7F NRE cost share basis. In relation to MOSAIC/Airbox there was a three year extension of the existing contract to track armed response vehicle (ARV) assets. This will be undertaken by the regional CFI team. As part of the 7F programme changes, the budget for the Firearms Supt post (which has previously been funded from the core 7F programme team) was transferred to CFI BAU for 2022/23 and this will then be reviewed for 2023/24 onwards

The Eastern Region Summit approved a full business case (FBC) for a single 7F procurement function in July 2018. The Seven Force Procurement team (7FP team) was originally allocated a budget based on the FBC (subsequently amended by supplementary papers), covering an initial time period of three years, with a review to be undertaken at the end of this period. The team officially went live in January 2020, with the 2019/20 financial year being a transition period between the old and new structures. A requirement for a 7F BAU support function was agreed by CFO's and a new finance business partner also forms a separate cost in addition to the 7F programme team in 2021/22. With the scaling down of the 7F Programme Team, the 7F accountant role was due to finish at the end of June 2022. CFO's have however agreed to extend this until December 2022. This will allow this role to continue supporting 7F Commercial Services and other 7F BAU functions, as well as ongoing projects, whilst assessing the need for such a role on a long term basis.

In respect of insurance, the South East and Eastern Region Procurement Insurance Consortium (SEERPIC), continued to engage in collaborative activity during 2021/22, including motor insurance and driver management workstreams, and finalising a liability insurance tender. A SEERPIC lead function post was recharged by Norfolk to the other nine forces on an NRE apportionment basis, and an additional data analyst post has also now been appointed and will be recharged in a similar manner.

In respect of vetting automation work was undertaken by Deloitte, with the costs for the completion of vetting automation roll out into live environments spread across the seven force vetting units. The Chief Constables approved costs of £280k, based on an NRE split. Actual costs were £82k incurred in 2020/2021 and £119k in 2021/22 so resulted in an overall lower contribution of £79k shared on NRE by all forces

On the 31st January 2020, the 7F Summit gave approval for the purchase and deployment of a single Case Management System (CMS), WPC Software CoreVet, with the additional deployment of Online Digital Applications (WebForms). The CMS will remove the current IT boundaries and drive the standardisation and convergence of vetting processes across the 7F. This has now been implemented and is in BAU. The setup and recurring revenue cost of the system is shared on a 7F NRE basis.

At their meeting held on 27th July 2020, the Eastern Region Summit agreed with the recommended approach set out in the 7F Digital Asset Management System (DAMS) outline business case to proceed by way of a pilot. This is based on a combination of external consultancy and staff costs shared on a 7F NRE basis. In response to recommendations of the pilot, Chief Constables agreed to fund additional temporary 7F Project Team resources between January and June 2021, to aid the development of the FBC. These are a combination of external consultancy and staff costs shared on a 7F NRE basis. However, Essex and Kent have subsequently progressed a separate DAMS solution and the original 7F outline business case has become a five forces FBC with the remaining forces in the consortium.

At the Eastern Region Summit meeting on 27th July 2020, the seven Chief Constables and Police (Fire) and Crime Commissioners agreed that the Emergency Services Mobile Communications Programme (ESMCP) should be managed under the 7F Programme. This is to manage the transfer from the legacy Airwave technology to the new Emergency Services Network (ESN). Detective Superintendent Tracy Pemberton has been appointed as the Director for the 7F ESMCP Programme. An FBC proposing a regional 7F structure for ESMCP was agreed by the seven Chief Constables in December 2020. These staff pay costs will be shared on a 7F NRE basis.

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Following previous approval of an FBC, the Forensic Case Management System implementation began in 2021/22 and costs will continue across the 5-year life of the project. In 2021/22 a part year cost of £79k was incurred for implementation, licenses and hosting.

	2021/22 Share of Collaboration costs £000
Bedfordshire	212
Cambridgeshire	273
Essex	515
Hertfordshire	386
Kent	548
Norfolk	307
Suffolk	234
Total	2,475

41. Related Parties

The PFCC Group is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the PFCC Group or be controlled or influenced by the Group. Disclosure of transactions allows readers to assess the extent to which the PFCC 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 Group.

PFCC/Chief Constable

The PFCC has direct control over the group'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 which 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 Group. It is responsible for providing the statutory framework within which the Group operates and provides the majority of its funding in the form of general and specific grants. Details of central government funding are identified within the Comprehensive Income and Expenditure Statement, and the grants income analysis (Note 15). Included within this income is the annual top-up grant from the Home Office, relating to the Police Officer Pension Scheme, which the PFCC/Group are reliant on being topped up each year, to the value of the deficit arising on the fund (see the Police Officer Pension Fund note).

In addition, year-end amounts due to and from central government are analysed within the footnote of the breakdowns provided for debtors (note 22) and creditors (note 26 **Error! Reference source not found.**).

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Essex Police, Fire and Crime Commissioner Fire and Rescue Authority (EPFCCFRA) Collaboration

The Police and Crime Commissioner (PCC) became the Police, Fire and Crime Commissioner (PFCC) on 1st October 2017. During the year the PFCC and Deputy PFCC were responsible for the governance of the Essex County Fire and Rescue Service alongside their responsibilities for Essex Police.

The PFCC and the PFCC staff pay and associated costs relating to their work at Essex County Fire and Rescue Service (ECFRS) are recharged on a direct basis. In addition to this, there is a joint arrangement for joint projects which is run by a joint Emergency Services Collaboration Programme Board and Strategic Governance Board. The amount received from ECFRS during 2021/22 was £0.573m and the amount paid to ECFRS during 2021/22 was £0.321m.-=

Local Government Pension Scheme (LGPS)

The PFCC/Group 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 PFCC/Group (as set out in Note 41) influence is recognised in respect of both Essex County Council (who run the scheme) and the LGPS entity itself.

Other Public Bodies (subject to common control by central government)

Material transactions with other public bodies, where not already set out within this disclosure, can be found within Note 40 (Joint-Controlled Operations and Collaborative Activity).

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.

The PFCC as a serving councillor for Brentwood Borough Council has a related party relationship with this entity in his role as Commissioner. During 2021/22 the PFCC office has recognised £69,846 of expenditure in respect of premises costs at Brentwood Borough Council, encompassing £40,125 for rental and £29,721 for service charges. The actual amount paid to Brentwood Borough Council for these arrangements during 2021/22 was £69,846, with one quarter accrued at year-end, and the first instalment of 2022/23 prepaid to align the allocation of quarterly invoices to the correct periods going forward. There were no other material transactions arising from this relationship in 2021/22 nor between these entities, except for council tax billing and collection activities which are required by statute.

No other Chief Officer has undertaken any material transactions with the PFCC/Group.

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42. Defined Benefit Pension Schemes

Transactions Relating to Retirement Benefits

The PFCC Group recognises the cost of retirement benefits in the Comprehensive Income and Expenditure Statement when they are earned by serving police officers and police staff, rather than when the benefits are eventually paid as pensions.

The charge the PFCC Group is required to make against the council tax, 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 PFCC Group's accounts during the year.

Police Officer Pension Schemes

	Totals	
	2020/21	2021/22
	£000	£000
Comprehensive Income & Expenditure Statement		
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)
Actual amount charged against the General Reserve for pensions in the year - retirement benefits payable to retired police officers	73,107	70,044
Movement in Reserves Statement	(54,407)	(112,037)

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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 (LGPS) - Police Staff

	Local Government Pension Scheme			
	2020/21	2020/21	2021/22	2021/22
	£000	£000	£000	£000
	PFCC	Group	PFCC	Group
Comprehensive Income & Expenditure Statement				
Service cost	270	31,282	529	36,346
Financing and Investment Income & Expenditure:				
Net interest on the defined liability	26	4,457	41	4,675
Administration expenses	1	222	1	225
	27	4,679	42	4,900
Total	297	35,961	571	41,246
	Local Government Pension Scheme			
	2020/21	2020/21	2021/22	2021/22
	£000	£000	£000	£000
	PFCC	Group	PFCC	Group
Other				
Remeasurement of the net defined benefit liability comprising:				
Return on plan assets in excess of interest	(498)	(95,867)	(209)	(37,242)
Other actuarial (gains)/losses on assets	-	-	-	-
Change in financial assumptions	1,357	174,510	(298)	(39,027)
Change in demographic assumptions	(33)	(5,592)	-	-
Experience (gain)/loss on defined benefit obligation	(39)	(6,139)	11	1,700
Total Remeasurements	787	66,912	(496)	(74,569)
Total	1,084	102,873	75	(33,323)
Movement in Reserves Statement				
Reversal of net charges made to the (Surplus)/Deficit on the Provision of Services for Employer's contribution payable to scheme	(297)	(35,961)	(571)	(41,246)
	163	12,580	181	13,417
Net Movement in Reserves Statement	(134)	(23,381)	(390)	(27,829)

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 £74.569m for the group and £0.496m for the PFCC (actuarial gains of £66.912m for the Group and £0.787m for the PFCC in 2020/21) have been included with Other Comprehensive Income and Expenditure.

Statement of Accounts – Notes to the Financial Statements

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 LGPS 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 PFCC Group'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	2020/21	2021/22	2021/22
	£000	£000	£000	£000
	PFCC	Group	PFCC	Group
Present value of funded obligation	(4,627)	(700,758)	(5,007)	(708,406)
Fair value of scheme assets (bid value)	2,522	461,881	3,008	516,186
Gross liability	(2,105)	(238,877)	(1,999)	(192,220)
Present value of unfunded obligation	-	(1,432)	-	(1,349)
Net liability in Balance Sheet	(2,105)	(240,309)	(1,999)	(193,569)

Assets and Liabilities in Relation to Retirement Benefits

The following table reconciles the present values of the liabilities and assets of the police officer pension schemes.

	Police Officer Pension Scheme	
	2020/21	2021/22
	£000	£000
Defined benefit obligation at start of year	(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)
Defined benefit obligation at end of year	(3,328,893)	(3,297,849)

Statement of Accounts – Notes to the Financial Statements

	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 tables reconciles the present value of the liabilities and assets of LGPS attributable to the PFCC.

<u>Liabilities</u>	Local Government Pension Scheme			
	2020/21	2020/21	2021/22	2021/22
	£000	£000	£000	£000
	PFCC	Group	PFCC	Group
Balance at start of year	(2,990)	(503,338)	(4,627)	(702,190)
Current service cost	(270)	(31,204)	(529)	(36,281)
Past service cost	-	(78)	-	(65)
Interest cost	(70)	(10,733)	(95)	(13,993)
Change in financial assumptions	(1,357)	(174,510)	298	39,027
Change in demographic assumptions	33	5,592	-	-
Experience loss/gain on defined benefit obligation	39	6,139	(11)	(1,700)
Contributions by scheme participants	(68)	(4,332)	(78)	(4,565)
Benefits/transfers paid	56	10,192	35	9,931
Unfunded pension payments	-	82	-	81
Balance at end of year	(4,627)	(702,190)	(5,007)	(709,755)
<u>Assets</u>	Local Government Pension Scheme			
	2020/21	2020/21	2021/22	2021/22
	£000	£000	£000	£000
	PFCC	Group	PFCC	Group
Balance at start of year	1,806	353,322	2,522	461,881
Interest on assets	44	6,276	54	9,318
Return on assets less interest	498	95,867	209	37,242
Other actuarial gains/losses	-	-	-	-
Administration expenses	(1)	(222)	(1)	(225)
Employer contributions including unfunded	163	12,580	181	13,417
Contributions by scheme participants	68	4,332	78	4,565
Benefits paid	(56)	(10,274)	(35)	(10,013)
Balance at end of year	2,522	461,881	3,008	516,185
Net liability at start of year	(1,184)	(150,016)	(2,105)	(240,309)
Net liability at end of year	(2,105)	(240,309)	(1,999)	(193,570)

Statement of Accounts – Notes to the Financial Statements

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.

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

	2020/21 PFCC		2020/21 Group		2021/22 PFCC		2021/22 Group	
	£000	%	£000	%	£000	%	£000	%
Equities	1,558	62%	285,396	62%	1,805	60%	309,934	60%
Government bonds	65	2%	11,917	2%	72	3%	12,323	3%
Other bonds	127	5%	23,170	5%	132	4%	22,604	4%
Property	180	7%	32,885	7%	247	8%	42,336	8%
Cash/Liquidity	119	5%	21,795	5%	76	3%	13,097	3%
Alternative assets	291	12%	53,361	12%	372	12%	63,788	12%
Other managed funds	182	7%	33,357	7%	304	10%	52,104	10%
Total	2,522	100%	461,881	100%	3,008	100%	516,186	100%

The liabilities show the underlying commitments that the PFCC has in the long term to pay retirement benefits. The total liability of £3,569.202m has a substantial impact upon the net worth of the PFCC as recorded in the Balance Sheet.

Statutory arrangements for funding the deficit, however, mean that the financial position of the Group 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 £13.678m for the Group and £0.181m for the PFCC. The expected employer contributions for the Police Officer Pension Schemes in the year to 31st March 2023 is £37.651m.

The assets and liabilities of the Local Government Pension Scheme and the 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:

Statement of Accounts – Notes to the Financial Statements

	Police Officer Pension Schemes			
	2020/21	2020/21	2021/22	2021/22
	PFCC	Group	PFCC	Group
Life expectancy from age 65 (police staff) and age 60 (police officers)				
Retiring in 20 years time:				
Male	n/a	22.3	n/a	22.4
Female	n/a	24.8	n/a	24.9
Retiring today:				
Male	n/a	21.1	n/a	21.1
Female	n/a	23.3	n/a	23.4
Rate of Inflation (RPI)	n/a	3.20%	n/a	3.55%
Rate of Inflation (CPI)	n/a	2.80%	n/a	3.20%
Rate of Increase in Salaries	n/a	3.80%	n/a	4.20%
Rate of Increase in Pensions	n/a	2.80%	n/a	3.20%
Discount Rate	n/a	2.00%	n/a	2.60%

	Local Government Pension Scheme			
	2020/21	2020/21	2021/22	2021/22
	PFCC	Group	PFCC	Group
Life expectancy from age 65 (police staff) and age 60 (police officers)				
Retiring in 20 years time:				
Male	22.9	22.9	23.0	23.0
Female	25.1	25.1	25.1	25.1
Retiring today:				
Male	21.6	21.6	21.6	21.6
Female	23.6	23.6	23.7	23.7
Rate of Inflation (RPI)	3.15%	3.15%	3.55%	3.55%
Rate of Inflation (CPI)	2.85%	2.80%	3.20%	3.20%
Rate of Increase in Salaries	3.85%	3.80%	4.20%	4.20%
Rate of Increase in Pensions	2.85%	2.80%	3.20%	3.20%
Discount Rate	2.05%	2.00%	2.60%	2.60%

Although the post-retirement mortality assumptions are consistent with the previous year, the mortality improvement projection has been updated to use the latest version of the Continuous Mortality Investigation's model, CMI_2020, which was released in March 2021. This update has been made in light of the coronavirus pandemic and reflects the latest information available from the CMI.

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.

Statement of Accounts – Notes to the Financial Statements

The following table identifies the impact of a variance of +0.1% and -0.1% in the assumptions:-

Police Staff	PFCC			Group		
	£000	£000	£000	£000	£000	£000
<u>Adjustment to discount rate</u>	+0.1%	+0.0%	-0.1%	+0.1%	+0.0%	-0.1%
Present value of total obligation	4,875	5,007	5,143	693,134	709,755	726,793
Projected service cost	452	473	495	32,626	33,861	35,137
<u>Adjustment to long term salary increase</u>	+0.1%	+0.0%	-0.1%	+0.1%	+0.0%	-0.1%
Present value of total obligation	5,014	5,007	5,000	711,476	709,755	708,052
Projected service cost	473	473	473	33,879	33,861	33,843
<u>Adjustment to pension increases and deferred revaluation</u>	+0.1%	+0.0%	-0.1%	+0.1%	+0.0%	-0.1%
Present value of total obligation	5,135	5,007	4,882	724,955	709,755	694,917
Projected service cost	495	473	452	35,127	33,861	32,635
<u>Adjustment to mortality age rating assumption</u>	+1 year	None	-1 Year	+1 year	None	-1 Year
Present value of total obligation	5,189	5,007	4,832	737,955	709,755	683,673
Projected service cost	492	473	454	35,228	33,861	32,540

Police Officers	Police Officer Pension Scheme		
	£000	£000	£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	79,803
<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	80,512
<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

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 three sets of financial statements for the PFCC/Group, 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 PFCC 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 PFCC, particularly in respect of the retrospective phase 2 element.

Statement of Accounts – Notes to the Financial Statements

In recognition that there will be members who will be retiring ahead of the formal introduction of the McCloud/Sargeant Remedy by 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 PFCC/Group have not made any further financial adjustments in respect of GMP, and in the meantime the PFCC awaits further updates on the government's decision.

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.

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 following 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 41 of the PFCC/Group accounts.

Police Officer Pension Fund Account

	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		-		-

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:

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

The statement is in five main parts covering:

1. The scope of responsibilities
2. The purpose of the Governance Framework
3. The Governance Framework
4. Value for Money Arrangements
5. Significant Governance Issues

2. Scope of Responsibilities

- 2.1 The PFCC is responsible for securing the maintenance of Essex Police 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

Annual Governance Statement

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:
1. Constitution, including the Schemes of Delegation and Consent
 2. The Elected Local Policing Bodies (Specified Information) Order 2011 and the Elected Local Policing Bodies (Specified Information) (Amendment) Orders 2012, 2013 and 2021
 3. Information Sharing Agreement: Essex Police and the Police, Fire and Crime Commissioner for Essex
 4. Information Sharing Protocol: Police, Fire and Crime Commissioner for Essex and Police, Fire and Crime Panel for Essex
 5. 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
 6. Policing Protocol Order 2011
 7. The Strategic Policing Requirement
 8. The PFCC's Voluntary Code of Conduct
 9. The Police (Complaints and Misconduct) Regulations 2020
 10. The Police, Fire and Crime Panels (Precepts and Chief Constable Appointments) Regulations 2012
 11. The Police and Crime Commissioner Elections (Declaration of Acceptance of Office) Order 2012
 12. Government Security Classifications

Annual Governance Statement

13. Financial and Contract Standing Orders
14. Anti-Fraud & Bribery Policy
15. Statutory Guidance for Police Collaboration
16. 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 2021/2, 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:

Annual Governance Statement

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

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 relentless focus on cutting crime
 - A resilient workforce
 - Stronger and more diverse leadership, and
 - 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:
 - Reduce murder and other suicides
 - Reduce serious violence
 - Disrupt drugs supply and county lines
 - Reduce neighbourhood crime
 - Tackle cyber crime
 - 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) described above. Reviews can also result in the identification of 'organisational learning' and 'oversights' for the

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

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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
- 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 (FMCRC) 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 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

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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 3rd November and 21st 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 12month period. This could be due to there being less focus nationally on policing contributions to dealing with the pandemic. Nonetheless, if this 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%.

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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 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.

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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
 - 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 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

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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 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)

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5.12 HMICFRS reported the findings of its Crime Data Integrity Inspection of Essex Police on 8th 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	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. Continue to encourage members of the public to report crime online.	Deploy an additional 184 police officers and an additional 19 police staff as part of the 2021/22 Force Growth Programme. Further improvements in demand management to be demonstrated by March 2022 as the impact of additional officers and continued investment in technology is seen. 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.	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 31 st 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 31 st 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 31 st December 2021. 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. 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. As at 1 st 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.
Comprehensive Spending Review 2020	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.	Favourable outcome from the provisional grant settlement for 2022/23 due to be announced in December 2021, and from the CSR.	On 16 th 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.

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 Seven Force (7F) 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	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
		collaboration across the 14 corporation soles in summer 2021.	
Recovery from the COVID-19 pandemic	Respond appropriately to any increases in certain crime types that may emerge as a result of the pandemic. Establish and respond appropriately to any impact on support services delivered by the voluntary and community sector. 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).	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	Respond appropriately to changes to the Specified Information Order, anticipated in May 2021. Respond to the anticipated Government consultation on potential changes to the Policing Protocol Order 2011. Respond to the anticipated Home Office consultation on giving a General Power of Competence to all PCCs. Otherwise engage as appropriate in Part 2 of the review, including through the PFCC continuing to form part of the Home Office’s Advisory Group (if returned).	The PFCC and the force will influence Government thinking, and therefore future national policy, relating to the role, remit and powers of PCCs.	The PFCC has complied with the requirements of the Elected Local Policing Bodies (Specified Information) (Amendment) Order 2021, which came into effect on 31 st May 2021. A Written Ministerial Statement on the PCC Review Part 2 was published on 7 th 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. 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.

Title	Action	Expected Delivery	Position as at 31st March 2022
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

- 157.1 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.

The Police, Fire & Crime Commissioner for Essex

Chief Financial Officer to the PFCC for 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.

Accrued Benefits – The benefits for service up to a given point in time, whether vested rights or not.

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.

Agency Services – The provision of services by an authority (the agent) on behalf of another authority, which is legally responsible for providing those services. The responsible authority reimburses the authority providing the service.

ANPR – Automatic Number Plate Recognition

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.

Assets Under Construction – The cost of work done on an uncompleted project at the balance sheet date.

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.

Capital Adjustment Account – An account which reflects the timing difference between the cost of fixed assets consumed and the capital financing set aside to pay for them.

Capital Expenditure - Expenditure on new assets or on the enhancement of existing assets so as to prolong their life or enhance market value.

Capital Grant – Grant from Central Government used to finance schemes in the capital programme. Where capital grants are receivable, these are used, as far as possible, to finance capital expenditure to which they relate in the year that the grant is received.

Capital Receipts – The proceeds from the sale of an asset, which may be used to finance new capital expenditure or to repay outstanding loan debt, as laid down within rules set by Central Government.

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.

Contingency – The sum of money set aside to meet unforeseen expenditure or liability.

Collection Fund – A fund administered by each District Council into which individuals' council tax payments are paid. The PFCC precepts on the Fund to finance part of the net revenue expenditure.

Glossary of terms

Componentisation – The separate recognition, depreciation and derecognition of parts (components) of assets. This is based on the concept that various components of an asset are identified and depreciated separately if they have differing patterns of benefits, useful lives and are significant relative to the total cost of the asset.

Council Tax – The local tax levied on householders, based on the relative market values of property, which helps to fund local services.

Creditors – Individuals or organisations to whom the 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.

Current Service Costs (Pensions) – The increase in the present value of a defined benefit scheme's liabilities expected to arise from the employee service in the current period.

Curtailement – 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.

Deferred Liabilities – Liabilities which by arrangement are payable beyond the next year at some point in the future or paid off by an annual sum over a period of time.

Deferred Pensions – Individuals who have ceased to be active members but are entitled to benefits payable at a later date.

Defined Benefit Scheme – A pension scheme which defines the benefits independently of the contributions payable and the benefits are not directly related to the investments of the scheme.

Depreciation – An annual charge to reflect the extent to which an asset has been worn out or consumed during the financial year.

Direct Revenue Financing – Resources provided from the PFCC's revenue budget to finance the cost of capital projects.

Discretionary Benefits – Retirement benefits which the employer has no legal, contractual or constructive obligation to award and which are awarded under the PFCC's discretionary powers.

Earmarked Reserves – These represent monies set aside that can only be used for a specific purpose.

ECFRS – Essex County Fire and Rescue Service

Expected Rate of Return on Pension Assets – For a funded defined benefit scheme, the average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

Extraordinary Items – Material items, possessing a high degree of abnormality, which derive from events or transactions that fall outside the ordinary activities of the PFCC and are not expected to recur.

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.

Glossary of terms

Finance and Operating Lease – A Finance lease transfers all of the risks and rewards of ownership of a fixed asset to the lessee. If these leases are used, the assets acquired have to be included within the fixed assets in the balance sheet at the market value of the asset involved. With an operating lease the ownership of the asset remains with the leasing company and an annual rent is charged to the Income & Expenditure Account.

Financial Assets – Cash, an equity instrument of another entity or a contractual right to receive cash, or another Financial Instrument, or to exchange Financial Instruments under favourable conditions.

Financial Instruments (FI) – contracts that give rise to a financial asset of one entity and a financial liability of another entity.

Financial Liabilities – A contractual obligation to deliver cash, or another FI, or to exchange FIs under favourable conditions.

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.

Formula Spending Share (FSS) – An assessment by central government of how much a PFCC needs to spend to provide a common level of service having regard to the individual circumstances. It is used to distribute Police Grant.

Future Capital Funding Reserve – Created to provide an alternative source of financing capital expenditure, and to ensure some stability in the level of capital programmes that can be financed each year.

Going Concern – The concept that the PFCC will remain in operational existence for the foreseeable future, in particular that the Comprehensive Income & Expenditure Statement and Balance Sheet assume no intention to curtail significantly the scale of operations.

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.

Impairment – Where events or changes in circumstances indicate that the carrying amount of a fixed asset may not be recoverable, e.g. a significant decline in market value or evidence of obsolescence or physical damage. The impairment loss is the amount by which the carrying amount of an asset exceeds its recoverable amount.

Income & Expenditure Account – The main revenue fund of the 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.

Glossary of terms

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

Investments (Pension Fund) – The investments of the Pension Fund will be accounted for in the statements of that Fund. Authorities, however, are also required to disclose the attributable share of pension scheme assets associated with their underlying obligations.

JAC – Joint Audit Committee

LCTS – Local Council Tax Support

Minimum Revenue Provision (MRP) – The statutory minimum amount which the PFCC is required to set aside on an annual basis as a provision to redeem debt.

Net Book Value – The amount at which fixed assets are included in the balance sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

Net Current Replacement Cost – The cost of replacing or recreating the particular asset in its existing condition and in its existing use, i.e. the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.

NCTPHQ – National Counter Terrorism Policing Headquarters

Non-Current Assets – Tangible or intangible assets that yield benefits to the PFCC for a period of more than one year.

Non Operational Assets – Non-operational assets are fixed assets held by the PFCC but not directly occupied or used in the delivery of services. They include surplus properties awaiting disposal and assets that are under construction.

NPCC – National Police Chiefs' Council.

Operational Assets – Fixed assets held and occupied, used or consumed by the PFCC in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

Outturn – The actual amount spent in the financial year.

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.

Payments In Advance – These represent payments prior to 31st March for supplies and services received after 1st April.

Pension Fund – A fund which makes pension payments on retirement of its participants.

PFCC – Police Fire and Crime Commissioner.

Police Grant – A grant paid by the Government to PFCCs as a proportion of the Formula Spending Share or FSS.

Precept – The income which the PFCC requires the District Councils to raise from council tax on its behalf.

Glossary of terms

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.

Property, Plant & Equipment (PPE) – Assets that have physical substance and are held for use in the provision of services or for administrative purposes on a continuing basis.

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.

Public Works Loan Board (PWLB) – A government agency which provides longer term loans to local authorities at interest rates only slightly higher than those at which the government itself can borrow.

Receipts In Advance – These represent income received prior to 31st March for supplies and services provided by the Authority after 1st April.

Reserves – Monies set aside by the PFCC either to be earmarked for specific purposes, or generally held to meet unforeseen or emergency expenditure (General Reserve).

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.

Revaluation Reserve – The account records unrealised net gains (if any) from revaluations made after 1st April 2007.

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.

Revenue Contributions to Capital – Contribution from the Comprehensive Income & Expenditure Statement to finance capital expenditure and thus reduce the requirement to borrow.

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.

Sponsorship – The voluntary provision of non-public fund, services, equipment or other resources that enables the police to enhance or extend the normal service provided.

Transfer Values – Payment made by one pension scheme to another in respect of accrued pension rights when a member of a scheme changes pensionable employment.

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.

Vested Rights – In relation to a defined benefit scheme, these are:-

- for active members, benefits to which they would unconditionally be entitled on leaving the scheme
- for deferred pensioners, their preserved benefits
- for pensioners, pensions to which they are entitled

Vested rights include where appropriate the related benefits for spouses or other dependants.

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Further Information

Further Information

Further information about the PFCC for Essex Group and PFCC's accounts is available from:

Corporate Finance
Essex Police Headquarters
PO Box 2
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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 PFCC website (as per the website address below). The audit of the accounts has been formally concluded and this is reflected in the independent auditor's report.

General information about the PFCC for Essex can be obtained by visiting: <https://www.essex.pfcc.police.uk/>