

Chief Constable for Essex Police Statement of Accounts 2020/21



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Narrative Report 2020/2021

Narrative Report

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

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Narrative Report

Narrative Report

County of Essex

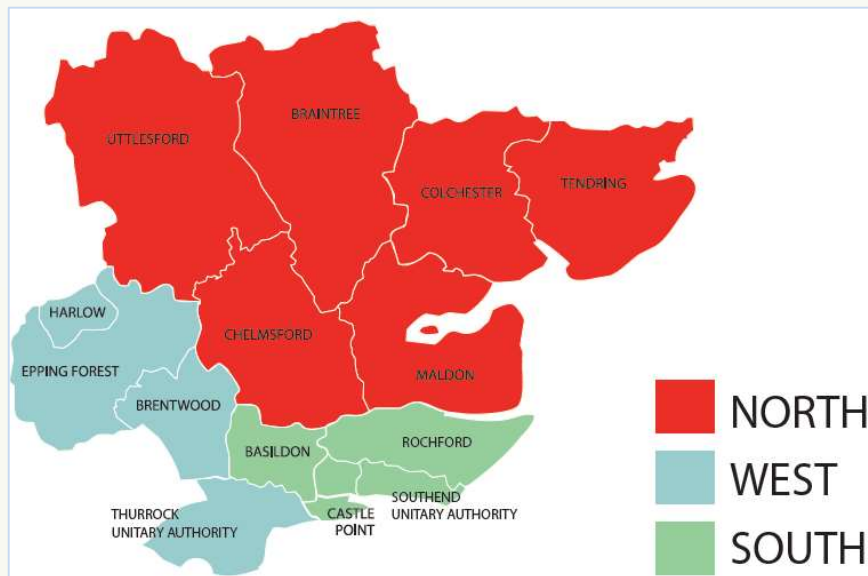


Essex covers 1,417 square miles with a 400-mile coastline. Essex is not just one of the largest counties in the country with a population of 1.86m, it is one of the most diverse too. The county has the contrasts of affluent and deprived communities, international air and sea ports and quiet coastal villages and towns as well as the complexity of a county that is three quarters rural, but also feeds London thousands of commuters every day from our growing urban centres.

Essex Police has 1.82 officers per 1,000 head of population and in the year to March 2021 responded to over a million calls, over a quarter of which were emergency calls.

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

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



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Chief Constable's Report



Essex Police continues to grow and to put the new and existing resources at its disposal to best use to protect and serve the County. This report relates to the second 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.

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 communities and crime prevention.

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

During the year, seven men were sentenced to a total of 92 years and 10 months imprisonment for one of the most appalling crimes committed in the 180 year history of the force. Following the discovery of the bodies of 39 men, women and children in a lorry trailer in October 2019, the force made public commitment to bring those responsible to justice wherever they might be within the UK or overseas. Delivering on that promise would not have been possible without the sustained long-term investment the force is making in training and developing its officers and staff and its equipment and facilities. Equally, this outcome would not have been possible if the force had not invested significant time in securing the trust and confidence of the people of Essex and further afield.

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 2020/21 the force grew to 3,369 officers (Full Time Equivalent) and it will grow further in the coming year and will continue to encourage an increasing proportion of candidates from diverse backgrounds. 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 during the Covid-19 pandemic, the force has taken the opportunity to accelerate the introduction of enabling technology which means that our people are better connected than ever before and more able to share information. Agile working capabilities will mean 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. This has already assisted the force in the development of an environmental strategy in order that we can protect our rural and urban areas as well as the people within them.

The force is proud to report one of the lowest rates of sickness of any UK police force during the year. However, a number of officers, staff and volunteers have, like so many, experienced bereavement and our thoughts remain with the family and friends of all those whose lives and livelihoods have been lost.

Our work to unite our County against criminals and to deliver the Force Plan in 2021/22 is already underway. Through dedication and hard work we are having a positive impact on serious and organised crime groups and have achieved some of the largest seizures of drugs and cash in the history of the force, preventing drugs from getting into our communities and dismantling the gangs that deal in them. One such

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operation saw more than £21m worth of Class A drugs and £1.85m of cash being seized in Essex by our Serious Crime Directorate as part of an international operation, led in the UK by the National Crime Agency.

This is only possible with sustained investment and the support of the people of Essex. During 2020, independent surveys of the public showed that confidence has reached record levels since the introduction of the survey in 2017. This is encouraging. However, everyone at Essex Police is aware that trust must not only be earned but also maintained and never taken for granted.

I have a vision of a united Essex in which we celebrate our diversity and where we value each other's differences. The recovery which is now underway following the global Covid-19 pandemic will bring new businesses and new communities to our County and to neighbouring areas and we will use all our resources to make sure that Essex is a safe and prosperous place to live and work.

Current structure

The Police & Crime Commissioner (PCC) was established by the Police Reform and Social Responsibility Act 2011 (PRSRA) as a corporation sole with a separate body of Chief Constable, also as a corporation sole. Mr Roger Hirst was elected Police and Crime Commissioner on 5th May 2016 and appointed Jane Gardner as 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 responsible for the totality of policing in Essex. The public accountability for the delivery and performance of the police service is placed into the hands of the PFCC on behalf of the electorate of 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 strategic direction and objectives of the force through the Police and Crime Plan and setting an annual budget, monitor financial outcomes, approve 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:

- 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

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The Role of the Chief Constable

The Chief Constable has day to day responsibility for financial management of the force within the framework of the agreed budget allocation and levels of authorisation issued by the PFCC. He is accountable to the PFCC for the delivery of efficient and effective policing, management of resources and expenditure by the police force. 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.

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

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

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

Our Workforce

Essex Police's Diversity, Equality and Inclusion Strategy 2020-2025 recognises that there is a unique life-enhancing power in genuine equality, greater diversity and dignity for all. One of the objectives within this strategy is to attract, recruit, progress and retain a more diverse workforce that better reflects our communities to improve confidence in Essex Police. In 2020, Essex Police launched a new #FitTheBill police officer recruitment campaign, 'We Value Difference', 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.



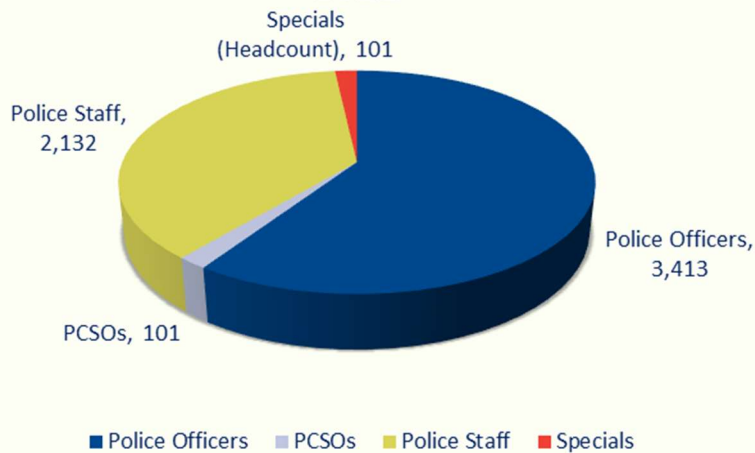
The 'We Value Difference' campaign tackles diversity and inclusion in its entirety and shows that it is our values (Transparency, Impartiality, Integrity and Public Service) which define us and that these values are what policing is most interested in. Within the first 2 months of the campaign, the number of applications from black, Asian and minority ethnic men and woman double compared to previous recruitment campaigns. The campaign is changing the make-up of the force and making it more representative of the communities it services.

During 2020/21 our police officer strength numbers increased by 120 FTEs to 3,413.

The chart below shows the make-up of the workforce as at 31st March 2021

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Our Workforce - FTEs at 31st March 2021



Essex Police is growing and during the 2021/22 year the Police Officer establishment will grow by 184 additional officers, 132 of which are as a result of the governments ambition to recruit an additional 20,000 Police Officers nationally. At the end of 2020/21 the force had recruited 44 additional officers above the established budget of 3,369 officers to assist in meeting the 2021/22 target of bringing the total number of officers to 3,553 FTE by March 2022.

The growth in officer numbers is expected to continue into 2022/23 as part of the final year of the government's national uplift programme.

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.

Police and Crime Plan Priorities

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

- More local, visible, and accessible policing
- Crack down on anti-social behaviour
- Breaking the cycle of domestic abuse
- Tackling gangs and serious violence
- Disrupting and preventing organised crime
- Protecting children and vulnerable people from harm
- Improving safety on our roads

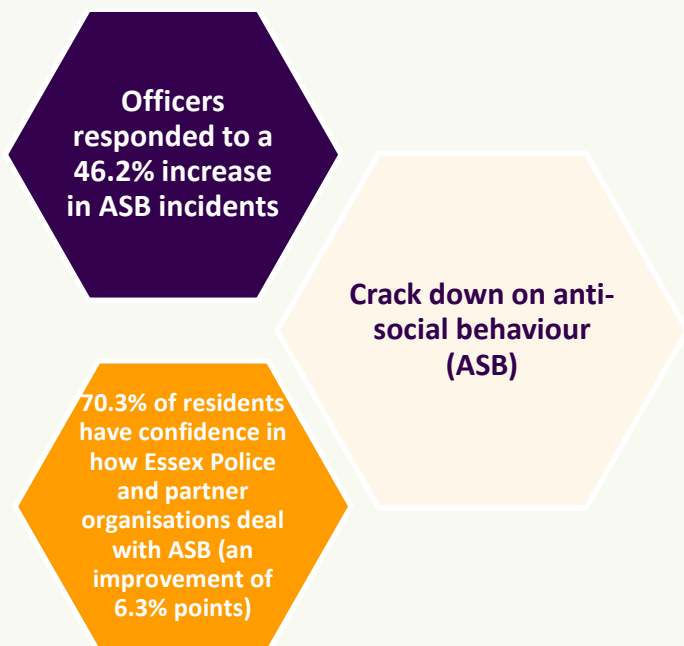
Performance against these priorities is reported monthly to the PFCCs Performance and Resources Scrutiny board (Policing and Crime). The minutes of these boards can be found via the PFCC's website, <https://www.essex.pfcc.police.uk/essex-police-performance/>



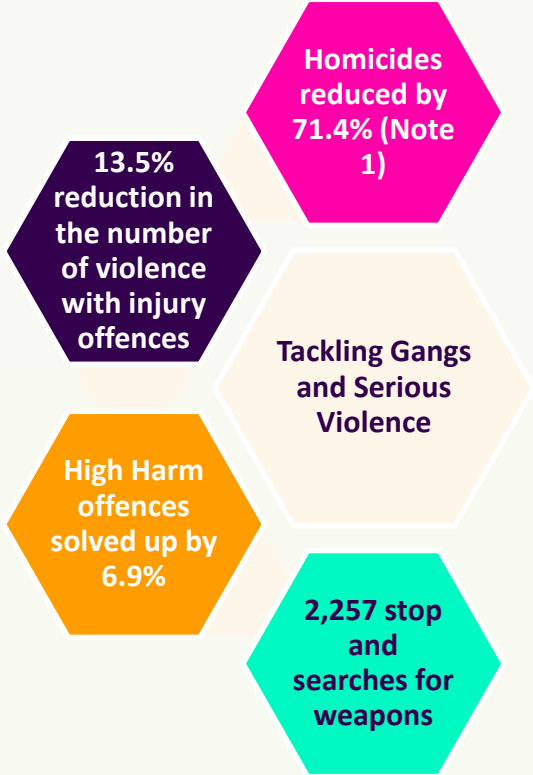
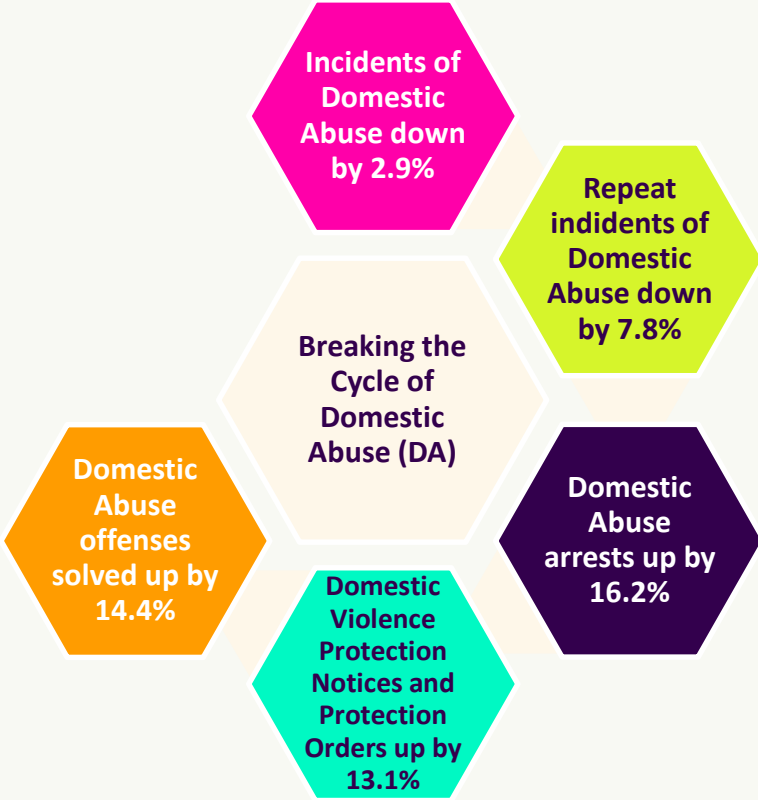
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Note 1 - Essex Police shortlisted in the Police Service of the Year category in the Improvement and Efficiency Social Enterprise (iESE) Public Sector Transformation Awards



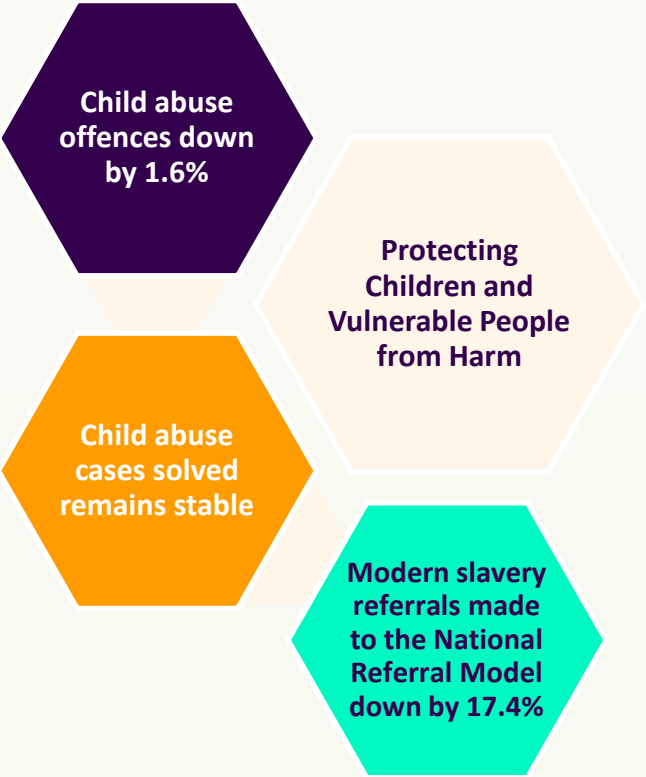
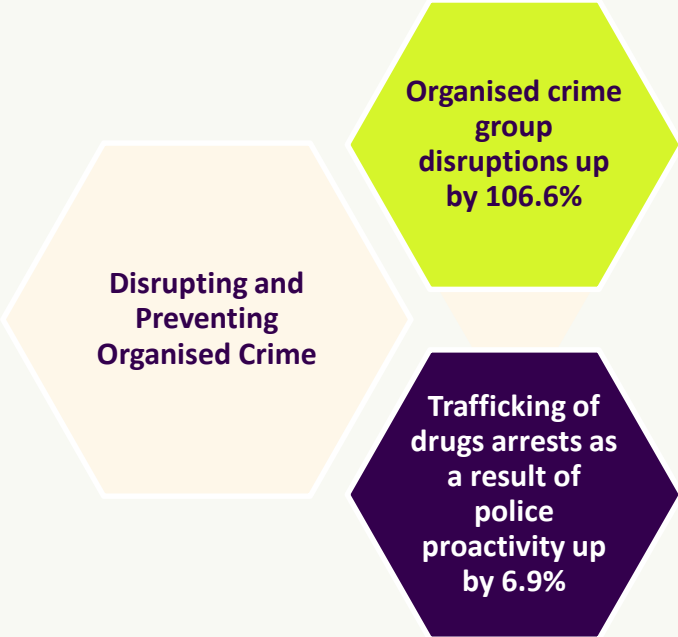
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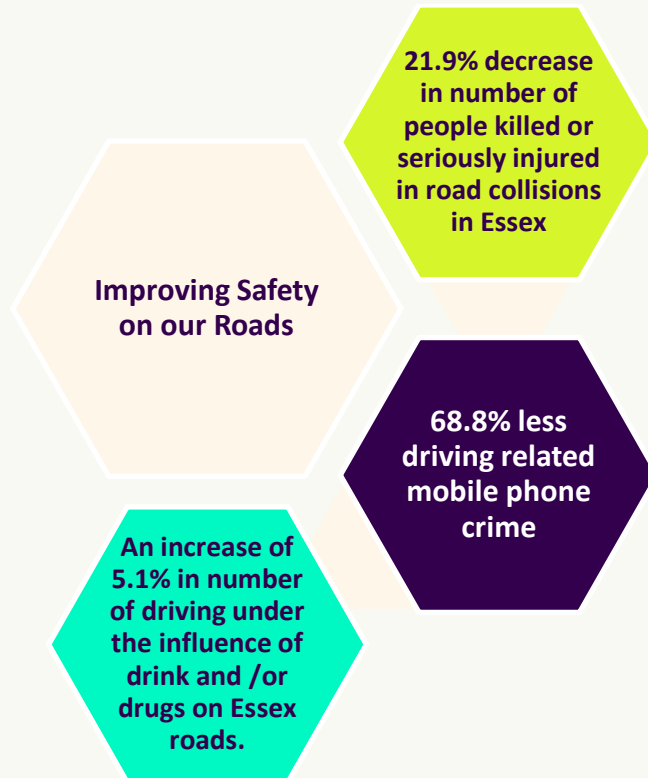
Note 1 - A large part of this reduction in homicides is due to a high number of homicides in 2019/20 with the tragic incident where 39 Vietnamese nationals were discovered in a lorry trailer in Grays in October 2019



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Force Plan

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

ESSEX POLICE
Protecting and serving Essex

Force Plan 2020/2021

Help people **Keep people safe** **Catch criminals**

Main effort

- Victims
- Vulnerability
- Violence
- Visibility

Our priorities

To prevent, investigate and tackle:

- Violence in all its forms
- Online crime
- Anti-social behaviour
- Gangs and organised crime
- Safety/crime on the roads
- Domestic abuse
- Burglary

To support and protect:

- Children and vulnerable people
- Victims of crime
- Visibility in communities

How we work

WITH EACH OTHER

- Support each other
- Act fairly and respectfully
- Follow the Code of Ethics
- Promote inclusivity, equality and diversity

WITH COMMUNITIES AND PARTNERS

- Build trust and confidence
- Clarify our role and purpose

EFFICIENTLY AND EFFECTIVELY

- Use intel, data and evidence to make decisions
- Develop, learn and improve
- Skilled, equipped and enabled to use technology
- Make the most of our resources

Chief Constable for Essex Police Statement of Accounts 2020/21

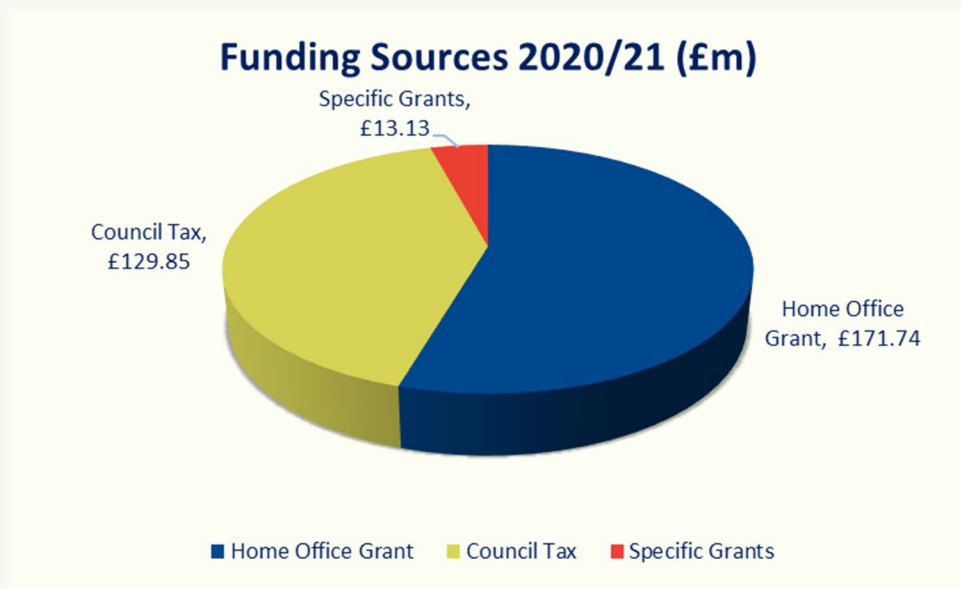
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Protecting and serving Essex

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Financial Overview

Where the Money Comes From

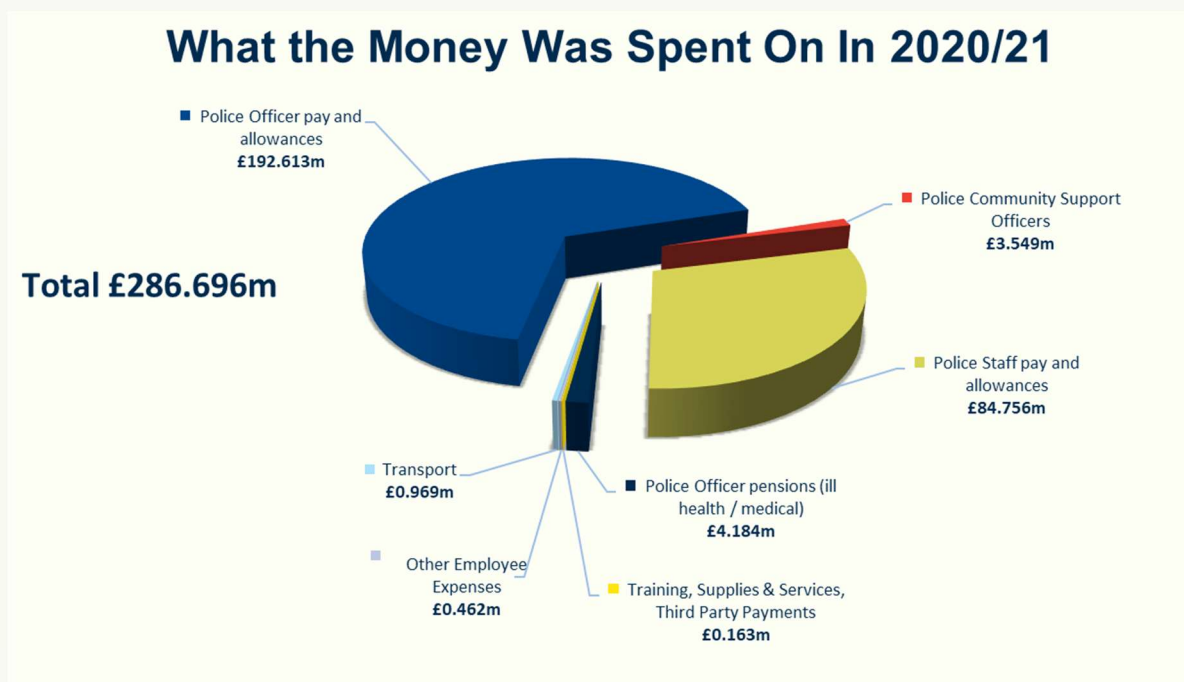
In April the Chief Constable is given an annual budget to deliver policing in Essex. For 2020/21 this budget was £314.715m funded from:



Essex Police remains one of the lowest funded forces nationally being second lowest in 2020/21 and fourth lowest in receipt of government grant per head of population (Source: HMICFRS 2020 Value for Money Profiles).

Where the Money is Spent

The graph below shows an analysis of the Chief Constable’s net revenue expenditure totalling £286.696.



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

Incidents attended and crimes recorded

The number of crimes recorded in Essex fell by 11.4% in the twelve months to March 2021 compared to the same period a year earlier. This is a significant drop and while much of the reduction can be attributed to the national lockdowns it also reflects, in part, a pattern we were starting to see prior to the pandemic, where the growth in crime was slowing and starting to decline.

Incidents attended and crimes recorded	60,329 Anti-Social Behaviour Incidents
	41,518 incidents of domestic abuse
	19,165 repeat incidents of domestic abuse
	18 Homicides
	13,204 violence with injury offences
	2,257 Stop and search for weapons
	1,528 Knife-enabled crime incidents

Problems resolved and crimes resolved

Problems resolved and crimes resolved	14,214 domestic abuse arrests
	224 Domestic Violence Protection Notices (DVPSs) and Protection Orders (DVPOs)
	3,406 domestic abuse offences solved
	2,937 High Harm cases solved
	252 Organised Criminal Group Disruptions
	2,007 Trafficking of drugs arrests
	2,056 Child Sexual Abuse/Exploitation Investigations
	109 Modern Slavery referrals made to the National Referral Model

Alongside our growth in officers, we have continued to investment in technology, helping our officers be more efficient and be able to spend more time in their communities and less behind desks. The mobile first programme has continued to save officers time with 50% of all daily recorded crime now completed via smartphones without the need to return to a station.

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Domestic abuse accounts for about one third of all violent crime in Essex. In 2020-2021 there were 41,518 incidents of domestic abuse recorded. During the year new Domestic Abuse Problem Solving Teams were launched providing additional capability to focus on changing the behaviour of perpetrators to prevent domestic abuse from happening in the first place and breaking the cycle of abuse. The teams target some of the most prolific domestic abuse perpetrators with a victim-focused approach throughout.

In June 2020 Essex Police launched the Serious Violence Unit. The Unit uses an intelligence led approach to target gang leaders and County Lines. They have also boosted evidence gathering capacity which has resulted in an increase in convictions and sentences. Between the 1st April; 2020 and the 25th March 2021 the work of the SVU has resulted in 288 arrests, 268 people have been charged so far, £300,082 of cash has been seized and £598,000 worth of drugs. The success of the unit has led to further investment and growth being planned for 2021-2022.

Some highlights from the Financial Year

As well as strong and robust enforcement, Essex Police Prevent and Protect Teams identify current emerging issues relating to serious organised crime and proactively develop strategies to minimise their impact and tackle their criminal activity. The teams focus on cybercrime, fraud, modern day slavery and human trafficking, gangs and organised crime gangs. During the year the Essex Fraud Alert System (EFAS) was developed which works with partners to utilise their own communication mechanisms to deliver advice and warnings about current scams and threats. This has been extended by providing monthly alerts to local magazines. Through these channels we estimate that Essex Police are able to reach over 370,000 residents with timely accurate fraud prevention advice. This proved to be very successful during the Covid pandemic where the force was able to react quickly to new and emerging scams.

Essex Police together with Essex County Council and the University of Essex established the Essex Centre for Data Analytics (ecda). Ecda was launched just over a year ago and brings together specialists in each of the organisations. Skills and knowledge are shared amongst those commissioning services, data scientists and analysts, academics and ethicists to improve services provided to Essex communities by sharing data and finding alternative and better approaches in partnership with others rather than within the silo of each organisation. Innovative projects during 2020, include analysis of the societal impact of COVID-19 on child abuse and mental health, which has led to a better understanding of likely latent demand and its severity to allow agencies to respond effectively.

Financial Performance

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

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

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Chief Constable for Essex Police- 2020/21 Financial Performance	Current Budget	Actual	Variance over / (under)
	£000	£000	£000
Employees			
Police Officer pay and allowances	188,036	192,613	4,577
PCSO pay and allowances	3,516	3,549	32
Police staff pay and allowances	86,006	84,756	(1,250)
Ill-health/medical pensions	4,506	4,184	(322)
Training	25	3	(22)
Other employee expenses	247	462	215
	282,337	285,567	3,231
Other Service Expenditure			
Transport	1,151	969	(182)
Supplies & services	388	161	(227)
Third party payments	(18)	(1)	17
	1,521	1,129	(392)
Gross Operating Expenditure	283,857	286,696	2,839
Income	-	-	-
Net Cost of Services	283,857	286,696	2,839

Future Trends and Risks

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

Emergency incidents are on an upwards trend, despite changes to demand during COVID restrictions, and are forecast to continue to increase over the next few years. Victim based crime is forecast to increase over the next 4 years and although violence with injury incidents has reduced in the past 12 months they are forecast to increase in volume and therefore increasing the complexity of the investigation workload.

Prevention remains a key focus of the Force building on investment already made during 2019/20 and 2020/21 to strengthen activity to tackle the issues causing the most harm. The Force will continue working with partners to deliver against a Crime Prevention Strategy and whole system approach to enable the force to optimise its investment. The force management strategy aligns existing resources (both financial and people) to unlock additional capacity, capabilities and potential to prevent crime.

Despite the Force growing, with its allocation of the additional 20,000 officers nationally and investment from increases in council tax, Essex Police has a good track record of delivering cash and efficiency savings to maximise the benefit out of every penny. In 2020/21 £5.8m savings were delivered with £4.8m of these recurring annually and there continues to be an ambitious savings programme with £4.5m programmed to be delivered in 2021/22. 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

There remains financial uncertainty over the medium term with the originally anticipated 3 year comprehensive spending review, expected to provide some certainty over funding over the medium term, being replaced with a one year funding settlement for 2021/22. The short term nature of annual funding settlements makes it difficult to plan for the medium and long term with any certainty.

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With the detrimental impact of COVID-19 on government finances this 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.

COVID-19 is also impacting funding through the Council Tax, with lower than projected increases to the council tax base and reduced collection rates compared to assumptions previously built into the Medium Term Financial Strategy. There has been financial support from central government in regards to loss of income caused by COVID-19 over the course of 2020/21 but it is not clear to what extent support will continue into the next financial year.

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.

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

- **Emergency Services Mobile Communications Programme (EMSCP)** - Cost will continue to escalate due to the continuing delays of the national ESMCP and the Emergency Services Network in delivering a credible, comprehensive and fit for purpose communications solution;
- **Reduced External Forensic Capacity** – Challenges relating to capacity of external providers to meet national policing needs for forensic analysis.

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

Statement of Responsibilities & Introduction

Statement of Responsibilities

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

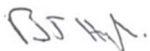
The Chief Constable's responsibilities

The Chief Constable is required:

- to make arrangements for the proper administration of his financial affairs and to ensure that one of his officers (the Chief Finance Officer of the Chief Constable) has the responsibility for the administration of those affairs;
- to manage his affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- to approve the Statement of Accounts.

Completion of the Approval Process by the Chief Constable of Essex

I approve these Statement of Accounts.



Chief Constable of Essex
24th November 2021

The Chief Finance Officer of the Chief Constable's Responsibilities

The Chief Finance Officer of the Chief Constable is responsible for the preparation of the Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in The United Kingdom ('The Code of Practice'). In preparing this Statement of Accounts, the Chief Finance Officer of the Chief Constable has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code of Practice.

The Chief Finance Officer of the Chief Constable has also:

- ensured that proper accounting records are kept which are up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the Statement of Accounts have been prepared in accordance with proper accounting practices and provide a true and fair view of the financial position of the Chief Constable at 31st March 2021.



Deborah A. Martin BA (Hons), FCPFA
Chief Finance Officer of the Chief Constable
24th November 2021

Introduction

Introduction

The Statement of Accounts consists of the following sections:

Core Financial Statements

These comprise:

- **Comprehensive Income and Expenditure Statements** - these show the accounting cost in the year to the Chief Constable of providing services rather than the amount to be funded from taxation. This distinction is very important in interpreting the accounts. The PFCC sets a precept (I.e. the police share of council tax) to cover expenditure classified in accordance with regulations and this will be very different to the accounting cost.
- **Balance Sheet** - this sets out the assets and liabilities of the Chief Constable as at 31st March 2021. Net assets of the Chief Constable (assets less liabilities) are matched by reserves held by him. Reserves are reported in two categories:

Useable reserves – these are reserves that the Chief Constable may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. For example capital reserves can only be applied to fund capital expenditure or to repay debt and not to fund revenue expenditure.

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

- **Movement in Reserves Statements** - this shows the movement in the year on the different reserves held by the Chief Constable. The net increase/decrease before transfers to Earmarked Reserves line shows the statutory General Fund balance before any discretionary transfers to or from earmarked reserves undertaken by the Chief Constable.
- **Cash Flow Statement** – this summarises the inflows and outflows of cash with third parties. The statement shows how the Chief Constable generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which operations of the Chief Constable are funded by way of taxation and grant income or from recipients of the services provided by the Chief Constable. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Chief Constable's future service delivery.

Notes to the Financial Statements

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

Glossary of Terms

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

Independent Auditors Report

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

Report on the Audit of the Financial Statements

Opinion on financial statements

We have audited the financial statements of the Chief Constable for Essex Police (the 'Chief Constable') for the year ended 31 March 2021 which comprise the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement and the Movement in Reserves Statement and notes to the financial statements, including a summary of significant accounting policies, and include the Police Officer Pension Fund financial statements comprising the Police Officer Pension Fund Account. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Chief Constable as at 31 March 2021 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2020) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Chief Constable in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Chief Finance Officer's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Chief Constable's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Chief Constable to cease to continue as a going concern.

In our evaluation of the Chief Finance Officer's conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21 that the Chief Constable's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Chief Constable. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Chief Constable and the Chief Constable's disclosures over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Chief Constable's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Chief Finance Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the Chief Finance Officer with respect to going concern are described in the 'Responsibilities of the Chief Constable and the Chief Finance Officer for the financial statements' section of this report.

Other information

The Chief Finance Officer is responsible for the other information. The other information comprises the information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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

Under the Code of Audit Practice published by the National Audit Office in April 2020 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the 'delivering good governance in Local Government Framework 2016 Edition' published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matter required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Chief Constable, the other information published together with the financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Chief Constable under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

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

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

As explained more fully in the Statement of Responsibilities, the Chief Constable is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. That officer is the Chief Finance Officer. The Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21, for being satisfied that they give a true and fair view, and for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the Chief Constable's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention by government that the services provided by the Chief Constable will no longer be provided.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Chief Constable and determined that the most significant, which are directly relevant to specific assertions in the financial statements, are those related to the reporting frameworks (international accounting standards as interpreted and adapted by the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21, the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015, the Local Government Act 2003, the Local Government Act 1972 and the Local Government Finance Act 2012. We also identified the following additional regulatory frameworks in respect of the Police Pension Fund Regulations 2007, The Police Pensions Regulations 2015, The Police Pensions Regulations 2006 and the Public Service Pensions Act 2013.
- We enquired of senior officers and the Chief Constable concerning the Chief Constable's policies and procedures relating to:
 - the identification, evaluation and compliance with laws and regulations;
 - the detection and response to the risks of fraud; and
 - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.

- We enquired of senior officers, internal audit and the Chief Constable whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We assessed the susceptibility of the Chief Constable's financial statements to material misstatement, including how fraud might occur, by evaluating officers' incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to:
 - journal entries posted which met a range of criteria determined during the course of the audit, in particular those posted around the reporting date which had an impact on the Comprehensive Income and Expenditure Statement, and
 - accounting estimates made in respect of the valuation of liabilities in the Balance Sheet.
- Our audit procedures involved:
 - evaluation of the design effectiveness of controls that the Chief Finance Officer has in place to prevent and detect fraud;
 - journal entry testing, with a focus on entries meeting the risk criteria determined by the audit team;
 - challenging assumptions and judgements made by management in its significant accounting estimates in respect of the valuation of the net defined benefit pensions liability;
 - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. However, detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as those irregularities that result from fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- The team's communications in respect of potential non-compliance with relevant laws and regulations included the potential for fraud in revenue and expenditure recognition and the significant accounting estimates related to the valuation of the net defined benefit pensions liability.
- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
 - understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation
 - knowledge of the police sector
 - understanding of the legal and regulatory requirements specific to the Chief Constable including:
 - the provisions of the applicable legislation
 - guidance issued by CIPFA, LASAAC and SOLACE
 - the applicable statutory provisions.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
 - the Chief Constable's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
 - the Chief Constable's control environment, including the policies and procedures implemented by the Chief Constable to ensure compliance with the requirements of the financial reporting framework.

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

Matter on which we are required to report by exception – the Chief Constable's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Chief Constable has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2021.

Our work on the Chief Constable's arrangements for securing economy, efficiency and effectiveness in its use of resources is not yet complete. The outcome of our work will be reported in our commentary on the Chief Constable's arrangements in our Auditor's Annual Report. If we identify any significant weaknesses in these arrangements, these will be reported by exception in a further auditor's report. We are satisfied that this work does not have a material effect on our opinion on the financial statements for the year ended 31 March 2021.

Responsibilities of the Chief Constable

The Chief Constable is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the review of the Chief Constable's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Chief Constable has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Chief Constable's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We undertake our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in April 2021. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Chief Constable plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Chief Constable ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Chief Constable uses information about its costs and performance to improve the way it manages and delivers its services.

We document our understanding of the arrangements the Chief Constable has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we consider whether there is evidence to suggest that there are significant weaknesses in arrangements.

Report on other legal and regulatory requirements - Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate for the Chief Constable for Essex Police for the year ended 31 March 2021 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed:

- our work on the Chief Constable's arrangements for securing economy, efficiency and effectiveness in its use of resources and issued our Auditor's Annual Report,
- the work necessary to issue our Whole of Government Accounts (WGA) Component Assurance statement for the Chief Constable for the year ended 31 March 2021.

We are satisfied that this work does not have a material effect on the financial statements.

Use of our report

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

Paul Grady

Paul Grady, Key Audit Partner

for and on behalf of Grant Thornton UK LLP, Local Auditor

London

24 November 2021

Statement of Accounts 2020/2021

Statement of Accounts – Financial Statements

Comprehensive Income and Expenditure Statement

(For the years ended 31st March 2020 and 31st March 2021)

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

	2019/20	2019/20	2019/20	2020/21	2020/21	2020/21
	Gross	Gross	Net	Gross	Gross	Net
	Expenditure	Income	Expenditure	Expenditure	Income	Expenditure
	£000	£000	£000	£000	£000	£000
<i>Employees</i>						
Police officer pay and allowances	205,525	-	205,525	216,580	-	216,580
PCSO pay and allowances	3,502	-	3,502	3,549	-	3,549
Police staff pay and allowances	90,635	-	90,635	104,932	-	104,932
Ill-health/medical pensions	3,881	-	3,881	4,184	-	4,184
Training	24	-	24	3	-	3
Other employee expenses	274	-	274	462	-	462
	303,841	-	303,841	329,710	-	329,710
<i>Other service expenditure</i>						
Transport	1,201	-	1,201	969	-	969
Supplies & Services	733	-	733	161	-	161
Third party payments	1,491	-	1,491	(1)	-	(1)
	3,425	-	3,425	1,129	-	1,129
Financial Resources Consumed - Chief Constable	307,266	-	307,266	330,839	-	330,839
Intra Group Adjustment for Chief Constables Net Service Cost	-	(308,640)	(308,640)	-	(320,463)	(320,463)
Net Cost of Provision of Police Services - Chief Constable	307,266	(308,640)	(1,374)	330,839	(320,463)	10,376
Net Interest on the defined benefit pensions liability						
-Police Officers	72,732	-	72,732	66,116	-	66,116
-Police Staff	4,291	-	4,291	4,431	-	4,431
Financing and Investment Income and Expenditure	77,023	-	77,023	70,547	-	70,547
(Surplus)/Deficit on Provision of Police Services - Chief Constable	384,289	(308,640)	75,649	401,386	(320,463)	80,923
Remeasurement of the net defined benefit liability						
-Police Officers	-	(276,470)	(276,470)	424,668	-	424,668
-Police Staff	-	(48,026)	(48,026)	66,125	-	66,125
Other Comprehensive Income and Expenditure	-	(324,496)	(324,496)	490,793	-	490,793
Total Comprehensive Income and Expenditure	384,289	(633,136)	(248,847)	892,179	(320,463)	571,716

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

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

There were net actuarial losses of £490.793m in 2020/21 compared to net actuarial gains of £324.496m in 2019/20. Note 20 provides further information on the Defined Benefit Pension Scheme.

Statement of Accounts – Financial Statements

Balance Sheet

(For the years ended 31st March 2020 and 31st March 2021)

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

Note	2019/20		2020/21	
	£000	£000	£000	£000
<i>Current assets</i>				
15 Short term debtors	1,099		892	
Current assets total		1,099		892
<i>Current liabilities</i>				
16 Short term creditors	(3,999)		(7,059)	
Current liabilities total		(3,999)		(7,059)
<i>Non current liabilities</i>				
20 Pensions liabilities - Police Officers	(2,849,818)		(3,328,893)	
20 Pensions liabilities - Police Staff	(148,831)		(238,204)	
Non current liabilities total		(2,998,649)		(3,567,097)
Net assets/(liabilities)		(3,001,549)		(3,573,264)
<i>Unusable (reserves)/deficit</i>				
19 Pensions liabilities - Police Officers	2,849,818		3,328,893	
Pensions liabilities - Police Staff	148,831		238,204	
Accumulated Absences Account	2,900		6,167	
Unusable reserves total		3,001,549		3,573,264
Total (reserves)/deficit		3,001,549		3,573,264

I certify that the statement of accounts give a true and fair view of the financial position of the Chief Constable's accounts at 31st March 2021.



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

24th November 2021

Statement of Accounts – Financial Statements

Cash Flow Statement

For the years ended 31st March 2020 and 31st March 2021

Note	2019/20 £000	2020/21 £000
Net (Surplus)/Deficit on the Provision of Services:-	75,649	80,923
17 Adjustment to (Surplus)/Deficit on the Provision of Services for non-cash movements	(75,649)	(80,923)
Adjust for items included in the net (Surplus)/Deficit on the Provision of Services that are investing and financing activities	-	-
17 Net cash flows from operating activities	-	-
Net cash flows from investing activities	-	-
Net cash flows from financing activities	-	-
Net (increase)/decrease in cash and cash equivalents	-	-
Cash and cash equivalents at the beginning of the reporting period	-	-
Cash and cash equivalents at the end of the reporting period	-	-
	-	-

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

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

Statement of Accounts – Financial Statements

Movement in Reserves Statement

For the year ended 31st March 2020

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

	2019/20						Total Usable	Total Unusable	Total Reserves
	General	Earmarked	Usable Reserves			Capital Receipts			
	£000	£000	Total General and Earmarked £000	Future capital funding £000	£000	£000	£000	£000	£000
Balance at 1st April	-	-	-	-	-	-	-	3,250,396	3,250,396
(Surplus)/Deficit on Provision of Services (accounting basis)	75,649	-	75,649	-	-	-	75,649	-	75,649
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	(324,496)	(324,496)
Total Comprehensive Income and Expenditure	75,649	-	75,649	-	-	-	75,649	(324,496)	(248,847)
Adjustments between accounting basis and funding basis under regulations	(75,649)	-	(75,649)	-	-	-	(75,649)	75,649	-
Net (Increase)/Decrease before Transfers to Usable Reserves	-	-	-	-	-	-	-	(248,847)	(248,847)
Transfers (to)/from Usable Reserves	-	-	-	-	-	-	-	-	-
(Increase)/Decrease in Year	-	-	-	-	-	-	-	(248,847)	(248,847)
Balance at 31st March 2020	-	-	-	-	-	-	-	3,001,549	3,001,549

Statement of Accounts – Financial Statements

Movement in Reserves Statement

For the year ended 31st March 2021

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

Statement of Accounts – Notes to the Financial Statements

Introduction

This section contains notes which are intended to aid interpretation of the financial statements (as set out on pages 30 to 34) and provide further information on the financial performance of the Chief Constable for Essex during 2020/21. 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.

In 2013/14 the first phase of the transfer took place and the Chief Constable and PCC adopted a new accounting policy and recognised the operational police officer and PCSO expenditure and the PCC's funding to support the Chief Constable in the Chief Constable's Accounts, with most police staff pay, other expenditure and income, including the main sources of funding (i.e. central government grants and council tax) being shown in the PCC's Accounts. Transactions in respect of operational police officer and PCSO costs and liabilities to the Chief Constable's Balance Sheet for employment and post-employment benefits are also recognised in the Chief Constable's Comprehensive Income and Expenditure Statement (CIES) in accordance with International Accounting Standard 19 (IAS19).

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

Revised legislation came into effect on 1st April 2013 granting the Chief Constable the same status as local authorities under Sections 21 and 22 of the Local Government Act 2003. This enables the Chief Constable to apply the statutory override for employee benefits.

A second stage transfer took place on 1st April 2014 and all staff, except those employed by the Office of the PCC, transferred to the corporation sole of Chief Constable.

Statutory and local arrangements determine that the PFCC holds all assets, liabilities and the reserves except for the IAS 19 pension and the accumulated absences liabilities. All payments for the Group are made by the PFCC from the police fund and income and funding is received by the PFCC. The PFCC has the responsibility for managing the financial relationships with third parties and has legal responsibilities for discharging the contractual terms and conditions of suppliers.

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 CC's financial transactions for the 2020/21 financial year and its position at the year-end of 31st March 2021. Essex Police is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, and this requires the preparation to be in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, supported by International Financial Reporting Standards (IFRS) and statutory guidance, issued under Section 12 of the 2003 Act.

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

2.2 Accruals of Income and Expenditure

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

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

2.3 Overhead and Support Services

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

Statement of Accounts – Notes to the Financial Statements

2.4 Employee Benefits

Short Term Benefits

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

The Chief Constable recognises liabilities at the balance sheet date in respect of the following benefits:-

- outstanding annual leave entitlements
- time off in lieu

These are measured at the average pay rate per grade of police officer/police staff.

The initial accruals at the IFRS adoption date are recognised on the balance sheet in the Short Term Accumulating Absences Account, matched by a corresponding liability in the Accumulating Absences Adjustment Account within the Unusable Reserves section.

Subsequent increases and decreases in these liabilities are recognised as a charge or credit to the Comprehensive Income and Expenditure Statement, which are then reversed out through the Movement in Reserves Statement to ensure that there is no impact upon the General Reserve and the amount chargeable to council tax payers. Within the balance sheet there is a corresponding increase or decrease in the Short Term Accumulating Absences Account and the Accumulating Absences Adjustment Account.

Long Term Benefits

The Chief Constable recognises liabilities at the balance sheet date in respect of long term disability benefits (i.e. injury and ill health award) for police officers.

The Chief Constable regards the measurement of long term disability benefits as being subject to the same degree of uncertainty as the measurement of other post-employment benefits.

In accordance with this view, the Chief Constable has adopted an IPSAS 25 (International Public Sector Accounting Standards) interpretation of long term disability benefits, which means that it accounts for these benefits in the same way as defined post-employment benefits, i.e. as actuarial gains and losses, through the police officer pension scheme liabilities and the police officer pension scheme reserve.

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

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Chief Constable's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

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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 a set of assumptions as supplied by our actuary.
- Liabilities are discounted to their value at current prices, based on the market yields at the reporting date on high quality corporate bonds.
- The assets of the Fund are included in the Balance Sheet as follows:-
 - a) Quoted securities are included at realisable values (i.e. current bid price).
 - b) All other assets are included at fair value.
- The change in the net pension liability is analysed into the following components:
 - a) Current service cost: the increase in liabilities as a result of years of retirement benefits earned this year charged to the Comprehensive Income and Expenditure Statement within Net Cost of Services.

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- b) Past service cost (gain): the increase (decrease) in liabilities from current year decisions, the effect of which relate to retirement benefits earned in previous years - charged (credited) to the Comprehensive Income and Expenditure Statement within Net Cost of Services.
- c) Interest cost: the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Surplus/Deficit on Provision of Services in the Comprehensive Income and Expenditure Statement within the Net Cost of Services.
- d) Re-measuring's comprising the expected return on plan assets: the annual investment return on the fund assets based on an average of the expected long-term return -debited/credited to Other Comprehensive Income and Expenditure in the Comprehensive Income and Expenditure Statement.
- e) Gains/losses on settlement and curtailments: the result of actions to relieve the Group of liabilities or events that reduce the expected future service or accrual of benefits of employees - debited/credited to the Comprehensive Income and Expenditure Statement within Net Cost of Services.
- f) Actuarial gains and losses: changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited/credited to Other Comprehensive Income and Expenditure in the Comprehensive Income and Expenditure Statement.
- g) Contributions paid to the Essex Council Pension Fund: cash paid as employer's contributions to the pension fund.

In the Movement in Reserves Statement there are, therefore, appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with charges for the cash paid to the pension fund and any amounts payable to the fund but unpaid at the year-end.

2.9 Contingent Assets and Liabilities

The Group recognises material contingent assets and liabilities which arise from past events whose existence can only be confirmed by the occurrence of one of more uncertain future events, which are not wholly within the Group's control. Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

Policies applying to the Chief Constable

2.10 Retirement Benefits

Police Officers

The following schemes are:

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

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- c) Police Officers in service on or after the 1st April 2015 are admitted to the 2015 Police Pension Scheme
- d) Police Officers forced to retire through injury are admitted to the Police Officer Injury awards Scheme

These schemes are defined benefit schemes, administered by Essex County Council. The schemes are unfunded, meaning that there are no investment assets built up to meet pensions liabilities.

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

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

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

Police Pension Reserve

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

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

Paragraph 3.3.2.13 of the 2020/21 Code requires changes in accounting policy to be applied retrospectively unless alternative transitional arrangements are specified in the Code. Paragraph 3.3.4.3 requires an authority to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Code for the relevant financial year.

Paragraph 3.3.4.3 and Appendix C of the Code adapt IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors on an annual basis to limit the impact of standards that have been issued but not yet adopted to those listed in Appendix C of the Code in the relevant year of accounts (in this case the 2021/22 Code). The adaption has been in place since the inception of the IFRS based Code in 2020/21.

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 2021/22 Code and relevant for additional disclosures that will be required in the 2020/21 financial statements in accordance with the requirements of paragraph 3.3.4.3 of the Code are:

- Definition of a Business: Amendments to IFRS 3 Business Combinations.

It is not expected that Essex Police will be materially impacted by this change as such acquisitions are unlikely.

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4. Critical Judgements in Applying Accounting Policies

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

The critical judgements made in the Statement of Accounts are explained below.

Joint Activities

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

McCloud v Sargeant judgement

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

On 16th July 2020, HM Treasury issued a consultation regarding transitional arrangements for public sector pensions to eliminate discrimination as identified through the McCloud/Sargeant cases. This consultation introduced a requirement for members to have been members of 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 issued their response to the consultation which confirmed the remedy arrangements set out in the consultation, and states 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.

Impact on pension liability

Allowing for all eligible members to accrue benefits from their legacy scheme during the remedy period would lead to an increase in the Police Pension Scheme liabilities. For the Chief Constable, it is estimated that 1,460 members would choose their legacy scheme and thus increase the liabilities. Scheme actuaries originally estimated the increase in scheme liabilities for the Chief Constable to be 4.4% or £94.744m of Police Officer Pension Scheme liabilities. This was recognised in the 2018/19 accounts. In 2019/20, the estimated initial increase was a further 1% (equating to £28.62m of the 2019/20 Police Officer Pension liability) reflecting an additional years' benefits from the remedy, offset by a subsequent £12.782m reduction resulting from the clarification of eligibility criteria for members set out in HM Treasury's consultation. In 2020/21, the estimated increase is a further £9m of current service cost, reflecting an additional years' benefits from the remedy.

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

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

Compensation Claims

Applicants have lodged claims for compensation, with the Chief Constable aware that 13,000 Injury to Feelings (ITF) claims have already been submitted nationally, and a further 37,000 ITF claims in the process of being issued to forces by the ET, the latter upon which different legal arguments may apply. Test cases for these claims are due to be heard by the Employment Tribunal in December 2021 and a complex matching process between these test cases and the 13,000 claims already submitted may be required in due course. Claims for financial losses are currently stayed as consideration is given to the HM Treasury consultation response.

As at 31st March 2021, it is not possible to reliably estimate the extent or likelihood of these claims being successful, nor the element of these numbers of claims which could potentially impact the Chief Constable. Therefore, based on these facts and a lack of an accurate measurement basis for potential costs arising, no liability in respect of compensation claims is recognised in these accounts.

5. Events after the Reporting Period

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

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

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

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for the revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The key judgements and estimation of uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Statement of Accounts – Notes to the Financial Statements

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
<p>Pensions Liability - sensitivity of variable factors</p>	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Chief Constable with expert advice about the assumptions to be applied.</p>	<p>The various potential impacts of these uncertainties are illustrated in the relevant table in Note 20 that shows the outcome should a variance of +0.1% or - 0.1% occur based on the current assumptions. In addition, the effects on the net pensions liability of changes in individual assumptions can be measured.</p> <p>For instance, a 0.1% increase in the discount rate assumption for Police Staff pensions would result in a decrease in the pension liability of £16.416m. 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 £158.351m. It should be noted however, that the various assumptions interact in complex ways, and the Chief Constable will therefore work closely with its actuaries to understand and assess any material impact of these issues, as well as any subsequent actions arising including the potential requirement to increase deficit contributions.</p>
<p>Pensions Liability (LGPS) - actuary roll-forward approach</p>	<p>In determining the value of the employer liabilities for the LGPS scheme the actuary has rolled forward the results from the most recent funding valuation, using the financial and demographic assumptions set for accounting purposes. Therefore, no allowance is made for pension increase experience. Instead, after each triennial valuation the accounting liabilities are recalculated using up to date membership data/results. This often results in experience items which are then incorporated into subsequent accounting reports.</p> <p>In respect of the Police Officer Pension Scheme a new valuation has been undertaken at the 1st April 2020, which has been incorporated into the 2020/21 Statement of Accounts, meaning the actuary roll-forward approach is not applicable for this scheme.</p>	<p>The roll forward approach adopted by the actuary means experience items may emerge representing the difference between the actual experience of the members of the fund, and the experience that had been assumed for them in previous accounting reports. As an example, if members died earlier than assumed this will result in an actuarial gain as the liabilities will be lower than estimated in the roll forward, or if members received higher than assumed salary increases then there will be an actuarial loss as the liabilities will be higher than estimated. In summary, the roll forward method adopted by the actuary is less accurate the use of a full actuarial valuation, however the impact is mitigated by the inclusion of the aforementioned experience items which are incorporated into subsequent accounting reports.</p>

Statement of Accounts – Notes to the Financial Statements

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
<p>Pensions Liability - LGPS scheme assets</p>	<p>Estimation of the net liability to pay pensions also depends on judgements in respect of the performance of the underlying assets which the LGPS pension scheme invests in (it should be noted that the Police Officer Pension Scheme does not hold any assets). A firm of consulting actuaries is engaged to provide the Chief Constable with expert advice in respect of the forecasts to be applied.</p> <p>Whilst the actuary's valuer reported the 2019/20 year-end valuation of scheme assets on the basis of 'material valuation uncertainty' (per VPGA 10 of the Royal Institution of Chartered Surveyors (RICS) Valuation - Global Standard), this is not the case for the 2020/21 valuations, and therefore the figures for these financial statements can be viewed with more certainty, albeit with some remaining risk of variability.</p>	<p>Based on the current market conditions at the 31st March 2021, particularly in respect of the ongoing impact of COVID-19, the Chief Constable understands that the direction of the economy could have a direct impact on the net liability value. This will most likely be in the form of below-average returns on plan assets and market yields. In addition, the overall position is also influenced by the effect of market movements on the assumptions used to place a value on the defined benefit obligation. In summary however, the asset position is much stronger for 2020/21 year-end than the preceding year's financial statements reflected.</p> <p>The return on the fund (on a bid value to bid value basis) for the year to 31st March 2021 is estimated to be 28.65% (-5% 2019/20). The actual return on fund assets over the year may be different, particularly given the continued uncertainty of the longer-term effect of COVID-19 on financial markets, as set out in further detail in Note 38 'Financial Instruments - Risks' in the related Essex PFCC/Group accounts. Should expected returns not be as high as expected this will potentially impact the Chief Constable's revenue account in the form of larger actuarial deficit payments in subsequent years.</p> <p>At the Balance Sheet date it is felt that due to continued estimation uncertainty no firm conclusions can be made in respect of potentially misstated asset values, however any variances which do occur are not expected to be substantially material, and therefore no adjustments have been made in the Statement of Accounts. The wider external context will continue to be reviewed in 2021/22 to assess any further impacts which require potential impairment entries.</p>

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7. Contingent Liabilities

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

Allard & Ors v Devon and Cornwall Constabulary

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

In respect of the 2020/21 accounts, the Chief Constable has assessed the potential financial value of all applicable claims at the Balance Sheet date using the criteria for IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. Based on this assessment, specifically that the outstanding claims cannot be reliably measured, the associated provision value has been released back to the Comprehensive Income and Expenditure Statement during 2020/21. However, there is still uncertainty in respect of further claims arising and as these liabilities cannot be reliably measured at the present time, due to both timings and uncertainty as to whether these amounts will be claimed, a contingent liability has been recognised in the financial statements. Based on current estimates there are 21 further/expected cases which have not been claimed at the Balance Sheet date. To cover these potential liabilities the Essex PFCC/Group has transferred its remaining provision value of £0.673m into the Legal Claims earmarked reserve in the respective Essex PFCC/Group accounts, for the 2020/21 year-end position. Therefore, any future claims, should they arise, will be met from this reserve and not impact the Chief Constable accounts.

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

The Statement of Accounts was authorised for issue on 24th November 2021 by Deborah Martin BA (Hons), FCPFA, Chief Finance Officer of the Chief Constable.

Statement of Accounts – Notes to the Financial Statements

9. Expenditure and Funding Analysis

The objective of the Expenditure and Funding Analysis (EFA) is to demonstrate to council tax payers how the funding available to the Chief Constable for the year has been used in providing services in comparison with those resources consumed or earned by forces in accordance with generally accepted accounting practices. This analysis brings together performance, reported on the basis of expenditure measured under proper accounting practices, with statutorily defined charges to the General Fund.

Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

The EFA is a note to the Financial Statements rather than a primary statement itself, it is positioned here as it provides a link from the figures reported in the Comprehensive Income and Expenditure Statement to the internal force reporting format, as detailed within the Narrative Report.

EFA for the Chief Constable – 2019/20

	2019/20					Total adjustments	Net expenditure in the Comprehensive Income and Expenditure Statement
	Net Expenditure Chargeable to the General Reserve	Adjustments for capital purposes	Total Adjustments		Net expenditure in the Comprehensive Income and Expenditure Statement		
	£000	£000	Net charge for pensions adjustments (EFA note 1)	Other differences (EFA note 2)	£000	£000	£000
Police officer pay and allowances	181,543	-	23,930	52	23,982	205,525	
PCSO pay and allowances	3,502	-	-	-	-	3,502	
Police staff pay and allowances	78,573	-	12,240	(178)	12,062	90,635	
Ill-health/medical pensions	3,881	-	-	-	-	3,881	
Training	24	-	-	-	-	24	
Other employee expenses	274	-	-	-	-	274	
Transport	1,201	-	-	-	-	1,201	
Supplies & services	733	-	-	-	-	733	
Third party payments	1,491	-	-	-	-	1,491	
Financial Resources Consumed	271,222	-	36,170	(126)	36,044	307,266	
Intra group adjustment for CC's net service cost	(271,222)	-	(37,418)	-	(37,418)	(308,640)	
Net Cost of Services	-	-	(1,248)	(126)	(1,374)	(1,374)	
Other income and expenditure	-	-	77,023	-	77,023	77,023	
(Surplus)/Deficit on Provision of Services	-	-	75,775	(126)	75,649	75,649	

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EFA for the Chief Constable – 2020/21

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

10. Notes to the Expenditure and Funding Analysis

	Pensions Adjustments	
	2019/20	2020/21
	£000	£000
<u>Adjustments for Pensions (EFA Note 1)</u>		
<i>Additional items included within the Comprehensive Income and Expenditure Statement.</i>		
Costs recognised in respect of IAS 19 - officers	23,930	22,059
Costs recognised in respect of IAS 19 - staff	12,240	18,817
Chief constable intra-group adjustment in respect of Police Officer Pension Scheme	(37,419)	(33,767)
Total adjustments included within the Net Cost of Services	(1,249)	7,109
Costs recognised in respect of IAS 19 - officers	72,732	66,116
Costs recognised in respect of IAS 19 - staff	4,291	4,431
Total adjustments included within the (Surplus)/Deficit on the Provision of Services	77,023	70,547
Total adjustments	75,775	77,656

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Other Adjustments		
	2019/20	2020/21
<i>Adjustments for other differences (EFA Note 2)</i>	£000	£000
<i>Additional items included within the Comprehensive Income and Expenditure Statement.</i>		
Movement on accumulated absences liability - officers	(178)	1,359
Movement on accumulated absences liability - staff	52	1,909
Total adjustments included within the Net Cost of Services	(126)	3,268
Total adjustments included within the (Surplus)/Deficit on the Provision of Services	-	-
Total adjustments	(126)	3,268

11. Intra Group Adjustments

The Comprehensive Income & Expenditure Statement includes an intra-group adjustment between the Chief Constable and PFCC accounts. This adjustment reflects the financial resources consumed by the Chief Constable on behalf of the PFCC. The corresponding recharge to the PFCC accounts includes a further adjustment to ensure the intra-group recharge is calculated on a funding basis rather than accounting regulations. This includes adjustments for IAS 19 pensions costs and movements in respect of compensated absences accruals. With the exception of the intra-group balance referred to at the bottom of this disclosure, the PFCC paid all financial resources consumed at the request of the Chief Constable and the intra-group adjustment (as referred to above) offsets the Chief Constable's consumption of resources.

For the 2020/21 accounting statements the value of the intra-group adjustment is £320.463m (2019/20, £308.640m). This figure is represented as follows:-

- Financial resources consumed 2020/21= £330.839m
- (Less) funding basis adjustment in respect of IAS 19 = £7.109m
- (Less) funding basis adjustment in respect of Accumulated Absences = £3.267m
- Intra-group adjustment 2020/21 = £320.463m

In respect of outstanding intra group balances at the 31st March 2021, the Chief Constable recognised a debtor of £0.892m with the PFCC, representing employee-related amounts owed at year-end.

12. Officers Remuneration (including Exit Packages)

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.

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

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

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

Statement of Accounts – Notes to the Financial Statements

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.

Remuneration Band	2019/20 - Restated			2020/21		
	Police Officers	Police Staff	Total	Police Officers	Police Staff	Total
£50,000 - £54,999	-	24	24	-	29	29
£55,000 - £59,999	-	15	15	-	18	18
£60,000 - £64,999	-	4	4	-	6	6
£65,000 - £69,999	-	1	1	-	2	2
£70,000 - £74,999	-	5	5	-	3	3
£75,000 - £79,999	-	1	1	-	5	5
£80,000 - £84,999	3	1	4	1	-	1
£85,000 - £89,999	3	2	5	-	1	1
£90,000 - £94,999	4	-	4	5	1	6
£95,000 - £99,999	-	-	-	1	-	1
£100,000 - £104,999	-	1	1	-	2	2
£105,000 - £109,999	-	-	-	-	1	1
Total	10	54	64	7	68	75

Senior police officers are defined by the CIPFA Guidance as those at Chief Superintendent rank and above. The 2019/20 figures have been restated to include these ranks exclusively. The staff figures are all those with annual gross pay subject to national insurance contributions (NIable pay) over £50,000.

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 7 Forces Procurement team, of which only 21.74% of costs remains with Essex Police. The remain 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.

Senior Officer's Remuneration Note – 2019/20

	2019/20		Allowances (note 3)	Employers Pension contributions (note 4)	Total remuneration
	Salary (note 1)	Benefits in kind (note 2)			
	£	£	£	£	£
Chief Constable - BJ Harrington (note 5)	169,244	9,493	4,960	30,381	214,078
Deputy Chief Constable	132,978	9,863	2,000	41,223	186,064
Assistant Chief Constable	114,713	-	8,898	35,562	159,173
Temporary Assistant Chief Constable	101,603	-	6,345	31,698	139,646
Acting Assistant Chief Constable (note 6)	2,493	197	48	773	3,511
Chief Finance Officer of the Chief Constable	94,507	-	5,400	14,460	114,367
Director of Strategic Change and Performance	123,716	-	-	18,929	142,645
Total	739,254	19,553	27,651	173,026	959,484

- 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.
- 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 Chief Constable was only in the pension scheme from April 2019 until October 2019 at which point they opted out.
- The Acting Assistant Chief Constable was in post from 23rd March 2020 and the cost shown are from this date. Had they been in post for the full year their salary would have been £103,023 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:-

- Director of Essex/Kent Support Services - The post holder is on the Kent Police payroll and 50% of their costs were recharged to Essex Police during 2019/20. Their remuneration is disclosed in full in the Kent Police Statement of Accounts. From Sept 2019 the post holder was placed on secondment to the Seven Forces programme.
- Assistant Chief Constable - The post holder came into post on the 28th May 2019 and is on the Kent Police payroll. 50% of their costs were recharged to Essex Police during this period. Their remuneration is disclosed in full in the Kent Police Statement of Accounts.
- Director of Human Resources - The post holder is on the Kent Police payroll and 50% of their costs were recharged to Essex Police during 2019/20. Their remuneration is disclosed in full in the Kent Police Statement of Accounts.

Senior Officer's Remuneration Note – 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
Acting Assistant Chief Constable	105,018	4,699	7,958	32,562	150,237
Temporary Assistant Chief Constable (note 7)	79,629	-	7,767	24,685	112,081
Temporary Assistant Chief Constable (note 8)	75,447	-	4,399	23,389	103,235
Chief Finance Officer of the Chief Constable	96,871	-	5,500	18,328	120,699
Director of Strategic Change and Performance	126,809	-	100	23,986	150,895
Total	1,022,826	43,941	43,494	224,506	1,334,767

- 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. Figures will not be available until 31/05/21.
- 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 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.
- 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.
- 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.

Statement of Accounts – Notes to the Financial Statements

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:-

- Director of Essex/Kent Support Services - The post holder is on the Kent Police payroll and 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. From September 2019 to February 2021 the post holder was placed on secondment to the Seven Forces programme.
- Temporary Assistant Chief Constable - The post holder is on the Kent Police payroll. 50% of their costs were recharged to Essex Police during this period 2020/21. Their remuneration is disclosed in full in the Kent Police Statement of Accounts.
- Director of Human Resources - The post holder is on the Kent Police payroll and 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.

Exit Packages

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

Exit package cost band	Number of Exit Packages					
	Number of Compulsory Redundancies		Number of Other Departures Agreed		Total Number of Exit Packages	
	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21
£0 - £20,000	-	-	-	-	-	-
£20,001 - £40,000	1	2	-	-	1	-
£40,001 - £60,000	-	1	-	-	-	-
£60,001 - £80,000	-	-	-	-	-	-
£80,001 - £100,000	-	-	-	-	-	-
£100,001 - £150,000	-	-	-	-	-	-
Total	1	3	-	-	1	-

Exit package cost band	Cost of Exit Packages					
	2019/20			2020/21		
	Severance £	Pension Strain	Total £	Severance £	Pension Strain £	Total £
£0 - £20,000	-	-	-	-	-	-
£20,001 - £40,000	7,696	18,986	26,682	66,583	9,617	76,200
£40,001 - £60,000	-	-	-	18,984	27,996	46,980
£60,001 - £80,000	-	-	-	-	-	-
£80,001 - £100,000	-	-	-	-	-	-
£100,001 - £150,000	-	-	-	-	-	-
Total	7,696	18,986	26,682	85,567	37,613	123,180

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

Statement of Accounts – Notes to the Financial Statements

13. Termination Benefits

There were three employee contracts terminated in 2020/21 (one employee in 2019/20), incurring the following liabilities:-

- £0.086m severance payments (£0.007m for 2019/20)
- £0.038m enhancement of retirement benefits/ pension strain (£0.019m for 2019/20)

A provision of £0.140m has been created relating to future possible redundancies in 2021/22. Payment will depend on the outcome of employee consultations.

14. External Audit Costs

External Audit Costs	2019/20 £000	2020/21 £000
Costs in regard to agreed audit fee plan for the designated financial year, in respect of external audit services carried out by the appointed auditor	12	12
Total	12	12

15. Debtors

Short term debtors

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

Short-term Debtors	2019/20 £000	2020/21 £000
Funding from the PFCC	1,099	892
Closing Balance	1,099	892

16. Creditors

Short term creditors

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

Short-term Creditors	2019/20 £000	2020/21 £000
Compensated Absences	(2,900)	(6,167)
Other Employee Related	(1,099)	(892)
Closing Balance	(3,999)	(7,059)

Statement of Accounts – Notes to the Financial Statements

17. Cashflow - Operating Activities

	2019/20	2020/21
The (Surplus)/Deficit on the Provision of Services has been adjusted for the following non-cash movements:	£000	£000
(Increase)/decrease in creditors	(185)	(3,114)
Increase/(decrease) in debtors	312	(154)
Movement in pension liability	(75,776)	(77,655)
Total Adjustments	(75,649)	(80,923)

18. Adjustments between Accounting Basis and Funding Basis under Regulations

This note identifies the adjustments that have been made to the total comprehensive income and expenditure recognised by the Chief Constable in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Chief Constable to meet future capital and revenue expenditure.

2019/20	General Reserve	Total Usable Reserves	IAS19 Pensions Reserve -Police Officers	IAS19 Pensions Reserve- Police Staff	Accumulated Absences Account	Total Unusable Reserves	Total all Reserves
	£000	£000	£000	£000	£000	£000	£000
Adjustments involving the IAS19 Pensions Reserve							
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure	(160,118)	(160,118)	132,862	27,256	-	160,118	-
Less direct payments to pensioners payable in the year	84,342	84,342	(73,617)	(10,725)	-	(84,342)	-
Adjustments involving the Accumulated Absences Account							
Amounts by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different to remuneration chargeable for the year in accordance with statutory	127	127	-	-	(127)	(127)	-
Total	(75,649)	(75,649)	59,245	16,531	(127)	75,649	-

Statement of Accounts – Notes to the Financial Statements

2020/21	General Reserve	Total Usable Reserves	IAS19 Pensions Reserve-Police Officers	IAS19 Pensions Reserve-Police Staff	Accumulated Absences Account	Total Unusable Reserves	Total all Reserves
	£000	£000	£000	£000	£000	£000	£000
Adjustments involving the IAS19 Pensions Reserve							
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure	(163,179)	(163,179)	127,514	35,665	-	163,179	-
Less direct payments to pensioners payable in the year	85,524	85,524	(73,107)	(12,417)	-	(85,524)	-
Adjustments involving the Accumulated Absences Account							
Amounts by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different to remuneration chargeable for the year in accordance with statutory	(3,267)	(3,267)	-	-	3,267	3,267	-
Total	(80,923)	(80,923)	54,407	23,248	3,267	80,923	-

19. Unusable Reserves

The tables below describe the unusable reserves.

19.1 Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Reserve from accruing for compensated absences earned but not taken in the year e.g. annual leave entitlement carried forward at 31st March.

Accumulated Absences Account	2019/20 £000	2020/21 £000
Opening Balance	3,027	2,900
Settlement or cancellation of accrual made at the end of the preceding year	(3,027)	(2,900)
Amounts accrued at the end of the current year	2,900	6,167
Closing Balance	2,900	6,167

The significant increase in the liability value at the end of 2020/21 relates to local arrangements in respect of higher carry forward thresholds for both officers and staff in relation to annual leave balances, due to COVID-related factors during 2020/21 where previous levels of annual leave were not always feasible.

Statement of Accounts – Notes to the Financial Statements

19.2 Pensions Reserve

	2019/20			2020/21		
	Police Officers £000	Police Staff £000	Total £000	Police Officers £000	Police Staff £000	Total £000
Opening Balance	3,067,043	180,326	3,247,369	2,849,818	148,831	2,998,649
Actuarial (gains)/losses on pensions assets and liabilities	(276,470)	(48,026)	(324,496)	424,668	66,125	490,793
Reversal of items relating to retirement benefits debited to the (Surplus)/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	132,862	27,256	160,118	127,514	35,665	163,179
Employer's pensions contributions and direct payments to pensioners payable in the year	(73,617)	(10,725)	(84,342)	(73,107)	(12,417)	(85,524)
Closing Balance	2,849,818	148,831	2,998,649	3,328,893	238,204	3,567,097

20. Defined Benefit Pension Schemes

Transactions Relating to Retirement Benefits

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

Police Officer Pension Schemes

	Police Officer Pension Scheme	
	2019/20 £000	2020/21 £000
Comprehensive Income & Expenditure Statement		
Cost of Services:		
Service cost	60,130	61,399
Financing and Investment Income & Expenditure:		
Net interest on the defined liability	72,732	66,116
Total Post Employment Benefit charged to the (Surplus)/Deficit on the Provision of Services	132,862	127,515
Other Post Employment Benefit charged to the Comprehensive Income & Expenditure Statement		
Remeasurement of the net defined benefit liability comprising:		
Change in financial assumptions	(282,260)	652,107
Change in demographic assumptions	5,790	(84,368)
Experience (gain)/loss on defined benefit obligation	-	(143,071)
Remeasurements	(276,470)	424,668
Total Post Employment Benefit charged to the Comprehensive Income & Expenditure Statement	(143,608)	552,183
Movement in Reserves Statement		
Reversal of net charges made to the (Surplus)/Deficit on the Provision of Services for post employment benefits	(132,862)	(127,515)
Retirement benefits payable to retired police officers	73,617	73,107
Net Movement in Reserves Statement	(59,245)	(54,407)

Statement of Accounts – Notes to the Financial Statements

Actuarial gains and losses – Police Officer Pension Scheme

In addition to the recognised gains and losses included in the (Surplus)/Deficit on Provision of Police Services section of the Comprehensive Income and Expenditure Statement, actuarial losses of £424.668m (actuarial gains of £276.470m in 2019/20) have been included in Other Comprehensive Income and Expenditure.

Local Government Pension Scheme

	Local Government Pension Scheme	
	2019/20 £000	2020/21 £000
Comprehensive Income & Expenditure Statement		
Service cost	22,852	31,012
Financing and Investment Income & Expenditure:		
Net interest on the defined liability	4,291	4,431
Administration expenses	113	221
	4,404	4,652
Total Post Employment Benefit charged to the (Surplus)/Deficit on the Provision of Services	27,256	35,665
Other Post Employment Benefit charged to the Comprehensive Income & Expenditure Statement		
Remeasurement of the net defined benefit liability comprising:		
Return on plan assets in excess of interest	28,190	(95,369)
Other actuarial gains/(losses) on assets	472	-
Change in financial assumptions	(63,662)	173,153
Change in demographic assumptions	(8,391)	(5,559)
Experience (gain)/loss on defined benefit obligation	(4,635)	(6,100)
Total Remeasurements	(48,026)	66,125
Total Post Employment Benefit charged to the Comprehensive Income & Expenditure Statement	(20,770)	101,789
Movement in Reserves Statement		
Reversal of net charges to the (Surplus)/Deficit on the Provision of Services for post employment benefits	(27,256)	(35,665)
Employer's contribution payable to scheme	10,725	12,417
Net Movement in Reserves Statement	(16,531)	(23,248)

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 losses of £66.125m have been recognised for the Chief Constable (actuarial gains of £48.026m in 2019/20).

Settlements/Curtailments

With effect from 2020/21 the IAS 19 standard now 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 2020/21 three events in the Local Government Pension Scheme have been treated as material 'special events' in respect of these new requirements.

Statement of Accounts – Notes to the Financial Statements

Pension Assets and Liabilities recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Chief Constable's obligation in respect of defined benefit plans are:-

Police Officer Pension Scheme		
	2019/20	2020/21
	£000	£000
Present value of the defined benefit obligation	(2,849,817)	(3,328,893)
Net liability in Balance Sheet	(2,849,817)	(3,328,893)

Local Government Pension Scheme		
	2019/20	2020/21
	£000	£000
Present value of funded obligation	(498,981)	(696,131)
Fair value of scheme assets (bid value)	351,516	459,359
Gross liability	(147,465)	(236,772)
Present value of unfunded obligation	(1,367)	(1,432)
Net liability in Balance Sheet	(148,832)	(238,204)

Assets and Liabilities in Relation to Retirement Benefits

The following tables reconcile the present values of the liabilities and assets of the police officer pension schemes:

Police Officer Pension Scheme		
<u>Liabilities</u>	2019/20	2020/21
	£000	£000
Opening Defined Benefit Obligation	(3,067,043)	(2,849,818)
Current service cost	(72,894)	(61,399)
Past service cost	12,764	-
Interest cost	(72,732)	(66,116)
Change in financial assumptions	282,260	(652,107)
Change in demographic assumptions	(5,790)	84,368
Experience gain/loss on defined benefit obligation	-	143,071
Estimated benefits paid net of transfers in	87,714	88,075
Contributions by scheme participants	(14,097)	(14,968)
Closing Defined Benefit Obligation	(2,849,818)	(3,328,893)

Police Officer Pension Scheme		
<u>Assets</u>	2019/20	2020/21
	£000	£000
Contributions by employer	73,617	73,107
Contributions by participants	14,097	14,968
Net benefits paid out	(87,714)	(88,075)
Closing fair value of assets	-	-

Statement of Accounts – Notes to the Financial Statements

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

<u>Liabilities</u>	Local Government Pension Scheme	
	2019/20	2020/21
	£000	£000
Opening Balance	(548,270)	(500,348)
Current service cost	(22,690)	(30,934)
Past service cost	(162)	(78)
Interest cost	(13,346)	(10,663)
Change in financial assumptions	63,662	(173,153)
Change in demographic assumptions	8,391	5,559
Experience loss/gain on defined benefit obligation	4,635	6,100
Contributions by scheme participants	(3,940)	(4,264)
Benefits/transfers paid	11,288	10,136
Unfunded pension payments	84	82
Closing Balance	(500,348)	(697,563)

<u>Assets</u>	Local Government Pension Scheme	
	2019/20	2020/21
	£000	£000
Opening Balance	367,943	351,516
Interest on assets	9,055	6,232
Return on assets less interest	(28,190)	95,369
Other actuarial gains/losses	(472)	-
Administration expenses	(113)	(221)
Employer contributions including unfunded	10,725	12,417
Contributions by scheme participants	3,940	4,264
Benefits paid	(11,372)	(10,218)
Closing Balance	351,516	459,359

Expected return on scheme assets

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

Basis for Estimating Assets and Liabilities

The assets and liabilities of the Police Pension Schemes have been assessed by Barnett Waddingham, an independent firm of actuaries.

The dates of the last full valuations are:

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

Statement of Accounts – Notes to the Financial Statements

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

The principal assumptions used by the actuaries are as follows:

	Local Government Pension Scheme		Police Officer Pension Schemes	
	2019/20 £000	2020/21 £000	2019/20 £000	2020/21 £000
Life expectancy from age 65 (police staff) and age 60 (police officers)				
Retiring in 20 years time:				
Male	23.2	22.9	23.3	22.3
Female	25.2	25.1	25.5	24.8
Retiring today:				
Male	21.8	21.6	21.6	21.1
Female	23.7	23.6	23.7	23.3
Rate of Inflation (RPI)	2.7%	3.2%	2.7%	3.2%
Rate of Inflation (CPI)	1.9%	2.8%	1.9%	2.8%
Rate of Increase in Salaries	2.9%	3.8%	3.4%	3.8%
Rate of Increase in Pensions	1.9%	2.8%	1.9%	2.8%
Discount Rate	2.4%	2.0%	2.4%	2.0%

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

	2019/20 £000		2020/21 £000	
Equities	205,755	59.0%	283,838	62.0%
Government bonds	15,151	4.0%	11,852	3.0%
Other bonds	21,298	6.0%	23,043	5.0%
Property	31,610	9.0%	32,705	7.0%
Cash/Liquidity	14,611	4.0%	21,676	5.0%
Alternative assets	40,490	12.0%	53,070	11.0%
Other managed funds	22,601	6.0%	33,175	7.0%
Total	351,516	100.0%	459,359	100.0%

The liabilities show the underlying commitments that the Chief Constable has in the long term to pay retirement benefits. The total liability of £3,567.097m has a substantial impact upon the net worth of the Chief Constable as recorded in the Balance Sheet.

Statutory arrangements for funding the deficit, however, mean that the financial position of the Chief Constable remains healthy.

The deficit on the Local Government Scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

Police pensions are charged to the Police Pensions Fund Account, and any shortfall between the value of pensions paid in year and the receipts into the Account from employer and employee contributions is funded from top-up grant from the government.

The total employer contributions expected to be made to the Local Government Pension Scheme in the year to 31st March 2022 are £12.871m. The total expected employer contributions for the Police Officer Pension Scheme in the year to 31st March 2022 is £36.997m.

Statement of Accounts – Notes to the Financial Statements

The following assumptions have also been made:

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

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

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

Police Officers	£000		
<u>Adjustment to discount rate</u>	+0.1%	+0.0%	-0.1%
Present value of total obligation	3,263,580	3,328,893	3,395,702
Projected service cost	115,137	119,530	124,081
<u>Adjustment to long term salary increase</u>	+0.1%	+0.0%	-0.1%
Present value of total obligation	3,337,783	3,328,893	3,320,077
Projected service cost	120,222	119,530	118,843
<u>Adjustment to pension increases and deferred revaluation</u>	+0.1%	+0.0%	-0.1%
Present value of total obligation	3,386,220	3,328,893	3,272,837
Projected service cost	123,402	119,530	115,804
<u>Adjustment to mortality age rating assumption</u>	+1 Year	None	-1 Year
Present value of total obligation	3,487,244	3,328,893	3,178,048
Projected service cost	124,503	119,530	114,732

Police Staff	£000		
<u>Adjustment to discount rate</u>	+0.1%	+0.0%	-0.1%
Present value of total obligation	681,147	697,563	714,391
Projected service cost	33,884	35,153	36,466
<u>Adjustment to long term salary increase</u>	+0.1%	+0.0%	-0.1%
Present value of total obligation	699,372	697,563	695,772
Projected service cost	35,172	35,153	35,134
<u>Adjustment to pension increases and deferred revaluation</u>	+0.1%	+0.0%	-0.1%
Present value of total obligation	712,433	697,563	683,048
Projected service cost	36,453	35,153	33,894
<u>Adjustment to mortality age rating assumption</u>	+1 Year	None	-1 Year
Present value of total obligation	728,631	697,563	667,865
Projected service cost	36,721	35,153	33,646

McCloud v Sargeant Judgement

The pensions figures in the 2020/21 Statement of Accounts include an allowance to reflect the Court of Appeal judgement in respect of the McCloud and Sargeant cases which relate to age discrimination within the Judicial and Fire Pension schemes, respectively. This allowance was described and included within the previous two sets of financial statements for the Chief Constable, and incorporated into the accounting results with effect from the 31st March 2019. These results, including the allowance, have been rolled forward and remeasured to obtain the accounting results as at 31st March 2021.

Statement of Accounts – Notes to the Financial Statements

On 16th July 2020, the government published a consultation on the proposed remedy to be applied to LGPS benefits in response to the McCloud and Sargeant cases. The consultation closed on 8th October 2020 and the final remedy will only be known after the consultation responses have been reviewed and a final set of remedial regulations are published.

The Chief Constable does not believe that there are any material differences between the approach underlying the estimated allowance and the proposed remedy. 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 2020/21 accounting statements in light of the ongoing consultation.

Further information in respect of the McCloud v Sargeant judgement is included in Note 4.

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 2020/21 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 2020/21 financial statements the Chief Constable has not made any further financial adjustments in respect of GMP.

21. Related Parties

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

PFCC/Chief Constable

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

Statement of Accounts – Notes to the Financial Statements

Central Government

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

Local Government Pension Scheme (LGPS)

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

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

Officers

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

No Chief Officer has undertaken any material transactions with the Chief Constable entity during 2020/21.

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.

	2019/20	2020/21
	£000	£000
Contributions receivable		
Employer (31% of Pensionable Pay)	(32,636)	(34,893)
Serving police officers	(14,096)	(14,968)
Capital equivalent payment for ill health	(265)	(508)
Transfers in		
Individual transfers in from other schemes	(324)	(470)
Total Receipts	(47,321)	(50,839)
Benefits payable		
Pensions	67,532	69,862
Commutations and lump sum payments	16,720	14,342
Annual and lifetime allowance tax payments	-	-
Lump sum death benefits	198	202
NIC on pension funds	-	-
Interest on commutations and lump sum payments	4	-
Payments to and on account of leavers		
Refund of contributions	115	193
Individual transfers out to other schemes	169	7
Total Payments	84,738	84,606
Sub total for the year before transfer from the PFCC of amount equal to the deficit	37,417	33,767
Transfer of amount from the PFCC of amount equal to the deficit - annual benefits (31%)	(37,417)	(33,767)
Transfer of amount from the PFCC of amount equal to the deficit - Total	(37,417)	(33,767)
Net Amount Payable for the year	-	-

Police Officer Pension Fund Account

Pension Schemes

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

- **The Police Pension Scheme 1987** – a defined benefit statutory scheme administered in accordance with the Police Pensions Regulations 1987. This is the oldest scheme currently in operation and is based on final salary. Membership will gradually be phased out over the medium term as officers are tapered into the CARE scheme (see below). 1987 scheme members had the choice to move to the 2006 scheme (also see below) when this was introduced, but the number of transfers were minimal.
- **The Police Pension Scheme 2006** – a defined benefit statutory scheme administered in accordance with the Police Pensions Regulations 2006. This is an additional final salary-based scheme which is also being slowly phased out and tapered into the CARE scheme. Membership eligibility for both the 1987 and 2006 schemes is now closed.
- **The Police Pension Scheme 2015 or 'CARE' (Career Average Revalued Earnings) scheme** - a defined benefit statutory scheme administered in accordance with the Police Pensions (Consequential Provisions) Regulations 2015. This was introduced from 1st April 2015 and is the only scheme open to new officers. Existing officers were brought into the scheme on 1st April 2015 unless they had full transitional protection or tapered protection. Injury and ill-health awards continue to be paid from the Chief Constable's operating account. The employer rate is 31%.

The table on the previous page showing the movements on the Police Officer Pension Fund for the year does not include liabilities to pay pensions and other benefits after the Balance Sheet date. The liabilities for future retirements benefits are disclosed in Note 20 of the Chief Constable accounts.

Annual Governance Statement

1. Introduction

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

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

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

- 2.4 The Police Reform and Social Responsibility Act 2011 also sets out specific responsibilities for the Chief Executive and Monitoring Officer and the Chief Finance Officers (CFOs) to the PFCC and Chief Constable. The CFOs are bound by both professional standards and specific legislative responsibilities. In *Attorney General v De Winton* 1908 it was established that the Chief Finance Officer is not merely a servant of the authority (the PFCC / Chief Constable) but holds a fiduciary responsibility to local taxpayers. The Police Reform and Social Responsibility Act 2011 requires them to comply with relevant provisions within the Local Government Acts.
- 2.5 During the year, there were formal monthly meetings of the PFCC's Performance and Resources Board, attended by senior PFCC and force officers and staff, dealing separately with financial and performance monitoring. In addition, the PFCC's Strategic Board, likewise attended by senior PFCC and force officers and staff, met 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 papers relating to all these meetings (unless restricted) are publicised 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 and 2013
 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 2012 (superseded with effect from 1 February 2020 with 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
 13. Financial and Procurement Regulations

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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 2020/21, key governance documents – most notably the Publication Protocol and Processes and the Access to Information Policy (incorporating the PFCC's Publication Scheme) - have been reviewed and updated.
- 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.
- 2.10 This statement is compliant with regulation 6(1) of the Accounts and Audit Regulations 2015, in relation to the publication of a statement on internal control.

3. The Purpose of the Governance Framework

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

4. The Governance Framework

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

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

The PFCC makes their commitments and areas of focus for policing clear in their Police and Crime Plan. The Plan for 2016 - 2020 was widely consulted on with both partners and the general public and indicated

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how these areas of focus would be delivered, paying due regard to the Strategic Policing Requirement, as set by the Home Secretary.

The postponement of the PFCC election originally scheduled for May 2020 to May 2021 as a result of the global COVID-19 pandemic meant that the term of the Police and Crime Plan was extended for the further year. Work was therefore undertaken early in 2020/21 to develop and implement an action plan to ensure that the priorities set out in the Police and Crime Plan continued to be delivered throughout this additional year. This built on the findings of the #MakeADifference public engagement exercise which ran from September 2019 to April 2020 and was referenced in last year's Annual Governance Statement. Additional workshops were carried out with members of the Police, Fire and Crime Panel, Council Leaders and Chief Executives, local MPs and the Strategic Independent Advisory Group (IAG) facilitated by Essex Police. Further engagement sessions were held with the Essex Association of Local Councils, Neighbourhood Watch, Community Safety Partnership Managers and representatives from the business community, rural community and voluntary sector, as well as commissioned services. The Chief Constable and, through him, Essex Police's Chief Officer Group, were engaged in the development process throughout. The resulting extended plan sets out a series of renewed commitments against the seven priorities outlined within the 2016/2020 plan.

The PFCC has developed a performance framework that is used to monitor and support the delivery of the 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. To reflect the renewed commitments set out in the extended plan, several additional measures have been incorporated into the performance framework for 2020/21.

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, 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.

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 was regular one-to-one contact on a two-weekly basis between the PFCC and Chief Constable in order to ensure that matters were dealt with expediently within their respective responsibilities. Formal performance meetings, also attended by the PFCC's Chief Executive and Monitoring Officer, were interspersed with informal contact.

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

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Sharing Agreement 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.

Any differences that have occurred between the PFCC and the Chief Constable during 2020/21 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 updated 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.

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 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.

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

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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 and 2013. Performance information presented to the PFCC's monthly Performance and Resources Board is also published on the PFCC's website.

During 2020/21, the PFCC commissioned an independent company to carry out an audit of its website and to work with the staff team to ensure that it complied with the Public Sector Bodies (Websites and Mobile Applications) (No. 2) Accessibility Regulations 2018 by the statutory deadline of 23 September 2020. This work has provided assurance that the PFCC's website is accessible to as many people as possible, including those with impaired vision, motor difficulties, cognitive impairments, learning disabilities, and deafness or impaired hearing.

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 2020/21, 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. Its work plan for 2020/21 has included briefings and assurance on the Essex Violence and Vulnerability Unit, the force's response to the COVID-19 pandemic and implementation of new technologies. JAC papers are published on the PFCC's website unless restricted.

In June 2020, the JAC considered the outcomes of the 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. In July 2020, members of the JAC also held a further workshop with the PFCC's Chief Executive and Monitoring Officer on the findings of the review and how to take them forward. The review concluded that:

- The JAC had been effectively chaired most or all of the time;
- The JAC had met sufficiently and with good attendance most or all of the time;
- The JAC had received timely, accurate and helpful information most or all of the time, and
- The JAC had complied with its Terms of Reference most or all of the time.

As a result of the review, the JAC agreed to:

- Review and update its Terms of Reference, including to reflect best practice for Audit Committees identified by the PFCC's and Chief Constable's external auditor;
- Ensure that annual appraisals of JAC members are undertaken and evidenced going forward;
- Increase the membership of the JAC to include four independent members as well as the Chair;
- Have private meetings with the PFCC ahead of each formal meeting, and at least annually with the Head of Internal Audit, and
- Produce an Annual Report of its activities.

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New Terms of Reference were subsequently approved by the JAC in September 2020. This, along with the retirement of an existing independent member during the summer of 2020, had led to work being undertaken this financial year to recruit two new independent members of the JAC. The PFCC's and Chief Constable's internal auditor, RSM, was engaged to review the role profile and person specification to ensure that they remained fit for purpose; to run the advertising campaign and manage the shortlisting process, and to support the interview process. Following a positive response to the recruitment campaign, two new independent members have been appointed who it is hoped will join the JAC at its meeting in June 2021.

The PFCC and Chief Constable continue to use risk management policies and frameworks that comply with CIPFA guidance. An internal audit was carried out in 2020/21 of the risk management arrangements implemented by both the PFCC and the Chief Constable. Reasonable assurance was given, with the report concluding that controls were well designed and that risk owners understand how risks are used to inform core activities and to deliver the objectives of the PFCC and the Chief Constable.

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

In April 2020, the Chief Executive and Monitoring Officer implemented changes to the establishment of the PFCC's office that were consulted on during 2019/20, in order to ensure that it is adequately resourced and skilled to support the PFCC to discharge all of their statutory duties and responsibilities. The new structure builds resilience and capacity in key governance functions, most notably by designating a Deputy Monitoring Officer to advise and act in the Monitoring Officer's absence and to support the Monitoring Officer in maintaining and ensuring adherence to the PFCC's governance framework. It also strengthens links and working relationships between the performance and scrutiny, finance and commissioning functions by bringing them together within a single Performance and Resources directorate. The new structure removed the previous Treasurer and Financial Scrutiny Officer posts and created the new posts of Strategic Head of Performance and Resources and Head of Finance. The latter of these serves as the Section 151 Officer to the PFCC, while the former works with the Section 151 Officers to the PFCC, PFCCFRA and the Chief Constable to provide strategic financial oversight and to lead the development and implementation of financial strategy across all of the PFCC's legal entities and functions. Although the Head of Finance reports to the Strategic Head of Performance and Resources, they are a standing member of the PFCC's Strategic Management Team in their own right, in order to ensure that they are appropriately involved in all substantive financial discussions and decisions. The new structure also removed the former Board Secretary role and created two part-time Scrutiny Officer roles to increase resilience in the support arrangements for the PFCC's oversight and scrutiny programme.

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.

The PFCC completed their annual public survey on the precept for the following year between 30 November and 20 December 2020. 1,356 people responded. 56% 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. 72% 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 COVID-19 pandemic has meant that this engagement has been hosted online during 2020/21, with the result that it has reached a much larger and more diverse audience than traditional methods. The 15 online engagement events hosted by the PFCC between May

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and December 2020 each reached between 931 and 14,500 people. 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.

Essex Police has its own comprehensive engagement strategy and the PFCC and Chief Constable jointly conduct a public survey of 7,700 people every year. This found that, during the 2020 calendar year, 53% of respondents felt well informed about what the police are doing in their local area compared with 40% the year before. This is significantly better than the national average of 37%. During 2020/21, specific questions were added to the survey relating to the force's policing of the national restrictions relating to Coronavirus, responses to which indicated an extremely high level of confidence in and satisfaction with Essex Police's approach. 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.

Young people comprise a key stakeholder group for both the PFCC and Essex Police. how we work with them to build their confidence in policing, to reduce their vulnerability, and to engage them as active citizens is critical to creating the safe and secure communities described in the PFCC's vision for the county. During 2020/21, the PFCC has therefore supported a "youth voice" project across Essex to inform the development of a new Youth Strategy for Essex Police. As part of this, the PFCC hosted an online youth conference to engage young people across Essex in discussions regarding their relationship with the police and how they might work better together. The PFCC also funded the Essex Council for Voluntary Youth Services (ECVYS) to conduct a series of targeted conversations with young people to ensure that the views accessed were diverse and representative of Essex's young people as a whole.

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

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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. Possibly on account of the PFCC election on 6 May 2021, the Panel has experienced a greater level of public engagement during 2020/21 and has received and responded to a larger volume of questions from the public than has historically been the case. 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.

Essex Police

5.4 The Chief Constable has responsibility for reviewing the effectiveness of the governance framework within the force. This review is informed by the work of Essex Police's Director for Strategic Change and Performance and the Head of Continuous Improvement, who have responsibility for the development and maintenance of the governance environment. In preparing this Annual Governance Statement a joint approach has been adopted by the PFCC and Chief Constable.

5.5 The Strategic Change Directorate within Essex Police delivers an annual compliance and review programme designed to assist senior managers to:

- Evaluate the reliability and integrity of specific data created and held by the force;
- Evaluate the force's compliance with legislation and associated national standards;
- Evaluate compliance with the force policies and authorised professional practice;
- Provide recommendations that improve force performance and compliance levels;
- Reduce the likelihood of personal and corporate financial and reputational risk;
- Assist in assessing the effectiveness of the force's risk mitigation and control(s);
- Identify potential inappropriate, unethical and non-compliant activity, and

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- 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 2020/21 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.

External Audit

5.9 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)

5.10 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

Annual Governance Statement

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)

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

6. Significant Governance Issues

Operation Melrose

- 6.1 On 23 October 2019, a dedicated team of detectives from Essex and Kent’s shared Serious Crime Directorate commenced the UK’s largest ever homicide investigation, Operation Melrose, following the discovery of the bodies of 39 Vietnamese migrants in a lorry container in Grays. It has been a fast-moving investigation involving significant police and partner agency resources, including from the National Crime Agency, Home Office, Foreign and Commonwealth Office, Border Force and Immigration Enforcement, which has continued into 2020/21. The impact of the investigation on personnel and force resilience has been significant and support has been made to all officers and staff affected through the force’s Trauma Risk Management (TRiM) process.

Essex Police remains one of the lowest funded forces in England. As such, a major incident such as Operation Melrose has the potential to have a significant impact on its financial stability. The final spend in respect of the operation across 2019/2020 and 2020/2021 was £3,473,658, a significant proportion of which consisted of mutual aid claims from 24 forces. A £1 million contribution was secured from the Home Office’s Special Grant fund to reimburse the costs incurred by the force up to November 2019. Following further successful applications to the Home Office, the balance of costs incurred in 2019/2020 were met in full by Special Grant funding, as well as 85% of eligible costs incurred during 2020/21, resulting in a total of £2,328,872 Home Office funding. The balance of 2020/21 costs, £144,786 were met by the Essex Police, Fire and Crime Commissioner.

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Following further successful applications to the Home Office, all the eligible costs incurred by Essex Police in the investigation have now been met by Special Grant.

Part of the grant was subject to HMICFRS inspection. This took place in September 2020 and the report was received in October 2020. The report concluded that the governance arrangements were appropriate for the operation and that senior managers provided clear leadership throughout. Furthermore, the report noted that robust scrutiny and challenge of the expenditure incurred led to savings of around £100k.

The trial commenced at the end of 2020. All defendants were found guilty of all charges and, in January 2021, seven men were sentenced at the Old Bailey for their involvement.

Operation Talla (the response to the global COVID-19 pandemic)

- 6.2 Throughout 2020/21, Essex Police remained heavily involved in leading the county's response to the pandemic, both through the Chief Constable's co-Chairmanship of the Strategic Coordinating Group (SCG) stood up by the Essex Resilience Forum (ERF) to coordinate the multi-agency response, and also through its vital role in enforcing law and order (including of the powers introduced by the Government to deal with people who do not comply with social distancing measures), promoting community safety and reassuring the public at this turbulent time.

Essex Police has maintained 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. In contrast to the national trend, sickness levels in Essex Police have actually decreased during the pandemic, and the force has experienced one of the lowest absenteeism levels nationally during this period.

Both the PFCC and Essex Police have devised and implemented new ways of delivering services whilst protecting statutory rights. Video consultations have been enabled between officers, detainees and their solicitors across Essex custody suites for the first time and the PFCC's Independent Custody Visiting (ICV) scheme has played an important role in ensuring that detainees have continued to be treated as expected (including in respect of access to PPE) during the outbreak. Applications to join the force have increased, and reconfiguration of the force's methods of delivering training in compliance with social distancing requirements have enabled all probationer training to continue, and delivery of the force growth plan to remain on track. All volume processes have transitioned across to a virtual platform, meaning that Essex Police has continued to hold promotion boards. Temporary changes made to the 7 Force Contract Standing Orders have continued to allow contracts that would usually be signed under seal to be approved via an electronic signature and witness. The depth and strength of collaboration across the emergency services and with other partners has also been quite phenomenal, with Essex's police and fire and rescue services both playing critical roles in activities such as the distribution of PPE and other essential kit and equipment to key sites across the county.

The PFCC has had a weekly briefing from the Chief Constable on the impact of COVID-19 on the force and its response, and has continued to be represented on the SCG as well as on some of the supporting Tactical Coordinating Groups (TCGs) and the ERF Communications Group. The PFCC has also continued to convene fortnightly video conferences of the Essex Criminal Justice Board (ECJB) to ensure that key stakeholders are kept informed of developments and effective channels of communication are maintained.

The PFCC, Chief Constable and other key leaders across Essex have been interviewed regularly by BBC Essex as part of series entitled Essex Unites to highlight how the public and partners across the county have come together during the pandemic and what the public needs to do to stay safe. A weekly written

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briefing has been prepared by the ERF Communications Group for distribution to all elected leaders and other key stakeholders in the county and the PFCC's office has also arranged regular, remote briefings of MPs. Both the PFCC and Essex Police have also introduced virtual solutions to support their direct interactions with the public. The PFCC has produced a regular vlog and both are continuing to engage with the public via social media.

The PFCC re-purposed £150,000 of its 2020/21 Community Safety Development Fund as a contribution to the Essex Coronavirus Response and Recovery Programme administered by the Essex Community Foundation to support voluntary and community organisations that responded to and have been adversely impacted by the pandemic. The PFCC has also funded the Chamber of Commerce to establish a business support helpline and to match offers of support from the business community with demand across the county.

The 2020/21 provisional outturn report for the force evidences the net expenditure on COVID-19 across two financial years is £4.533m. This expenditure has been met through Home Office funding for Medical Grade PPE of £1.415m, Income Loss Recovery of £1.148m, Surge funding of £0.674m, and COVID-19 enforcement and wider pressures funding of £1.303m; alongside cashable savings from non-pay expenditure budgets of £0.852m.

Financial Support to the PFCC

- 6.3 As reported in last year's Annual Governance Statement, an interim Chief Finance (Section 151) Officer to the PFCC was in place from the start of the financial year, initially sourced through the Kent Police and Crime Commissioner's office and then, with effect from 14 April 2020, from Essex County Council.

Interviews took place for a new, permanent Head of Finance in November 2020, supported by the Chair of the Joint Audit Committee. The Commissioner's preferred candidate was confirmed by the Police, Fire and Crime Panel in December 2020 and took up post in January 2021.

- 6.4 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 2021
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>Additional 151 officers to be funded through the national uplift programme and continued efficiency savings made by Essex Police. Essex Police to have an officer establishment of 3,369 by 31 March 2021. Further improvements in demand management to be demonstrated by March 2021 as the impact of additional officers and continued investment in technology is seen.</p>	<p>The Home Office grant to Essex for its share of the national uplift of 20,000 officers, along with the precept increase, has allowed another year of significant investment in police officers and staff. This, along with the continued attraction and recruitment of new officers into the force, resulted in the establishment as at 31 March 2021 and the Year 1 target of the national Police Uplift Programme being exceeded. Officer strength as at 31 March 2021 was 3,412.83 FTE; 43.83 FTE over the establishment of 3,369 FTE. This puts the force in a strong position to progress towards the achievement of the Year 2 uplift target.</p> <p>All crime fell by 11.4% (19,131 offences) in 2020/21 compared to 2019/20. However, this reduction has primarily been influenced by national restrictions on gathering and movement as a result of the COVID-19 pandemic. During the 2020 calendar year, the force received 6.3% fewer 999 calls (322,286 compared with 343,800) than in 2019 and answered these in an average of 7 seconds as opposed to 9 seconds. The Force Control Room received 0.3% more 101 calls (293,899 compared with 293,049) but answered them, on average, 12 seconds faster (in 3 mins 10 seconds compared with 3 minutes 22 seconds). The Resolution Centre received 8.9% fewer 101 calls (87,070 compared with 107,347) and answered them significantly faster, in an average of 5 minutes 23 seconds compared with 17 minutes 18 seconds in 2019.</p> <p>Assisted by this, the force's performance in relation to meeting emergency response target attendance times improved by 5.4 percentage points to 82.6% in 2020/21 compared with 2019/20. Single Online Home has been developed to provide additional services in response to the COVID-19 pandemic. In April 2020, as part of emergency measures to reduce pressure on the 101 system associated with the pandemic, Essex Police installed Live Chat facilities on its SOH website, operated by Force Control Room staff working from home on a 7am – 11pm, seven-day shift pattern. An online reporting mechanism for ASB was also implemented in May 2020. Consequently, Essex has seen a significant increase in online reporting during the pandemic, with 9,000 reports recorded in April 2020. The Live Chat function of Single Online Home hosted an average of 67 contacts per day during Quarter 4 of</p>

			<p>2020/21 that would otherwise have been routed via 101.</p> <p>The target savings and efficiencies set by the Force Efficiency and Savings Board in 2020/21 was £6.775m (2.25% of the MTFS). This target has been exceeded by £1.481m, with £5.772m cashable (£4.791m recurring) and £2.484m non-cashable savings being realised. £1.122m non-cashable savings are attributed to body worn video whilst £0.06m non-cashable savings have been realised through Single Online Home.</p> <p>Essex Police has been shortlisted in the Police Service of the Year category in the Improvement and Efficiency Social Enterprise (iESE) Public Sector Transformation Awards, which celebrate the most innovative practice in transforming local public services.</p>
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 2021/22 due to be announced in December 2020, and from the CSR.	On 17 December 2020, the Government issued the police funding settlement for 2021/22, which allowed PCCs and PFCCs £15 precept flexibility without triggering a referendum. The Government also provided £413.6m for the recruitment of 6,000 additional officers nationally by March 2022. In light of the pressures on Essex residents as a result of the ongoing impact of the COVID-19 pandemic, the PFCC did not maximise the precept flexibility available for 2021/22. Instead, on 4 February 2021, the Police, Fire and Crime Panel approved a precept increase of 4.98%, equivalent to an increase of £9.90 a year, from £198.63 to £205.53, for a Band D property, raising an additional £6.014m in Council Tax receipts. The outcome of the Comprehensive Spending Review has not yet been announced.

Title	Action	Expected Delivery	Position as at 31 st March 2021
Public confidence and victim satisfaction	Implement a new communications strategy and clearer engagement focus across the force in order 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 2020/21.	<p>The ongoing independent public confidence survey indicates that, during the 12 months to the end of December 2020, 76% respondents thought that local police were doing a good or excellent job, compared with 65% during the previous 12 months. 71% felt Essex Police understood community issues compared with 60% the year before, which moved the force above the average (67%) for its Most Similar Group (MSG) of forces. 54% agreed that Essex Police is dealing with crime and ASB in their area compared with 46% the year before. This is higher than both the MSG average (53%) and the national average (42%). Taking everything into account, 75% respondents reported having confidence in Essex Police, compared with 64% in the previous year. However, victims of crime continue to report lower levels of confidence and satisfaction than non-victims across a range of measures. This gap has remained constant with the previous year.</p> <p>The independent public confidence survey also assessed public opinion of Essex Police's approach to policing the Coronavirus restrictions and shows that, throughout the pandemic, just over 70% of those surveyed were supportive of the force's stance.</p>
Blue light collaboration	To promote collaborative working across blue light services, including greater efficiencies between Essex Police and Essex County Fire and Rescue Service and the successful transition to the 7Force Strategic Alliance.	<p>Sign off the PEQF contract. Make significant progress in delivering target milestones and efficiency savings within the key work streams within the 7Force programme:</p> <ul style="list-style-type: none"> • Procurement • Vetting • Forensics case management • IT convergence • A shared ERP Digital Asset Management System (DAMS). 	<p>Strategic collaboration work has continued across Essex Police and the Essex County Fire and Rescue Service, especially in respect of fleet workshops and other shared estate. A shared rural resource pilot went live in the Dengie in November 2020.</p> <p>The PEQF contract was signed and completed by all 7F partners on 12 June 2020, after "go live" was paused from the beginning of April due to COVID.</p> <p>The 7F Strategic Alliance agreed the 7F Procurement closure report on 27 July 2020. The Post Implementation Review is currently underway.</p> <p>The 7 Forces of the eastern region migrated to the new Core Vet system in April 2021.</p> <p>The Full Business Case for a shared Forensics Case Management System was agreed by the Strategic Alliance on 14 January 2021. The contract was subsequently signed by all PCCs in April 2021.</p> <p>A pilot with the preferred supplier of a 7F DAMS agreed by the Strategic Alliance in July 2020 has concluded, however a contractual issue for Essex</p>

			<p>and Kent means that the project timelines are currently being reviewed. In respect of a shared ERP, it was decided in January 2020 that, in the absence of shared transactional services, the investment and risk required were too high for the level of business change. Following extensive discussions, it was further decided by the Strategic Alliance in January 2021 not to progress to Full Business Case for ICT convergence, predominantly due to financial challenges in some force areas. This may be revisited in two to three years' time.</p>
Recovery from the COVID-19 pandemic	<p>Develop and deliver actions to continue delivery of the Police and Crime Plan throughout 2020/21. 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. Continue to promote and progress video-enabled justice in order to increase the efficiency of the criminal justice system. Assess and respond appropriately to any subsequent loss of income due to reductions in Council Tax receipts (due to increases in non-payment and / or changes to the anticipated Council Tax base increase).</p>	<p>Demand and financial impacts on the local population and the force are mitigated as far as possible.</p>	<p>The response phase of the pandemic continued throughout 2020/21. Throughout this time, activity to deliver the Police and Crime Plan continued and, as noted above, all crime fell by 11.4% in 2020/21 compared to 2019/20. This equates to 19,131 fewer offences. Since May 2020, the number of ASB incidents reported has generally increased when further restrictions have been implemented by the Government and decreased as restrictions have eased. Due to the proportion of time spent "in lockdown" during the year, overall Essex experienced a 46.2% increase in ASB incidents during 2020/21 compared with 2019/20. As referenced above, the PFCC re-purposed £150,000 of their 2020/21 Community Safety Development Fund as a contribution to the Essex Coronavirus Response and Recovery Programme administered by the Essex Community Foundation to support voluntary and community organisations that responded to and have been adversely impacted by the pandemic. Essex's response to Virtual Remand Hearings was swift and praised by local HMCTS colleagues. Like other forces, Essex experienced an impact on resources within the Custody Command which was mitigated to an extent by the creation of the Southend Remand Suite (SRS) to better enable administration of remand prisoners attending court virtually from police custody suites. The use of the SRS ceased in November 2020, with remand prisoners now being transported to court, thus reducing the average time a detainee spends in police custody. Essex Police also worked closely with firms of solicitors to establish a way that advice and representation in interviews could be achieved virtually, which is still in use across all custody suites. The overall workload within the criminal justice system is currently 75.7% higher than before the pandemic, with the main concern being Crown</p>

			<p>Court cases and the backlog of trials. Multi-agency meetings chaired by the PFCC are taking place on a fortnightly basis to monitor progress and identify further opportunities for maintaining and expediting this. This is also subject to an HMCTS recovery work package.</p> <p>Reporting to the Home Office on the financial impacts of COVID continues, in order that appropriate reimbursement can be considered.</p>
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Significant governance issues for 2021/22

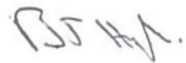
Significant governance issues for consideration in 2021/22 are identified below:

Title	Action	Expected Delivery
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.
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.
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.
Blue light collaboration	To promote collaborative working across blue light services, including greater efficiencies between Essex Police and the Essex County Fire and Rescue Service; through the Essex and Kent Police Shared Services directorate, and through the 7Force Strategic Alliance	Progress shared fleet workshops across Essex Police and the Essex County Fire and Rescue Service, along with further estate sharing in Harwich and Dovercourt. Implement collaborative Firearms, Shotguns, Explosives and Licensing (FSEL) administration across Essex and Kent as part of Operation Hexagon. Continue wider technological implementation of the Core Vet system through until autumn 2021. Agree future opportunities for 7F collaboration across the 14 corporation soles in summer 2021.
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	Demand and financial impacts on the local population and the force are mitigated as far as possible.

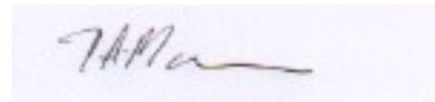
	community sector. Assess and respond appropriately to any subsequent loss of income due to reductions in Council Tax receipts (due to increases in non-payment and / or changes to the anticipated Council Tax base increase).	
Government's PCC Review	Respond appropriately to changes to the Specified Information 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.
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.

7. Conclusion

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



Chief Constable of Essex



Chief Finance Officer of the Chief Constable of Essex

Glossary of Terms

ACCRUAL – The recognition, in the correct accounting period, of income and expenditure as it is earned or incurred, rather than as cash is received or paid.

ACTUARIAL GAINS AND LOSSES – For a defined benefit scheme, the changes in actuarial deficits or surpluses that arise because events have not coincided with the actuarial assumptions made for the last valuation (experience gains or losses) or the actuarial assumptions have changed.

ACTUARIAL VALUATION – A valuation of assets held, an estimate of the present value of benefits to be paid, and an estimate of required future contributions, by an actuary, on behalf of a pension fund.

APPROPRIATIONS - Amounts transferred to or from revenue or capital reserves.

ASSET - An item owned by the PFCC, which has a value, for example, land & buildings, vehicles, equipment, cash.

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

CASHFLOW STATEMENT – This statement summarises the inflows and outflows of cash.

CIPFA – The Chartered Institute of Public Finance and Accountancy. This is the main professional body for accountants working in the public services.

CORPORATION SOLE – A legal entity consisting of a single incorporated office, occupied by a single individual.

CREDITORS – Individuals or organisations to whom the PFCC owes money at the end of the financial year.

CURRENT ASSETS AND LIABILITIES – Current assets are items that can be readily converted into cash. Current liabilities are items that are due immediately or in the short-term.

CURTAILMENT – For a defined benefit scheme, an event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of their future service.

DEBTORS – Individuals or organisations who owe the PFCC money at the end of the financial year.

DEFINED BENEFIT SCHEME – A pension scheme which defines the benefits independently of the contributions payable and the benefits are not directly related to the investments of the scheme.

FAIR VALUE - The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

FINANCIAL REGULATIONS – A written code of procedures approved by the PFCC, intended to provide a framework for proper financial management.

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

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

Glossary of Terms

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.

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

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

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

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

LIABILITY – An obligation of an entity arising from past transactions or events, the settlement of which may result in the transfer or use of assets, provisions of service statement of the PFCC's plans in financial terms. A budget is prepared and approved by the PFCC before the start of each financial year and is used to monitor actual expenditure throughout the year.

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

NPCC – National Police Chiefs' Council.

PAST SERVICE COST – For a defined benefit scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

PENSION FUND – A fund which makes pension payments on retirement of its participants.

PFCC – Police Fire and Crime Commissioner.

PROJECTED UNIT METHOD – An accrued benefits valuation method in which the scheme liabilities make allowances for projected earnings. The scheme liabilities at the valuation date relate to:

- a) The benefits for pensioners and deferred pensioners and their dependants, allowing where appropriate for future increases.
- b) the accrued benefits for members in service at the valuation date.

PROVISION – An amount set aside to provide for a liability that is likely to be incurred but the exact amount and the date on which it will arise is uncertain.

RETIREMENT BENEFITS – All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment.

Glossary of Terms

REVENUE EXPENDITURE AND INCOME – Day to day expenses mainly salaries and wages, general running expenses and the minimum revenue provision cost. Charges for goods and services.

SERVICE REPORTING CODE OF PRACTICE – A code of practice issued by CIPFA, which provides a consistent and comparable basis for financial reporting across local authorities in the United Kingdom.

SCHEME LIABILITIES – The liabilities of a defined benefit scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

SETTLEMENT – An irrevocable action that relieves the employer (or the defined benefit scheme) of the primary responsibility for a pension obligation and eliminates significant risks relating to the obligations and the assets used to effect the settlement.

UNUSABLE RESERVES – Reserves that represent the net value of fixed assets and pensions & other liabilities, but which cannot be applied to fund expenditure or reduce local taxation.

USABLE RESERVES – Reserves that can be applied to fund expenditure or reduce local taxation.

Further Information

Further Information

Further information about the Chief Constable's accounts is available from:

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

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

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