

Chief Constable for Essex Police Statement of Accounts 2021/2022



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Narrative Report 2021/2022

Narrative Report

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

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Narrative Report

Narrative Report

County of Essex



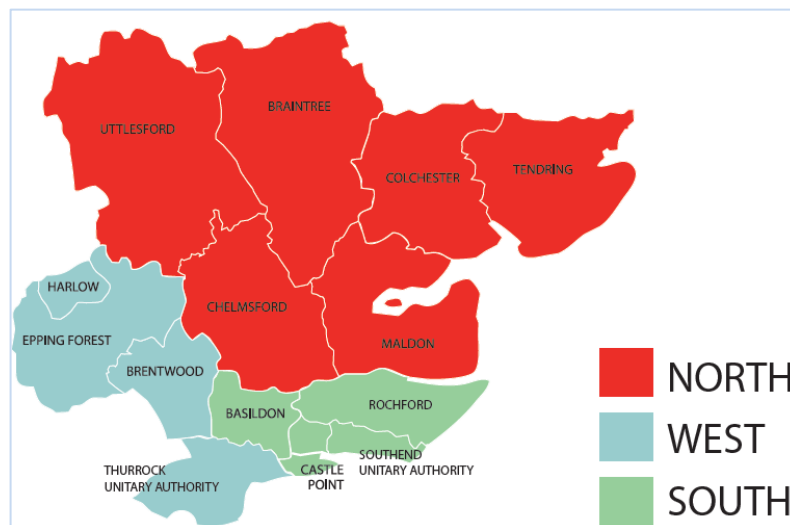
Essex covers 1,417 square miles and borders the counties of Suffolk, Cambridgeshire, Hertfordshire, Kent and four London Boroughs. Three quarters of the county is agricultural land but with several significant and spread out major urban areas, including two new cities, Chelmsford and Southend. It has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

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

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

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

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



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

² HMICFRS Value for money profiles – January 2022

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Chief Constable's Report



Essex Police continues to grow and to put the new and existing resources at its disposal to best use to protect and serve the county. This report relates to the third full financial year since the introduction of the current Essex Police Force Plan, which is focused on victims, vulnerability, violence and visibility.

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

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

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

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

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

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

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

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

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

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

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

I have a vision of a united Essex in which we celebrate our diversity and where we value each other's differences. In May, following the relaxation of COVID restrictions, Essex started returning to a level of normality with the county's night time economy returning to business as usual levels. Overall crime levels have grown in the last year as lockdown eased but they still remain lower than they had been prior to the pandemic. The recovery brings new businesses and new communities to our county 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 re-elected again in May 2021. Jane Gardner is the Deputy Police and Crime Commissioner.

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

The Role of the PFCC

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

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

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

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

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

The Role of the Chief Constable

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

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

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

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

Our Workforce

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



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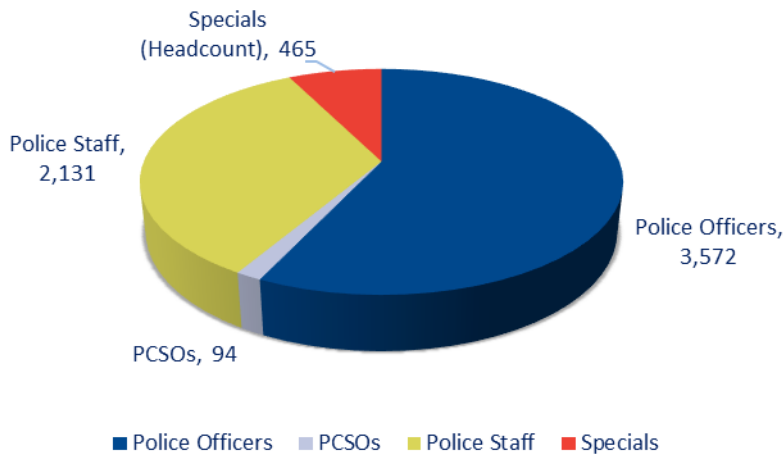
The ‘We Value Difference’ campaign tackles diversity and inclusion in its entirety and shows that it is our values (Transparency, Impartiality, Integrity and Public Service) which define us and that these values are what policing is most interested in.

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

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

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

Our Workforce - FTEs at 31st March 2022



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

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

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

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Police and Crime Plan Priorities

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

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

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

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

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

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

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

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

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

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

Note 5 - 'Killed or Seriously Injured' (KSI) refers to all people killed or seriously injured on Essex's roads, regardless of whether any criminal offences were committed. 'Causing Death/Serious Injury by Dangerous/Inconsiderate Driving' offences refers to the number of crimes of this type.

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

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

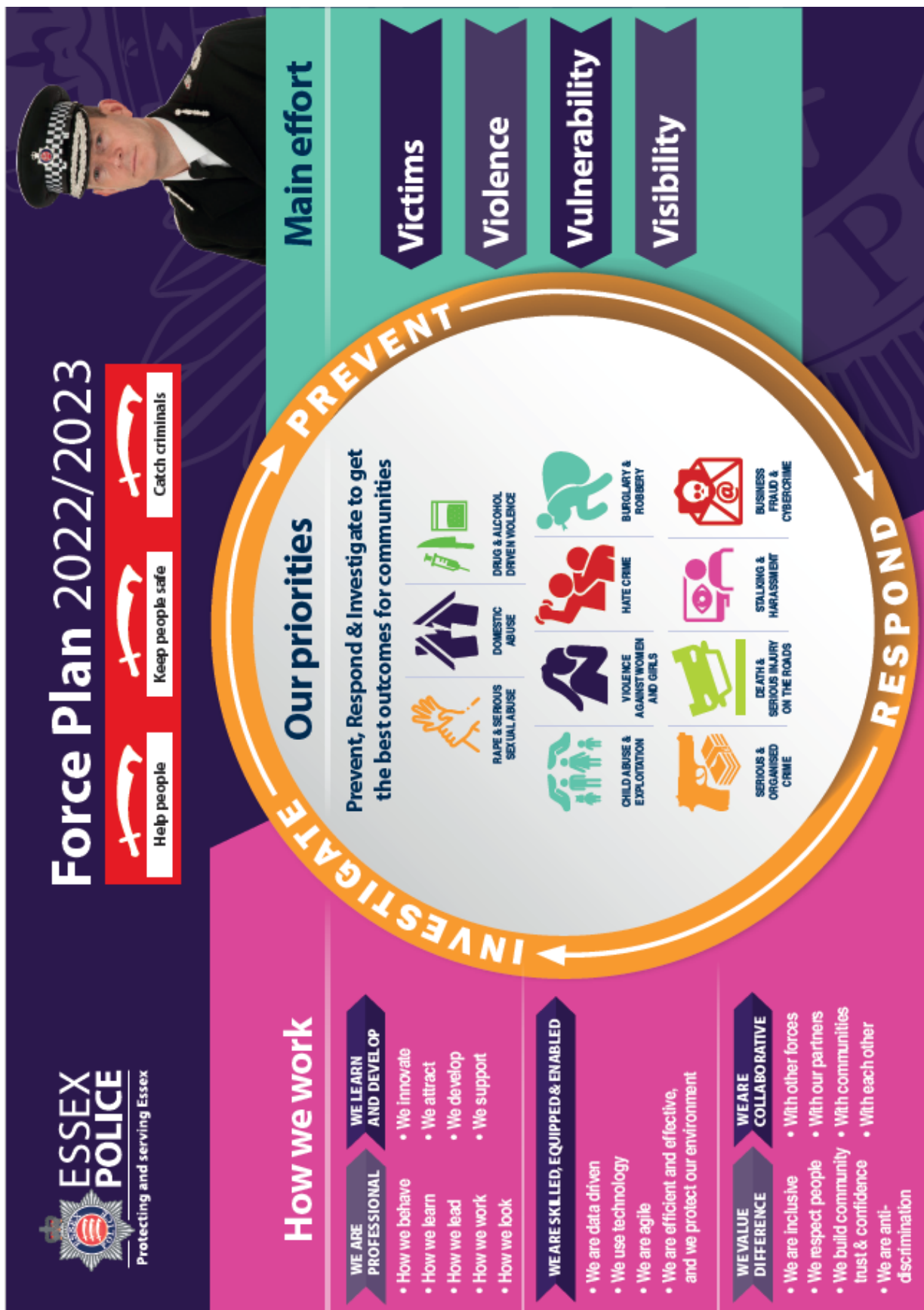
Note 8 - This is the number of theft offences in which dogs were stolen, and not necessarily the number of dogs which were stolen.

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

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Force Plan

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

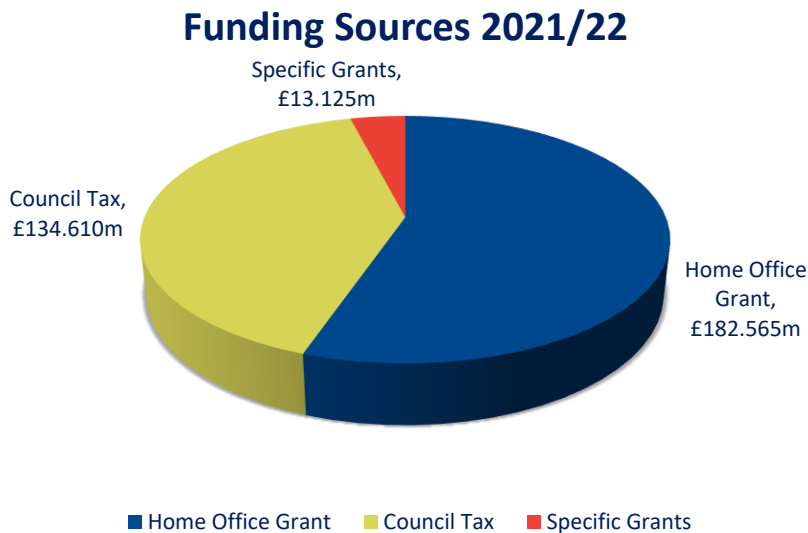


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Financial Overview

Where the Money Comes From

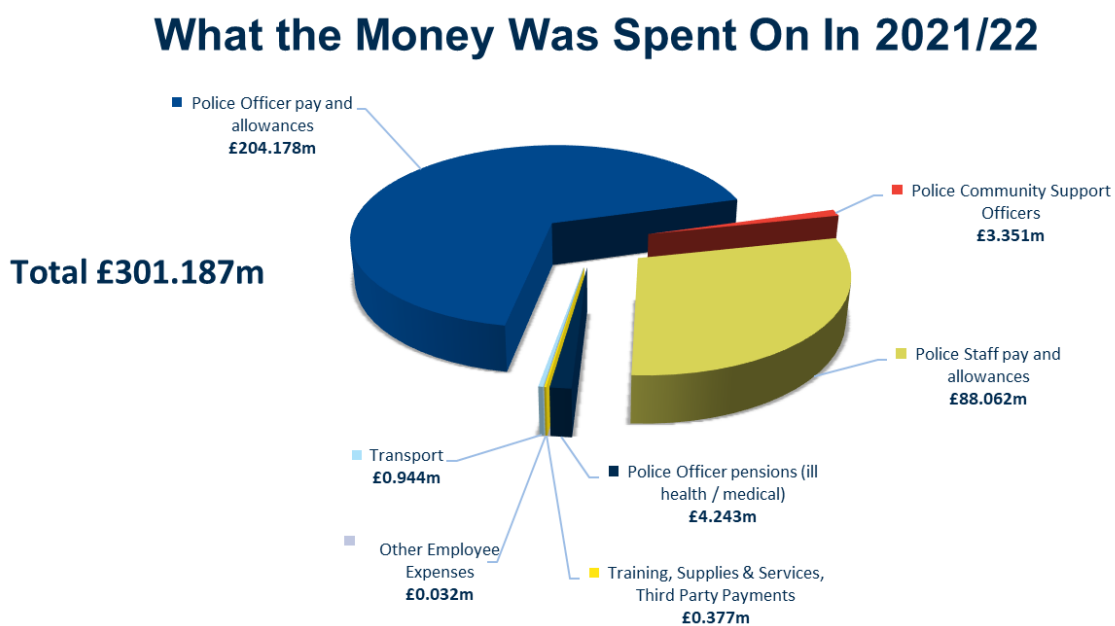
In April the Chief Constable is given an annual budget to deliver policing in Essex. For 2021/22 this budget was £330.3m funded from:



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

Where the Money is Spent

The graph below shows an analysis of the Chief Constable’s net revenue expenditure totalling £301.187m.



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

Incidents attended and crimes recorded

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

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

Problems resolved and crimes solved

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

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Some highlights from the Financial Year

Essex Police have played a significant role throughout the pandemic, working with partners through the Essex Resilience Forum to co-ordinate the countywide response. During this period, public confidence in Essex Police has increased from 64.7% of people thinking the force do a good job in the 12 months to December 2019, to 76.3% in the 12 months to December 2020 and then 80.1% in the 12 months to December 2021. This demonstrates the increasing value that the public place on the force.

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

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

Financial Performance

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

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Chief Constable for Essex Police- 2021/22 Financial Performance	Current Budget	Actual	Variance over / (under)
	£000	£000	£000
Employees			
Police Officer pay and allowances	202,653	204,178	1,525
PCSO pay and allowances	3,584	3,351	(233)
Police staff pay and allowances	88,133	88,062	(71)
Ill-health/medical pensions	4,087	4,243	156
Training	25	44	19
Other employee expenses	243	32	(211)
	298,725	299,910	1,185
Other Service Expenditure			
Transport	1,237	944	(293)
Supplies & services	389	316	(73)
Third party payments	-	17	17
	1,626	1,277	(349)
Gross Operating Expenditure	300,351	301,187	836
Income	-	-	-
Net Cost of Services	300,351	301,187	836

Future Trends and Risks

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

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

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

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

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Current and emerging risks and mitigation

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

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

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

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

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

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

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

Statement of Responsibilities & Introduction

Introduction

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

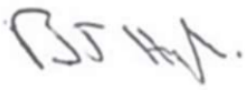
The Chief Constable's responsibilities

The Chief Constable is required:

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

Completion of the Approval Process by the Chief Constable of Essex

I approve these Statement of Accounts.



Chief Constable of Essex
21st February 2023

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 and compliant
- 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 2022.



Deborah A. Martin BA (Hons), FCPFA
Chief Finance Officer of the Chief Constable
21st February 2023

Introduction

Introduction

The Statement of Accounts consists of the following sections:

Core Financial Statements

These comprise:

- **Comprehensive Income and Expenditure Statements** - these show the accounting cost in the year to the Chief Constable of providing services rather than the amount to be funded from taxation. This distinction is very important in interpreting the accounts. The PFCC sets a precept (i.e. the police share of council tax) to cover expenditure classified in accordance with regulations and this will be very different to the accounting cost
- **Balance Sheet** - this sets out the assets and liabilities of the Chief Constable as at 31st March 2022. Net assets of the Chief Constable (assets less liabilities) are matched by reserves held by him. Reserves are reported in two categories:

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

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

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

Notes to the Financial Statements

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

Glossary of Terms

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

Independent Auditors Report

Independent auditor's report to the Chief Constable of 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 2022 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 Police Officer Fund Asset Statement and notes to 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 2021/22.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Chief Constable as at 31 March 2022 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 2021/22; 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 2021/22 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 2021/22, 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 2021/22, the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015, the Local Government Act 2003, the Policing and Crime Act 2017 and the Police Reform and Social Responsibility Act 2011. 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. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and, detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as 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.
- Our 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 2022.

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 2022.

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 December 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 2022 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 2022.

We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2022.

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

22 February 2023

Statement of Accounts 2021/2022

Statement of Accounts – Financial Statements

Comprehensive Income and Expenditure Statement

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

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

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

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

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

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

Statement of Accounts – Financial Statements

Balance Sheet

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

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

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

I certify that the Statement of Accounts give a true and fair view of the financial position of the Chief Constable's accounts at 31st March 2022.



Deborah A Martin BA (Hons) FCPFA
 Chief Finance Officer of the Chief Constable
 21st February 2023

Statement of Accounts – Financial Statements

Cash Flow Statement

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

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

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

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

Statement of Accounts – Financial Statements

Movement in Reserves Statement

For the year ended 31st March 2021

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

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

Movement in Reserves Statement

For the year ended 31st March 2022

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

Statement of Accounts – Notes to the Financial Statements

Introduction

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

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Statement of Accounts – Notes to the Financial Statements

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 (IAS 19).

The rationale behind transferring the liability for employment benefits is that IAS 19 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 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 Retirement Benefits – Police Officers
- 2.10 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 (TOIL)

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

The initial accruals at the IFRS adoption date are recognised on the Balance Sheet in the Short Term Accumulated Absences Account (liabilities), matched by a corresponding balance in the Accumulated Absences Account (unusable reserves).

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 Accumulated Absences Account and the Accumulated Absences Reserve.

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 awards) 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 liability account and the Pension Reserve (for police officers).

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.

Statement of Accounts – Notes to the Financial Statements

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

The Chief Constable recognises revenue in accordance with IFRS 15 Revenue from Contracts with Customers. This approach applies when the customer is deemed to be a service recipient, a party that has contracted with the Chief Constable to obtain goods or services resulting from its normal operating activities in exchange for consideration.

Any revenue received from such contracts is measured by the Chief Constable at the fair value of the consideration received or receivable by the service recipient, with recognition fully realised when goods or services have been fully delivered, or in the example of contracts, where key milestones have been reached based on pre-agreed performance criteria between the Chief Constable and the service recipient.

Consideration received in advance is recognised as deferred revenue in the Balance Sheet and released as income is earned, in accordance with IFRS 15. Interest income is accrued by reference to the principal amount outstanding, and at the interest rate applicable.

Non-exchange transactions are outside of the scope of IFRS 15 in respect of performance-based criteria needing to be fulfilled by the Chief Constable before any associated revenue is recognised.

2.7 Events After the Reporting Period

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

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

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

2.8 Retirement Benefits - Police Staff

Police Staff (including Police Community Support Officers) are eligible to join the Local Government Pension Scheme (LGPS). This is a defined benefits scheme administered by Essex County Council. The scheme is funded, meaning that there are investment assets built up to meet future pension liabilities.

The Scheme is accounted for as follows:

- The liabilities of the LGPS are included in the Balance Sheet on an actuarial basis using the projected unit method. This is an assessment of the future payments that will be made in relation to retirement benefits, based on a set of assumptions as supplied by our actuary
- Liabilities are discounted to their value at current prices, based on the market yields at the reporting date on high quality corporate bonds
- The assets of the Fund are included in the Balance Sheet as follows:

Statement of Accounts – Notes to the Financial Statements

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

In the Movement in Reserves Statement therefore, appropriations to and from the Pensions Reserve 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 Retirement Benefits – Police Officers

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

- Police Officers in service on or before 31st March 2006 are admitted to the 1987 Police Pensions Scheme
- Police Officers in service between 1st April 2006 and 31st March 2015 are admitted to the 2006 Police Pension Scheme
- Police Officers in service on or after the 1st April 2015 are admitted to the 2015 Police Pension Scheme
- Police Officers forced to retire through injury are admitted to the Police Officer Injury awards Scheme

Statement of Accounts – Notes to the Financial Statements

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.

2.10 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.

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

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

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

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

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

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

Statement of Accounts – Notes to the Financial Statements

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

4. Critical Judgements in Applying Accounting Policies

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

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

McCloud v Sargeant judgement

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

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

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

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

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

Statement of Accounts – Notes to the Financial Statements

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

Impact on pension liability

Allowing for all eligible members to accrue benefits from their legacy scheme during the remedy period would lead to an increase in the Police Pension Scheme liabilities. For the Chief Constable, it is estimated that 1,744 members would choose their legacy scheme and thus increase the liabilities. Please note that this is based on membership data used for the most recent valuation carried out as at 31st March 2020.

Scheme actuaries originally estimated the increase in scheme liabilities for the Chief Constable to be 3.2% or £95.634m of Police Officer Pension Scheme liabilities. Subsequent increases were included in the accounts for 2019/20 and 2020/21, representing an additional year's benefit from the remedy, offset by a reduction in 2019/20, following clarification of eligibility criteria for members set out in HM Treasury's consultation. In 2020/21, the estimated increase is a further £6.411m of current service cost, reflecting an additional year's benefits from the remedy.

The impact of an increase in scheme liabilities arising from the McCloud/Sargeant judgement will be measured through the pension valuation process, which determines employer and employee contribution rates. The next Police Officer Pension Scheme 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 force 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 force in the form of a central government top-up grant.

Compensation Claims

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

Statement of Accounts – Notes to the Financial Statements

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 Code requires management to disclose judgements, estimates and assumptions that the Chief Constable has made about the future, as well as other major sources of estimation uncertainty. These disclosures are limited to those estimates that have a significant risk of resulting in a material adjustment to the accounts within the next financial year. Therefore, these disclosures are restricted to assets and liabilities whose carrying amount is dependent on estimates that require complex judgements, and where there is a risk that a correction or re-estimation with material effect in the next year might be required.

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

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

Statement of Accounts – Notes to the Financial Statements

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Pensions Liability - actuarial roll-forward approach	<p>In determining the value of the employer liabilities for the LGPS scheme the actuary has rolled forward the results from the most recent funding valuation, using the financial and demographic assumptions set for accounting purposes. An allowance is made for actual pension increase experience as standard. After each triennial valuation the accounting liabilities are recalculated using up to date membership data and results. This may result in additional experience items which then need to be incorporated into subsequent accounting reports.</p> <p>In respect of the Police Officer Pension Scheme the latest valuation was undertaken at the 1st April 2020, meaning the actuary roll-forward approach has been applied to this scheme in the 2021/22 Statement of Accounts.</p>	<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>

7. Contingent Liabilities

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

Allard & Ors v Devon and Cornwall Constabulary

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

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

Statement of Accounts – Notes to the Financial Statements

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

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

The Statement of Accounts was authorised for issue on 21st February 2023 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 – 2020/21

	2020/21					Net expenditure in the Comprehensive Income and Expenditure Statement
	Net Expenditure Chargeable to the General Reserve	Adjustments for capital purposes	Total Adjustments		Total adjustments	
			Net charge for pensions adjustments (EFA note 1)	Other differences (EFA note 2)		
£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

Statement of Accounts – Notes to the Financial Statements

EFA for the Chief Constable – 2021/22

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

10. Notes to the Expenditure and Funding Analysis

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

Other Adjustments			2020/21	2021/22
			£000	£000
<u>Adjustments for other differences (EFA Note 2)</u>				
<i>Additional items included within the Comprehensive Income and Expenditure Statement.</i>				
Movement on accumulated absences liability - officers			1,909	(938)
Movement on accumulated absences liability - staff			1,359	(638)
Total adjustments included within the Net Cost of Services			3,268	(1,576)
Total adjustments included within the (Surplus)/Deficit on the Provision of Services			-	-
Total adjustments			3,268	(1,576)

Statement of Accounts – Notes to the Financial Statements

The 2020/21 figures have been restated to correct the analysis previously provided for the split between the accumulated absences liability movement for officers (previously £1,359k) and staff (previously £1,909k). There is no change to the value of the 'Total adjustments included within the Net Cost of Services' for 2020/21.

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 accumulated absences accruals. With the exception of the intra-group balance referred to at the bottom of this disclosure, the PFCC paid all financial resources consumed at the request of the Chief Constable and the intra-group adjustment (as referred to above) offsets the Chief Constable's consumption of resources.

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

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

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

12. Officers Remuneration

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

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

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

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

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

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

Statement of Accounts – Notes to the Financial Statements

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

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

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

Senior Officer's Remuneration Note – 2020/21

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

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

1. The salary figures show just salary costs (i.e. they do not include allowances)
2. Benefits in kind represent the monetary value of force-provided vehicles that are untaxable through the payroll system
3. Allowances, where applicable, include housing, rent and monthly car lease allowances

Statement of Accounts – Notes to the Financial Statements

4. Employer pension contributions are an employer cost and are not received by the employee
5. The Temporary Assistant Chief Constable was promoted into post in September 2020 and has been on secondment to another force since this date. The costs shown are for the duration of secondment and have been recharged to the seconded force by invoice. Had they been within the Assistant Chief Constable post for the full year, their costs would have been £104,526 plus allowances
6. The Temporary Assistant Chief Constable retired on the 15th July 2020 and the costs shown are up to this point. Had they remained in post for the full duration of 2020/21, their salary would have been £110,985
7. The Temporary Assistant Chief Constable was in post from 29th June 2020 and the costs shown are from this point. Had they been in post for the full duration of 2020/21 their salary would have been £104,526 plus allowances
8. The Temporary Assistant Chief Constable was in post from 13th July 2020 and the costs shown are from this point. Had they been in post for the full duration of 2020/21 their salary would have been £104,526 plus allowances

Members of the Essex Police Chief Officer Team

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

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

Senior Officer's Remuneration Note – 2021/22

	2021/22				Total
	Salary	Benefits in	Allowances	Employers	Remuneration
	(note 1)	Kind	(note 3)	Pension	
		(note 2)		contributions	
				(note 4)	
	£	£	£	£	£
Chief Constable - BJ Harrington	175,257	14,640	4,960	-	194,857
Deputy Chief Constable (note 5)	70,359	2,127	922	19,684	93,092
Deputy Chief Constable (note 6)	74,207	2,215	1,074	21,567	99,063
Assistant Chief Constable (note 7)	54,990	2,745	926	18,484	77,145
Temporary Assistant Chief Constable (note 8)	118,284	15,965	4,960	36,663	175,872
Assistant Chief Constable	112,595	-	10,552	34,902	158,049
Temporary Assistant Chief Constable	110,755	-	10,264	34,330	155,349
Temporary Assistant Chief Constable (note 9)	90,489	-	5,033	27,693	123,215
Temporary Assistant Chief Constable (note 10)	56,051	-	3,949	18,869	78,869
Chief Finance Officer of the Chief Constable	97,866	-	5,400	18,497	121,763
Director of Strategic Change and Performance	128,112	-	-	24,213	152,325
Total	1,088,965	37,692	48,040	254,902	1,429,599

1. The salary figures show just salary costs (i.e. they do not include allowances)
2. Benefits in kind represent the monetary value of force-provided vehicles that are untaxable through the payroll system.
3. Allowances, where applicable, include housing, rent and monthly car lease allowances

Statement of Accounts – Notes to the Financial Statements

4. Employer pension contributions are an employer cost and are not received by the employee
5. The Deputy Chief Constable left the force on 15th September 2021 and the costs shown are up to this point. Had they remained in post for the full duration of 2021/22, their salary would have been £137,703 plus allowances
6. The Deputy Chief Constable was promoted into post on 16th September 2021 and costs shown are from this point to the end of the year. Had they been in the Deputy Chief Constable post for the full year, their costs would have been £137,703 plus allowances
7. The Assistant Chief Constable was promoted into the role of Deputy Chief Constable in September 2021. The costs shown are up to this point. Had they been in the Assistant Chief Constable post for the full year, their costs would have been £119,220 plus allowances
8. The Temporary Assistant Chief Constable was on secondment to another force for the entirety of 2021/22. The costs shown have been recharged to the seconded force
9. The Temporary Assistant Chief Constable was seconded to another force until 19th September 2021 and their costs for this period have been recharged to the seconded force. They finished the secondment and went on the Strategic Command Course until 23rd January 2022 when they took up an Assistant Chief Constable role in another force. The costs shown are up to this point. Had they been in post for the full duration of 2021/22 their salary would have been £110,484 plus allowances
10. The Temporary Assistant Chief Constable was in post from 20th September 2021 and the costs shown are from this point. Had they been in post for the full duration of 2021/22 their salary would have been £105,600 plus allowances

Members of the Essex Police Chief Officer Team

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

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

13. Termination Benefits

Exit Packages (Police Staff)

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

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

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

Statement of Accounts – Notes to the Financial Statements

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

The 2020/21 disclosure has been updated in accordance with the requirements of the Code. This amendment incorporates additional information in respect of the net movement on the Redundancy Provision in-year, thus providing the total value charged to the Comprehensive Income and Expenditure Statement for the exit packages disclosed.

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

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

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

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

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

14. External Audit Costs

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

Statement of Accounts – Notes to the Financial Statements

15. Debtors

Short term debtors

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

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

16. Creditors

Short term creditors

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

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

17. Cashflow - Operating Activities

The (Surplus)/Deficit on the Provision of Services has been adjusted for the following non-cash movements:	2020/21 (restated) £000	2021/22 £000
(Increase)/decrease in creditors	(3,061)	1,143
Increase/(decrease) in debtors	(207)	433
Movement in pension liability	(77,655)	(139,476)
Total Adjustments	(80,923)	(137,900)

The 2020/21 restatement relates to the adjustment actioned in the 2019/20 Statement of Accounts to remove an historic element of £0.053m originally included within debtors and creditors. Whilst this was subsequently corrected in the Chief Constable's debtor and creditor disclosures, this correction did not feed through into the Cashflow disclosures. The above restatement now corrects that position.

Statement of Accounts – Notes to the Financial Statements

18. Adjustments between Accounting Basis and Funding Basis under Regulations

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

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

2021/22	General Reserve	Total Usable Reserves	Pensions Reserve- Police Officers	Pensions Reserve- Police Staff	Accumulated Absences Account	Total Unusable Reserves	Total all Reserves
	£000	£000	£000	£000	£000	£000	£000
Adjustments involving the Pensions Reserve							
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(222,756)	(222,756)	182,081	40,675	-	222,756	-
Less direct payments to pensioners payable in the year	83,280	83,280	(70,044)	(13,236)	-	(83,280)	-
Adjustments involving the Accumulated Absences Account							
Amounts by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different to remuneration chargeable for the year in accordance with statutory requirements	1,576	1,576	-	-	(1,576)	(1,576)	-
Total	(137,900)	(137,900)	112,037	27,439	(1,576)	137,900	-

Statement of Accounts – Notes to the Financial Statements

19. Unusable Reserves

The tables below describe the unusable reserves.

19.1 Accumulated Absences Account

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

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

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

19.2 Pensions Reserve

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

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

Statement of Accounts – Notes to the Financial Statements

20. Defined Benefit Pension Schemes

Transactions Relating to Retirement Benefits

The Chief Constable recognises the cost of retirement benefits in the Comprehensive Income and Expenditure Statement (CIES) 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 usable reserves, however, is based on the cash payable in the year, and therefore this real cost of retirement benefits is reversed out of the CIES. The following transactions have been made in the Chief Constable's accounts during the year.

Police Officer Pension Schemes

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

Actuarial gains and losses – Police Officer Pension Scheme

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

Statement of Accounts – Notes to the Financial Statements

Local Government Pension Scheme

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

Actuarial gains and losses – Local Government Pension Scheme

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

Settlements/Curtailments

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

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

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

Assets and Liabilities in Relation to Retirement Benefits

The following tables reconcile the present values of the liabilities and assets of the Police Officer Pension Scheme:

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

Statement of Accounts – Notes to the Financial Statements

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

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

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

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

Statement of Accounts – Notes to the Financial Statements

Expected return on scheme assets

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

Basis for Estimating Assets and Liabilities

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

The dates of the last full valuations are:

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

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

The principal assumptions used by the actuaries are as follows:

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

Statement of Accounts – Notes to the Financial Statements

The Police Officer Pension Scheme has no assets to cover its liabilities. The LGPS assets consist of the following categories:

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

The liabilities show the underlying commitments that the Chief Constable has in the long term to pay retirement benefits. The total liability of £3,489.419m has a substantial impact upon the net worth of the Chief Constable as recorded in the Balance Sheet.

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

- The deficit on the LGPS 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 Officer Pension Scheme, and any shortfall between the value of pensions paid in year and the receipts into the Scheme from employer and employee contributions is funded from top-up grant from the government

The total employer contributions expected to be made to the LGPS in the year to 31st March 2023 are £13.497m. The total expected employer contributions for the Police Officer Pension Scheme in the year to 31st March 2023 is £37.651m.

The following assumptions have also been made:

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

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

Statement of Accounts – Notes to the Financial Statements

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

Police Officers	£000		
<u>Adjustment to discount rate</u>	+0.1%	+0.0%	-0.1%
Present value of total obligation	3,232,464	3,297,849	3,364,762
Projected service cost	75,194	79,128	83,236
<u>Adjustment to long term salary increase</u>	+0.1%	+0.0%	-0.1%
Present value of total obligation	3,308,039	3,297,849	3,287,751
Projected service cost	79,174	79,128	79,083
<u>Adjustment to pension increases and deferred revaluation</u>	+0.1%	+0.0%	-0.1%
Present value of total obligation	3,354,113	3,297,849	3,242,876
Projected service cost	83,202	79,128	75,222
<u>Adjustment to mortality age rating assumption</u>	+1 Year	None	-1 Year
Present value of total obligation	3,449,426	3,297,849	3,153,246
Projected service cost	82,488	79,128	75,883

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

McCloud v Sargeant Judgement

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

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

Statement of Accounts – Notes to the Financial Statements

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

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

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

Guaranteed Minimum Pension (GMP) Equalisation

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

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

The valuation assumptions for GMP adopted within the 2021/22 financial statements is that the fund will pay limited increases for members that have reached the state pension age (SPA) by the 6th April 2016, with the government providing the remainder of the inflationary increase. For members that reach SPA after this date, the assumption is that the fund will be required to pay the entire inflationary increase.

Therefore, based on the above assumptions already being included in the 2021/22 financial statements the Chief Constable has not made any further financial adjustments in respect of GMP, and in the meantime the Chief Constable awaits further updates on the government's decision.

21. Related Parties

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

PFCC/Chief Constable

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

Statement of Accounts – Notes to the Financial Statements

The Chief Constable and PFCC also participate in some joint activities with Kent Police, in particular a shared Serious Crime Directorate and Support Services Directorate.

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, the equivalent value of which neutralises the annual 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/fund assets built up to meet future liabilities.

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

Officers

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

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

Police Officer Pension Fund Account

Introduction

The Police Officer Pensions Fund Account was established under the Police Pension Fund Regulations 2007 (SI 2007 No. 1932). It is administered on behalf of the Chief Constable by Essex County Council.

The Fund receives income each year from:

- Contributions from the employer based on a percentage of pay
- Contributions from serving police officers
- Other receipts

Pensions to retired police officers, lump sum payments and other benefits are paid from the Fund. The Fund is topped up by the Group if the contributions are insufficient to meet the cost of pension payments. The Group receives a Police Pension Top Up Grant from the Home Office for an amount equal to the deficit on the Fund.

The Fund is not backed by any investment assets, and its outgoings are funded entirely from the receipts identified above. The Fund accounts solely for the benefits payable in the financial year and does not account for benefits payable after the period end.

The following table identifies the movements on the Police Officer Pension Fund Account for the year.

	2020/21		2021/22	
	£000	£000	£000	£000
Contributions receivable				
Employer 31% of Pensionable Pay	(34,893)		(36,612)	
Serving police officers [Note 1]	(14,968)		(15,691)	
Capital equivalent payment for ill health [Note 2]	(508)		(520)	
Transfers in				
Individual transfers in from other schemes [Note 3]	(470)		(832)	
Total Receipts		(50,839)		(53,655)
Benefits payable				
Pensions	69,862		71,277	
Commutations and lump sum payments	14,342		12,017	
Lump sum death benefits	202		390	
Payments to and on account of leavers				
Refund of contributions	193		225	
Individual transfers out to other schemes [Note 3]	7		21	
Total Payments		84,606		83,930
Sub total for the year before transfer from the PFCC of amount equal to the deficit		33,767		30,275
Transfer of amount from the PFCC of amount equal to the deficit - annual benefits (31%)	(33,767)		(30,275)	
Transfer of amount from the PFCC of amount equal to the deficit - Total		(33,767)		(30,275)
Net Amount Payable for the year		-		-

Police Officer Pension Fund Account

Pension Schemes

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

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

Notes to the Police Officer Pension Fund Account

Note 1 – Police officers make contributions based on a % on pensionable pay:

Annualised rate of pensionable earnings	Member contributions rate by scheme		
	1987	2006	2015
£27,000 or less	14.25%	11.00%	12.44%
More than £27,000 but less than £60,000	14.25%	12.05%	13.44%
£60,000 or more	15.05%	12.75%	13.78%

Note 2 – Capital equivalent payments are additional contributions made by Essex Police to the Pension Fund in respect of officers who retired in year due to ill health, calculated as two times the final salary.

Note 3 - Transfers represent lump sums transferred to and from other pension scheme providers depending on whether the police officer was joining or leaving the force.

Police Officer Pension Fund Account

Police Officer Pension Fund Asset Statement

This statement shows the assets and liabilities of the three Police Pension Schemes which do not form part of the Chief Constable for Essex Police Statement of Accounts.

	2020/21 £000	2021/22 £000
Current Assets		
Funding to meet Deficit due from Essex Police (Via Home Office grant)	-	79
Current Liabilities		
Unpaid Pension Benefits	-	(79)
Net Assets	-	-

For further information on the Police Officer Pension Fund Account please refer to the accounting policies section, paragraph 2.9 'Retirement Benefits – Police Officers'.

Annual Governance Statement

1. Introduction

The Police, Fire and Crime Commissioner (PFCC) and Chief Constable have conducted a review of the effectiveness of the governance framework that has been in place during 2021/22, including the system of internal audit and the system of internal control. This statement summarises the outcomes of that review, which has been conducted against the seven principles of good governance defined within the Chartered Institute of Public Finance and Accountancy's (CIPFA's) and the Society of Local Authority Chief Executives' (SOLACE's) joint *Delivering Good Governance in Local Government Framework 2016*.

2. Scope of Responsibilities

- 2.1 The PFCC is responsible for securing the maintenance of Essex Police and ensuring that it is effective and efficient. They are responsible for ensuring that their business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently, and effectively. The PFCC also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way their functions are exercised, having regard to a combination of economy, efficiency, and effectiveness.
- 2.2 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. 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 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.
- 2.4 The review and maintenance of the PFCC's 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 Officers. 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, covering the arrangements in place within both corporations sole.
- 2.5 The effectiveness of the governance framework and value for money arrangements are also subject to ongoing monitoring 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 work plans of the PFCC's Strategic and Performance and Resources Boards. The Terms of Reference for the Performance and Resources and Strategic Boards were updated following their scheduled reviews in July and September 2021 respectively to ensure that they remain fit for purpose. The PFCC's and Chief Constable's Joint Audit Committee also has responsibility for overseeing these arrangements and will raise and scrutinise governance issues when appropriate.
- 2.6 The Police Reform and Social Responsibility Act 2011 sets out specific responsibilities for the Chief Executive and Monitoring Officer and for the Chief Finance Officers (CFOs) to the PFCC and Chief Constable. The CFOs are bound by both professional standards and specific legislative responsibilities set out principally in the Police Reform and Social Responsibility Act 2011 and the various Local Government Acts. They are not merely servants of the authority (the PFCC / Chief Constable) but also hold a fiduciary responsibility to local taxpayers.

Annual Governance Statement

3. The Governance Framework

3.1 The governance framework comprises the systems and processes, 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 effectively and to evaluate whether these objectives have led to the delivery of appropriate, cost-effective services that have delivered value for money.

3.2 The Scheme of Governance operating during the year incorporated the following:

- The Constitution, including the Schemes of Delegation and Consent
- The Elected Local Policing Bodies (Specified Information) Order 2011 and the Elected Local Policing Bodies (Specified Information) (Amendment) Orders 2012, 2013 and 2021
- Information Sharing Agreement: Essex Police and the Police, Fire and Crime Commissioner for Essex
- Information Sharing Protocol: Police, Fire and Crime Commissioner for Essex and Police, Fire and Crime Panel for Essex
- Revised Financial Management Code of Practice for the Police Forces of England and Wales and Fire and Rescue Authorities created under section 4A of the Fire and Rescue Services Act 2004
- Policing Protocol Order 2011
- The Strategic Policing Requirement
- The PFCC's Voluntary Code of Conduct and Business Interests – Staff Declaration Policy
- The Police (Complaints and Misconduct) Regulations 2020
- The Police, Fire and Crime Panels (Precepts and Chief Constable Appointments) Regulations 2012
- The Police and Crime Commissioner Elections (Declaration of Acceptance of Office) Order 2012
- Government Security Classifications
- Financial and Contract Standing Orders
- Anti-Fraud & Bribery Policy
- Statutory Guidance for Police Collaboration

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

3.3 During 2021/22, several documents comprising the Scheme of Governance have been reviewed and updated as part of the biennial review of the PFCC's Constitution, to ensure their continued fitness for purpose and compliance with legislative and regulatory requirements and best practice.

3.4 The *Delivering Good Governance in Local Government Framework 2016* sets out seven core principles of good governance. The key elements of the governance arrangements put in place by the PFCC in respect of each of these principles are set out in the sections that follow

Annual Governance Statement

4. Principle A – Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

- 4.1 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. This means that the PFCC is bound by the same exemplary standards of behaviour expected of everyone who works in policing. The PFCC has also adopted an Ethics and Integrity Framework which provides a more comprehensive record of how the Commissioner and their staff are expected to apply the values, behaviours and conduct that underpin their work. The framework also sets out expectations in respect of transparency to the public, thereby helping to build public trust and confidence in the PFCC and their team. 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.
- 4.2 The PFCC and Chief Constable have approved and adopted a joint Anti-Fraud and Bribery Policy which takes a zero-tolerance approach to fraud and misappropriation and applies to all their employees as well as consultants, vendors, contractors, and other parties who have a business relationship with the PFCC or Essex Police. The Chief Constable has adopted several further policies which cover discipline, standards, whistleblowing and an anonymous e-mail address for confidential reporting to the Professional Standards Department. All staff employed by the PFCC are bound by the Essex Police terms and conditions and Human Resources policies. In addition, the PFCC has adopted a clear policy governing the declaration of external business interests by staff, which ensures that any potential conflicts of interest are managed and mitigated appropriately.
- 4.3 Essex Police (EP) 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 the force's Legal, HR and Strategic Change teams as well as PSD on a quarterly basis to consider common themes featuring in 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.
- 4.4 Essex Police's PSD deals with public complaints and matters relating to the conduct of police officers (other than the Chief Constable) and staff, in liaison with the Independent Office for Police Conduct (IOPC) where necessary. The PFCC's office audits a sample of complaints handled by Essex Police each quarter, the findings of which are discussed with the Deputy Chief Constable, alongside a statistical report produced by the force on complaints, grievances, and disciplinary cases. This assists in improving the quality of service provided and identifying where further training, development and / or communications to staff may be required in order to enhance the public's experience. A version of the report discussed is published on the Commissioner's website for transparency. A live data dashboard is also in development which, in due course, will allow both the PFCC and the force to monitor such data in real time.
- 4.5 Complaints against the Chief Constable are considered by the PFCC, again in liaison with the Independent Office for Police Conduct (IOPC) where necessary. During the 2021 calendar year, the Commissioner received five complaints against the Chief Constable. This is a significant reduction from 21 in 2020 and 22 in 2019. All five complaints were deemed to be invalid. However, correspondence regarding one of these cases remained ongoing at the end of the financial year.
- 4.6 Since February 2020, the PFCC has also been responsible for reviewing complaints recorded and handled by Essex Police that do not meet the criteria for referral to the Independent Office for Police Conduct (IOPC). Upheld reviews can result in recommendations for improvement or remedy being made to the force which

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must receive a response within 28 days, advising whether the recommendation is accepted, along with any action taken or planned in response to this. The force may also propose an alternative to the original recommendation. Implementation of the actions carried out by the force in response to recommendations is monitored through the PFCC's usual scrutiny processes, including the quarterly meetings with Essex Police's Professional Standards Department (PSD) described above. Reviews can also result in the identification of 'organisational learning' and 'oversights' for the force. These do not require a formal response but are summarised in reports to the quarterly meetings with PSD, allowing themes to be identified and further monitoring to be put in place where this would be beneficial. Organisational learning points are shared with the complainant to provide reassurance that their complaint has resulted in improved practice and to inspire confidence. Oversights are additional concerns / learning that emerge from the undertaking of the review, but which do not form part of the original complaint, so do not have to be shared with the complainant.

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

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

5. Principle B – Ensuring openness and comprehensive stakeholder engagement

5.1 All decisions made by the PFCC are formally recorded and made available (unless restricted) on the PFCC's website for public information and scrutiny. They are also (again, unless restricted) reported to and 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. Panel meetings take place at least four times a year and are open to the public. Records of its meetings (including agendas papers, minutes, and webcasts) are published on Essex County Council's website. Where information cannot be shared with the Panel, a clear justification for this will be provided and consideration will be given by the Monitoring Officer as to how the Panel can be informed of the decision, for example through a confidential briefing.

5.2 The decision report template requires report authors to set out the consultation and engagement that has been carried out with staff, representative bodies, other forces and / or emergency services, external agencies and the public when formulating the recommendation(s) put to the PFCC.

5.3 In terms of wider public engagement, 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.

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

Annual Governance Statement

- Various internal documents, such as the PFCC's Annual Report for 2020/2021, papers to the PFCC's Strategic Board and Performance and Resources Board, and the results of the ongoing independent public confidence and victim satisfaction survey jointly commissioned by the PFCC and the Chief Constable
- The four strategic policing pillars set out by the Home Secretary earlier in 2021
- The major national documents concerning policing, in particular the Beating Crime Plan, the Policing Vision covering the period 2017/2025, the Strategic Policing Requirement, and the new National Crime and Policing Measures
- A range of presentations from police leads on each of the draft priority areas, followed by extensive discussion and debate with a wide range of police colleagues
- Workshop discussions with over 100 partner organisations including local councils, charities, victim support groups, advisory groups, and interest groups
- A range of feedback gained through presentations to various multi-agency groups and special interest groups such as Safer Essex (the countywide strategy group in relation to community safety), the Essex Partners Board, the Basildon Diversity Forum, and other disability advisory groups.
- Feedback obtained through a public survey
- Feedback obtained through a Youth Voice project undertaken by the Essex Council for Voluntary Youth Services

5.5 In total, over 1,000 people were involved in discussions regarding the development of the Police and Crime Plan with a further 1,500 people participating in the public survey. The Chief Constable and, through them, Essex Police's Chief Officer Group, were engaged in the development process throughout. The PFCC and the Police, Fire and Crime Panel also ran a series of workshops to ensure that Panel members were able to inform the development of the Plan throughout the process. This extensive engagement process ensured that the PFCC's strategic priorities reflect views and experiences of our communities, service users and partner organisations. A full equality impact assessment was also undertaken, to ensure that the Plan meets its statutory obligations and contributes to delivering an equitable and fair criminal justice system for the people of Essex.

5.6 Following the detailed consultation on the development of the new Police and Crime Plan described above, the PFCC completed their annual public survey on the precept for the following year between 3rd November and 21st December 2021. 2,052 people responded. 50% of those who responded to the question stated that they would be prepared to invest more in policing to improve the service provided. 79% of respondents who indicated how much more they were prepared to contribute stated that they would pay a further £10 per year. These findings informed the proposals in respect of precept setting that the PFCC made and had approved via the Police, Fire and Crime Panel in February 2022.

5.7 The PFCC's overarching Communications and Engagement Strategy 2022/24 was approved in February 2022, to align with the formal launch of the new Police and Crime Plan. Essex Police also has its own comprehensive engagement strategy.

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

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- 5.9 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 for improvement 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 in key areas and link directly with the delivery of the Police and Crime Plan.
- 5.10 The PFCC publishes clear contact details on their website that members of the community can use to raise issues or concerns directly 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.
- 5.11 The PFCC and Chief Constable jointly commission a public confidence and victim satisfaction survey of 7,700 people every year. The results of this are reported on a quarterly basis to the PFCC via their Performance and Resources Board and to a wider group of stakeholders and partners via the Safer Essex partnership. The results show that, for the 12 months to December 2021, overall confidence and satisfaction with Essex Police remained significantly higher than in previous years, with 80% of respondents believing that Essex Police does a good or excellent job. This indicates that the arrangements described above are proving effective.

6. Principle C –Defining outcomes in terms of sustainable economic, social and environmental benefits

- 6.1 The Police and Crime Plan sets out the PFCC's vision and the target outcomes to be achieved during the electoral term, along with the indicators through which the performance of the force will be judged. The Plan sets out the resources available to deliver these and is used as the basis for all strategic planning.
- 6.2 The PFCC recognises the need to focus on the long term. The template for decision reports presented to the PFCC therefore requires the report author to set out clearly the proposal and its associated benefits, along with its links to future plans.
- 6.3 Requests for investment are presented to the PFCC in the form of a business case. The business case template requires the presentation of the strategic, economic, commercial, financial and management cases for change along with the anticipated benefits of the proposal in terms of both cashable and non-cashable savings, cost avoidance and non-financial benefits.
- 6.4 Authors of decision reports are also required to articulate the equality, diversity and inclusion implications of their proposal, attaching a full Equality Impact Assessment where initial screening has indicated that there may be an adverse or disproportionate impact on people with any protected characteristics. This ensures that steps are taken where necessary to mitigate any adverse impact where possible and to ensure fair access to services.
- 6.5 In determining the Most Economically Advantageous Tender (MEAT), all procurement exercises include consideration of the social value to be obtained from the contract, with this accounting for a minimum of 10% weighting in the evaluation criteria, using the national Themes, Outcomes and Measures (TOMs) Framework.

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7. Principle D – Determining the interventions necessary to optimise the achievement of the intended outcomes

7.1 The PFCC's decision making process is set out in the Constitution. Within this, 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. All decision reports are required to be approved by both the PFCC's statutory officers (namely the Monitoring Officer and the Chief Finance Officer) before they are progressed to the PFCC. This ensures that legal and financial / resource implications are clearly understood prior to any decision being taken.

7.2 A clear budget setting timetable, covering both revenue and capital budgets, is approved annually by the PFCC and ensures that budgets are prepared in accordance with strategic objectives and the Medium-Term Financial Strategy. Within this, a series of engagement meetings between the PFCC and the Chief Constable and their respective senior teams, alongside formal reports to the PFCC's Strategic Board and the Police, Fire and Crime Panel at key stages of the process, ensure that the Medium-Term Financial Strategy and annual budgets integrate and balance service priorities, affordability and other resource constraints over both the medium and longer term. Throughout the process, scenario planning and sensitivity analysis are undertaken to ensure that decision-makers remain alive to ongoing matters that may pose a threat to service delivery and affordability, along with changes in the external environment that may arise during the budgetary period.

7.3 Alongside the PFCC's scrutiny programme, the Strategic Change Directorate within Essex Police delivers an annual compliance and review programme designed to assist senior managers to:

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

Outcomes from these reviews inform robust decision making and provide reassurance, both internally and externally, that the performance and other information on which decisions are made is accurate and will withstand scrutiny.

7.4 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 and, by doing so, 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

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organisational level or to individuals of any agency involved in a case. Through this process, the Panel promotes best practice and identifies potential policy development or training needs for consideration by the force or other agencies.

8. Principle E – Developing the entity’s capacity, including the capability of its leadership and the individuals within it

- 8.1 The resignation of the PFCC’s Head of Finance in December 2021 created an opportunity for the PFCC, together with their Head of Paid Service, to review the financial support provided to the Commissioner, and to respond to the findings of the Financial Management Capability Review (FMCR) carried out by CIPFA in 2020 as part of the Achieving Finance Excellence in Policing (AFEP) programme of work. Whilst the report identified specific strengths in Essex relating to the clear leadership of finance across both the PFCC’s office and the force; the robust governance, assurance, and risk management arrangements that are in place, and the high calibre of the respective Finance teams, it was also commented that the positioning of the Chief Finance Officer role within the establishment was “sub-optimal” and recommended that this be reviewed. In response, the PFCC has designated their existing Strategic Head of Performance and Resources – a qualified accountant who was already responsible for providing strategic, professional advice and guidance to the PFCC covering all aspects of financial management and performance, and for supporting the PFCC and the Chief Finance Officers to both Essex Police and the Essex County Fire and Rescue Service in developing and delivering the PFCC’s overall strategic financial vision and strategy - as their Chief Financial (“Section 151”) Officer with effect from March 2022. To support them in fulfilling their revised role, it is proposed that the existing Head of Finance role be deleted and replaced with a new role of Finance Manager. Subject to consultation with staff, it is further envisaged that a part-time Finance Officer role will be created to support both these officers, and that some responsibilities currently included within the Strategic Head of Performance and Resources’ portfolio not related to strategic financial management will be redistributed within the PFCC’s leadership team, to free up their capacity to take on the statutory Chief Finance Officer functions.
- 8.2 As part of this review, it is further proposed to invest additional staffing resources in the PFCC’s scrutiny, governance, complaints oversight and policy functions. Consultation on these changes will take place in 2022/23.
- 8.3 The Force Growth Programme for 2021/22 was approved by the PFCC as part of budget setting and its implementation has been monitored throughout the year by the PFCC’s Performance and Resources Board. This year’s programme has seen investments and uplifts in key areas aligned to the priorities identified in the Police and Crime Plan, including the Serious Violence Unit, Domestic Abuse, Management of Sexual Offenders and Violent Offenders (MOSOVO), Major Crime, Serious and Regional Organised Crime and Road Crime, as well as Professional Standards, Crime Prevention and Data Protection.
- 8.4 The Constitution is clear that the PFCC must not fetter the operational independence of the Essex Police force and the Chief Constable who leads it. There is a clear expectation that the PFCC and Chief Constable will work together to safeguard the principal of operational independence, while also ensuring that the PFCC is not fettered in fulfilling their statutory role. The Schemes of Delegation and Consent, and Financial and Procurement Regulations act in accordance with the Financial Management Code of Practice to enable effective accountability and to govern the relationship between the PFCC and the Chief Constable of Essex Police. Both documents were reviewed and updated during 2021/22 to ensure their continued fitness for purpose as part of the overarching review of the PFCC’s Constitution.
- 8.5 The Chief Constable is expected to ensure that the PFCC is informed of their decisions and operational activity in a timely fashion that enables the PFCC to hold the Chief Constable to account for the totality of policing within the force area. This is achieved through the PFCC’s formal governance structures (Performance and Resources and Strategic Boards) as well as through direct contact between the two corporation soles. During the year there were regular formal performance meetings between the PFCC and Chief Constable, also attended by the

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PFCC's Chief Executive and Monitoring Officer, to ensure that matters were dealt with expediently within their respective responsibilities.

- 8.6 To exercise the functions of their office effectively, access is needed by the PFCC to information, officers, and staff within the Essex Police force, which must not either be unreasonably withheld or obstructed by the Chief Constable or fetter the Chief Constable's direction and control of the force. Such access to information is governed by an Information Sharing Agreement (ISA) between the two corporation soles, which was reviewed and refreshed in October 2021 to ensure its continued fitness for purpose.
- 8.7 All staff and officers of the Essex Police force and the PFCC's office are subject to an annual Performance Development Review (PDR) and mid-year review to support their development and value their contributions. Within the force, this directly influences access to promotion and career development programmes. Within the PFCC's office, following feedback from staff that the force's PDR process is not an ideal fit for roles within the team, a revised approach to PDRs was piloted during the year and launched across the whole team in February 2022 that is more tailored to these job roles and the business of the PFCC. Early feedback indicates that this has been well received by staff.
- 8.8 Staff and officers of both the force and the PFCC have access 24 hours a day, seven days a week to an Employee Assistance Programme (EAP) by telephone, online or via an app. The offer includes a range of counselling and wellbeing services along with debt management advice and a legal and financial helpline. All staff and officers also have access to "Feel Well, Live Well", a wellbeing programme specifically designed to support police officers and staff by developing their individual resilience and equipping them with strategies and tools to deal with everyday life, either in the workplace or at home. This is supported by a range of virtual wellbeing sessions, including a module specifically designed for leaders. In addition, Occupational Health and Physiotherapy Services provide dedicated, professional medical support to individuals employed by the force and the PFCC by helping to manage the relationship between health and work. Besides this, a Trauma Risk Incident Management (TRiM) welfare-led process and protocol are in place to assess and support the response of staff, officers and volunteers who are or have been exposed to a potentially traumatic event(s) at work.

9. Principle F – Managing risks and performance through robust internal control and strong public financial management

- 9.1 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 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.
- 9.2 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.
- 9.3 The PFCC and Chief Constable continue to use risk management policies and frameworks that comply with CIPFA guidance and which clearly allocate responsibilities for managing individual risks. During 2021/22, the planned biennial review of the PFCC's Risk Appetite Statement was carried out, with the result that JAC agreed at its meeting in March 2022 to endorse the Statement for a further two years, or until any significant change in the PFCC's operating environment. Following this, the Statement was re-launched to staff to ensure their awareness at the PFCC's whole team meeting in April 2022.

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- 9.4 Both the PFCC's and the force's strategic risk registers are reported to the Joint Audit Committee (JAC) at every meeting, having first been reviewed through the appropriate internal governance structures. Key collaborative projects and programmes of work, such as the Essex Emergency Services Collaboration Programme, have their own risk registers which are likewise regularly reviewed by all partners through the appropriate governance boards to ensure that they remain accurate and up-to-date and drive activity to reduce risk where possible. There is also a standing item on each agenda of the JAC under which officers update the committee on any potential fraud identified or debtors written off since the last meeting.
- 9.5 Once key policies, strategies, projects, programmes of work and investments have been approved through the processes described earlier in this statement, their implementation is scheduled for regular monitoring via the appropriate governance board to ensure that the PFCC's service delivery plans remain on target and that the anticipated outcomes and benefits are realised. Significant projects are also subject to detailed post-implementation reviews in order to capture lessons learnt and to inform future work.
- 9.6 The PFCC's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer of the Police and Crime Commissioner and the Chief Financial Officer of the Chief Constable (2014). The Financial and Procurement Regulations were reviewed in 2021/22 as part of the overarching review referenced at paragraph 8.4.
- 9.7 Additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by various other bodies as follows:

Internal Audit

- 9.8 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 its independent opinion on the adequacy and effectiveness of the system of internal control. For 2021/22 the Internal Auditor's opinion is as follows, for both the PFCC and Essex Police:
- The organisation has an adequate and effective framework for risk management, governance, and internal control.
 - However, our work has identified further enhancements to the framework of risk management, governance, and internal control to ensure that it remains adequate and *effective*.
- 9.9 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. Throughout the year, this process ensured continued good progress in implementing the areas for improvement identified through the internal audit plan.
- 9.10 In January 2022 an advisory report was issued by the internal auditors on Off Payroll Workers (IR35). It concluded that, although processes had been implemented to manage IR35 risk, these required improvement. The force set up a working group with all the key stakeholders which meets monthly. Good progress has been made with many new processes in place by 31st March 2022 and formal training well underway.
- 9.11 A partial assurance opinion was received following an internal audit of the application of the Victims' Code within the Resolution Centre and Control Room which found that the force has formal procedures in place to support the victims' process and is completing monthly dip-sampling of individual officers' cases, however there were several areas of non-compliance. Though the report was issued in 2022/23, the fieldwork related to cases triaged between June 2021 and March 2022. Three medium and two high priority actions were agreed by

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management, though it should be noted that the force was aware of the issues and had already embedded additional controls to address them prior to the conclusion of the audit.

- 9.12 A partial assurance opinion was received following a joint internal audit with Kent Police of pensions which found some missing and incomplete documentation relating to new pension set-ups and insufficient evidence that pension overpayments were being robustly chased for recovery. Auditors were also not provided with information requested to enable them to complete testing around the pensions payroll process. Again, though the report was issued in 2022/23, it related to work undertaken during 2021/22. Two medium priority actions were agreed by management.
- 9.13 A partial assurance opinion was received following a joint internal audit with Kent Police of procurement activity below £50k, after auditors found inconsistent use of e-Forms and a low level of compliance with the requirement to obtain three quotations for contracts valued at between £5k and £50k. In addition, single tender actions had not always been completed where relevant and assurance checks had not been performed by the forces to confirm whether orders below £50k had been processed in line with the Financial Regulations and evidenced value for money. Though the report was issued in 2022/23, the fieldwork was related to the period April 2021 to February 2022. Management has agreed one high priority action to be completed by the end of December 2022 and one medium priority action to be completed by the end of January 2023.

External Audit

- 9.14 External Audit is another 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.

Joint Audit Committee (JAC)

- 9.15 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 PFCC and Essex Police. During 2021/22, the JAC has continued to provide a first-class level of independent assurance to the PFCC and Chief Constable and has not hesitated to address important and sometimes very challenging issues. Following the previous year's recruitment campaign, two new independent members joined the Committee during the year, who have assisted in providing this robust scrutiny. The Committee's work plan for 2021/22 included briefings and assurance on the force's Estates Strategy; police recruitment, deployment, and retention; external forensics capacity, and communications. JAC papers are published on the PFCC's website unless restricted.
- 9.16 In September 2021, the JAC considered the outcomes of the annual review of its effectiveness that had been carried out earlier in the year through a survey of the Chair and independent members, the PFCC and the chief officers who support the Committee. As a result of the review, and in order to enhance its practice further, it was agreed that:
- Training regarding the work and the expectations of the JAC would be provided for any officers and staff who are expected to attend the Committee
 - All JAC related policies would be reviewed with drafts provided early to the independent members to provide more time for consideration prior to the meeting
 - The Chair would advise other Independent JAC members when he meets with the Commissioner, Head of Internal Audit, and senior supporting officers / staff, with updates of any relevant discussions being provided

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- Consideration would be given to providing the independent JAC members with management responses to HMICFRS reports
- The Chair of the JAC should make contact with the new Chair of the Police Fire and Crime Panel.
- The Chair of the JAC would follow up on the production of an annual report into the work of the Committee, as recommended following the previous year's review of effectiveness.
- Consideration would be given as to whether any recommendations arising from the effectiveness survey should result in any changes to the JAC Terms of Reference

9.17 New terms of reference were subsequently approved by the JAC in December 2021 which:

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

His Majesty's Inspectorate of Constabulary and Fire & Rescue Service (HMICFRS)

9.18 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" (HMICFRS Report 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" (HMICFRS Report P.24)
"The force understand the effect of increased demand, financial constraints and reduced resources on other organisations. The force and its partner organisations have set up community safety hubs to make services sustainable and more cost-effective. The force is also recruiting volunteers to help offset the effect of austerity" (HMICFRS Report P.27)
"The force can demonstrate the benefits of its investments and has strong evidence to support its investment decisions" (HMICFRS Report 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" (HMICFRS Report 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" (HMICFRS Report 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-

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based forum where they can post suggested improvements” (HMICFRS Report 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” (HMICFRS Report P.32)

- 9.19 Both the PFCC and Essex Police have effective arrangements in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data. These include robust Data Protection, Information Security and Records Retention and Disposal Policies, as well as detailed Data Asset Registers which are regularly reviewed through the appropriate internal governance structures. Information Sharing Agreements and Data Processing Contracts are in place to govern such arrangements between the PFCC, Essex Police and other parties. Additional guidance on ensuring data protection and information security whilst working from home was issued to staff to reflect altered working arrangements, and associated risks, during the Covid pandemic. Appropriate privacy notices are published and issued to the public, employees and volunteers, and any potential or actual data security breaches are reported, investigated and responded to in line with the requirements set out by the Information Commissioner’s Office (ICO).
- 9.20 HMICFRS reported the findings of its Crime Data Integrity Inspection of Essex Police on 8th October 2019. The inspectorate found Essex Police’s performance to be outstanding in this area, making it only the third force of the 39 inspected at that point in the programme to be judged outstanding on the first inspection. The inspectorate estimated that Essex Police records 95.8% (with a confidence interval of + 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”.

10. Principle G – Implementing good practices in transparency, reporting and audit to deliver effective accountability

- 10.1 Alongside approved decision reports, the PFCC ensures that relevant 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 to be published under the Elected Local Policing Bodies (Specified Information Order) 2011 and the Elected Local Policing Bodies (Specified Information) (Amendment) Orders 2012, 2013 and 2021.
- 10.2 During the year, the PFCC developed a renewed performance framework that is used to monitor and support the delivery of the new Police and Crime 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. Performance information presented to the PFCC’s monthly Performance and Resources Board is also published on the PFCC’s website, whilst performance reports presented to the Police, Fire and Crime Panel are published on Essex County Council’s website.
- 10.3 The PFCC’s Annual Report provides a fuller picture to the public, service users, the Joint Audit Committee, the Police, Fire and Crime Panel and other stakeholders on the progress made during the year on delivering the priorities within the Police and Crime Plan and the performance, both operational and financial, of the PFCC and Essex Police. This is fully aligned to the Statement of Accounts and is independently audited as part of the closure of accounts process. An accessible summary of this Annual Governance Statement is included within the Annual Report.
- 10.4 The PFCC’s Financial and Procurement Regulations include a section on joint working arrangements which sets out the governance arrangements in respect of partnership working, collaboration arrangements, regional working and consortia, as well as the arrangements that apply with regard to external funding and work for third parties. The document sets out the responsibilities of all partners engaged in joint working arrangements, the individual responsibilities of the PFCC and the Chief Constable, and the key principles that must apply to all joint working arrangements, which include requirements that risk assessments are prepared before entering

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into such arrangements; that project appraisal is in place to assess the viability of the project in terms of resources, staff and expertise; that audit, control, accounting and taxation requirements are fully understood and complied with, and that an appropriate exit strategy is produced. Financial and performance monitoring information relating to regional working and other collaborative arrangements is reported twice a year to the PFCC's Performance and Resources Board.

- 10.5 The Joint Audit Committee (JAC) considers and makes recommendations to the PFCC and the Chief Constable on the provision of internal auditors, including their appointment, assessment of their performance and (if necessary) their dismissal. It also approves – but does not direct – the internal audit strategy and annual internal audit plan, ensuring that these are consistent with professional standards, that they meet the audit needs of the PFCC and the Chief Constable, and provide adequate coverage for the purpose of obtaining appropriate levels of assurance over the adequacy of the risk management, governance and internal control environment of both corporations sole. The JAC has a role to play too in considering the findings of internal audit reports and the assurance provided, and ensuring the adequacy of the responses provided by the PFCC and the Chief Constable.
- 10.6 The Internal Audit service has direct access to all senior officers and employees. Equally, the PFCC, Chief Constable, Chief Finance Officers and Monitoring Officer have free and confidential access to the Head of Internal Audit and the External Auditor. The JAC has likewise established effective communications, both through formal meetings and outside of these, with the PFCC, the Chief Constable, the Chief Finance Officers, the Monitoring Officer, the Head of Internal Audit and the External Auditor.

11. Significant Governance Issues

Operation Hazel

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

Although in the 2022/23 financial year, it is a significant development post year-end. With forecast costs anticipated to be in excess of £5m, the Chief Constable and the PFCC are working together and the PFCC has written to the Home Office seeking financial recompense and requested that the 1% force contribution is waived.

Operation Oak

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

Events such as these are fortunately rare, but place a significant pressure on resources in a force with one of the lowest funding formulas in England.

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

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

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

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

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

Significant governance issues for 2022/23

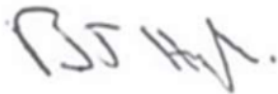
Significant governance issues for consideration in 2022/23 are identified below:

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

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

12. Conclusion

- 12.1 In line with previous years, we continue to be satisfied that the governance arrangements described above provide a high level of assurance and that such arrangements remain fit for purpose.
- 12.2 Notwithstanding this, we propose over the coming year to take additional steps to address the issues identified in this statement and to enhance further our governance arrangements. The proposed actions will ensure that our governance processes remain effective in a changing environment and we will continue to monitor their implementation and operation, including through our risk management and assurance processes.



21st February 2023
Chief Constable of Essex



21st February 2023
Chief Finance Officer of the Chief Constable of Essex

Glossary of Terms

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

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

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

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

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

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

Cashflow Statement – This statement summarises the inflows and outflows of cash.

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

Corporation Sole – A legal entity consisting of a single incorporated office, occupied by a single individual.

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

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

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

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

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

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

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

Financial Year - The period of twelve months for the accounts commencing 1st April.

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

Group (Accounts) – The consolidated position of both the Chief Constable of Essex and the Police & Crime Commissioner for Essex.

IAS19 Retirement Benefits – An accounting standard that requires the recognition of long term commitments made to employees in respect of retirement benefits in the year in which they are earned.

Glossary of Terms

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

Interest Income – The money earned from the investment of surplus cash.

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

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

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

Long-term Assets – Tangible assets that yield benefits to the Chief Constable for a period of more than one year.

NPCC – National Police Chiefs' Council.

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

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

PFCC – Police Fire and Crime Commissioner.

Projected Unit Method – An accrued benefits valuation method in which the scheme liabilities make allowances for projected earnings. The scheme liabilities at the valuation date relate to:

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

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

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

Revenue Expenditure and Income – Day to day expenses mainly salaries and wages, general running expenses and the minimum revenue provision cost. Charges for goods and services.

Service Reporting Code of Practice – A code of practice issued by CIPFA, which provides a consistent and comparable basis for financial reporting across local authorities in the United Kingdom.

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

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

Glossary of Terms

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

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

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: corporate.accounting@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/>