



**ESSEX  
POLICE**  
Protecting and serving Essex

**Chief Constable  
for Essex Police**  
Unaudited Statement  
of Accounts 2022/2023



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# Narrative Report 2022/2023

# Narrative Report

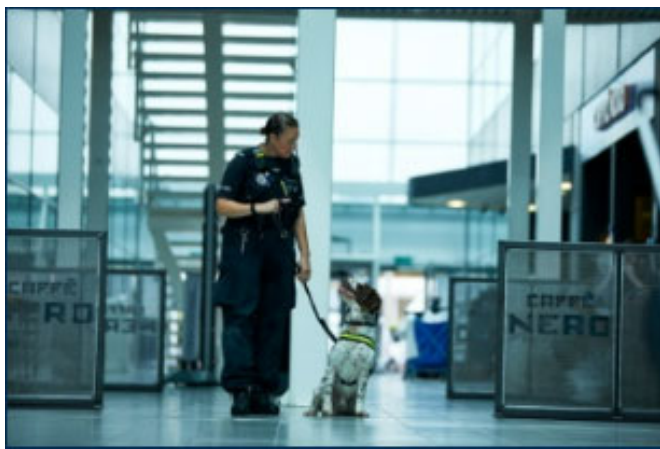
The purpose of the Narrative Report is to provide information on the Chief Constable of Essex Police Force, its main objectives and strategies and the principal risks that it faces. The content of the Narrative Report is as follows:

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# Narrative Report

## Narrative Report

### County of Essex



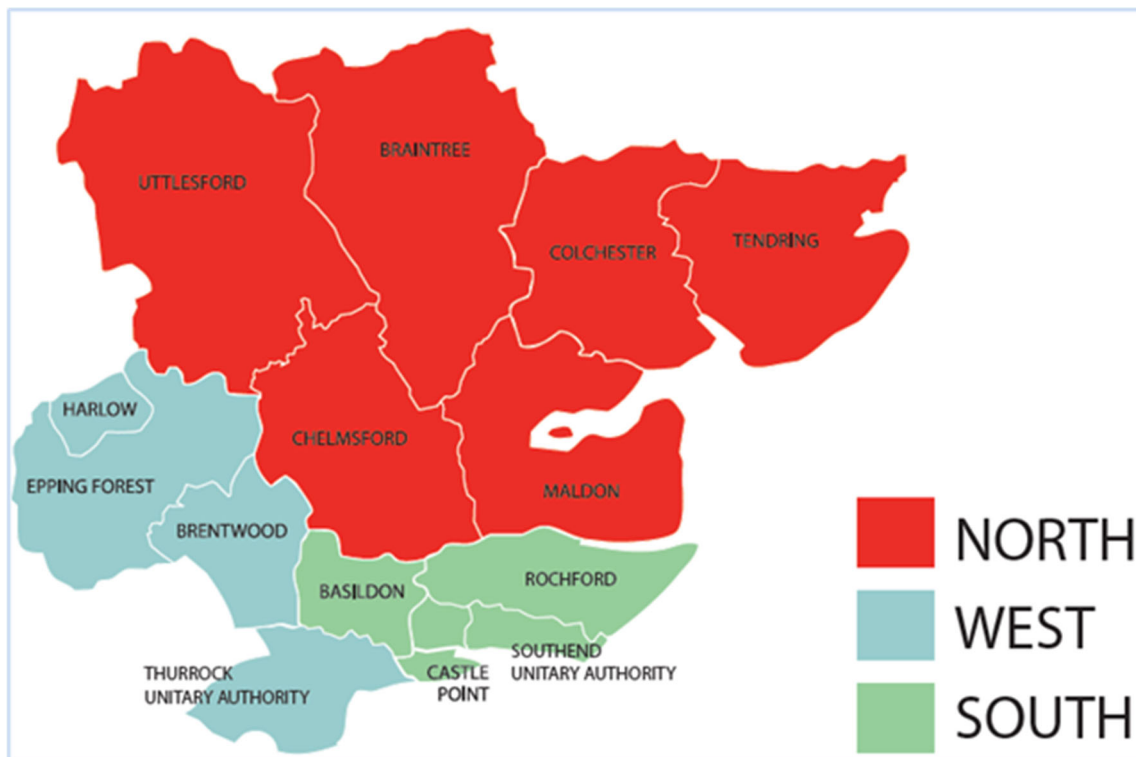
Essex covers 1,417 square miles and borders the counties of Suffolk, Cambridgeshire, Hertfordshire, Kent and four London Boroughs. Three quarters of the county is agricultural land but with several significant and spread out major urban areas, including two new cities, Chelmsford and Southend. It has a 400-mile coastline. Essex is not just one of the largest counties in the country, with a population of 1.86m<sup>1</sup>, 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 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.



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

# Narrative Report

## Chief Constable's Report

Essex Police has grown to be the biggest it has ever been with an establishment of 3,755 officers, 2,427 police staff, 102, police community support officers and a strength of 327 special constables. Public trust in the force remains high with 75% of people in Essex stating that we do a good or excellent job. Most importantly, reported crime is down by 1.3%. Essex Police continues to put the new and existing resources at its disposal to best use to protect and serve the county. This report relates to the first full financial year since the introduction of the 2022 - 2025 Essex Police Force Plan, which is focused on victims, violence, vulnerability, and visibility.



The number of officers, funded by both central Government and the local precept, increased during 2022/23 with this being the final year of the national police uplift programme. By March 2023, we had an officer establishment of 3,755, an increase of more than 900 since 2016.

My attention now moves towards ensuring that we have an effective recruitment pipeline and focus on retention and progression, developing the capabilities of the hard-working officers, staff and volunteers within the force to ensure that they are appropriately skilled, equipped and enabled to serve the public to the best of their abilities.

As Chief Constable, I am immensely proud to lead such hardworking officers, staff and volunteers who are dedicated to delivering justice to every victim of crime and who work tirelessly to maintain the trust and confidence of the communities that they serve, help people and keep our county safe. In March 2023 Baroness Louise Casey published a report into the standards of behaviour and internal culture of the Metropolitan Police Service which exposed significant failings across the organisation which contributed to a culture of misogyny, racism, homophobia and sexism. It is moments like this that make us stop and think as events like these, linked to policing nationally, impact on public confidence across the UK. Although the public's confidence in Essex Police remains high this is not something that I am complacent about and I am ensuring that we understand our own position against the review findings by adopting a strategy of listening and understanding as well as undertaking an assessment of our practices and processes. Working in conjunction with the Police, Fire and Crime Commissioner (PFCC) our approach to ensuring that we behave with integrity, demonstrate strong commitment to ethical values and respect the rule of the law is explained within the Annual Governance Statement that is included within these Statement of Accounts.

2022/23 has been a particularly busy year with the need to respond to Just Stop Oil protest activity at petrochemical distribution sites in West Essex and petrol station forecourts. Protestors began a prolonged period of disruptions on 1<sup>st</sup> April 2022 using a wide range of tactics simultaneously across multiple sites in Essex. There were further protests in October 2022 including two protestors who scaled the Dartford River Crossing bridge causing it to be closed for two days. The cost to the force was £5.6m. I worked together with the PFCC to approach the Home Office for Special Grant funding and to date the Home Office have reimbursed £4m with the force having to fund the remaining £1.6m.

# Narrative Report

Following the sad passing of Her Majesty Queen Elizabeth II, we played a key contributory role to the events leading up to and including her funeral. This included an extensive security operation at Stansted airport, demonstrating the key role and effectiveness of the Force in providing its contribution to the Strategic Policing Requirement.

We have had many successes during the year but one that has demonstrated exceptional teamwork has been the soft launch of our Rapid Video Response (RVR) in the Force Control Room. RVR is having an immediate positive impact, as an additional and effective way of providing a fast time, face to face consultation with an officer, in response to the needs of our victims of Domestic Abuse. This is seeing faster response times and more effective evidential capture at the initial point of contact, supporting victims to report offences being committed against them. This is just one project that has demonstrated how we effectively use our financial resources to improve outcomes for victims of crime.

**BJ Harrington**  
Chief Constable of Essex

## 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 5<sup>th</sup> May 2016 and re-elected again in May 2021. Jane Gardner is the Deputy Police and Crime Commissioner.

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

## The Role of the PFCC

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

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

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

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

- 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



# Narrative Report

- 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.



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 2022/23 compared to previous years, ethnic minority and female proportions have remained strong. The officer ethnic minority position was



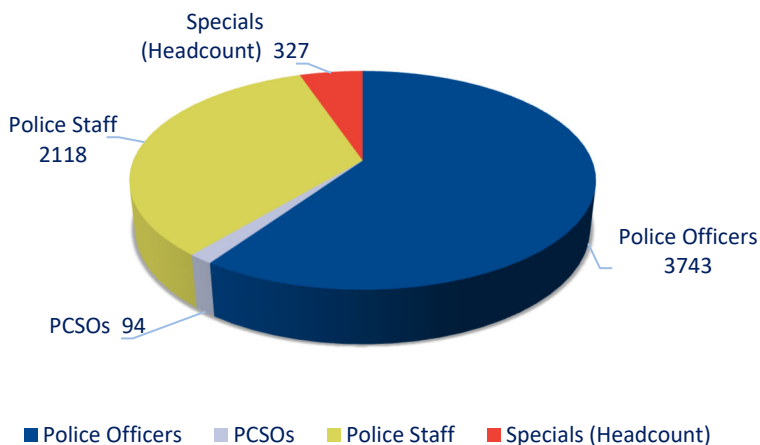
# Narrative Report

4.11% (as a proportion of all officers) as at 31<sup>st</sup> March 2023 compared to 4.36% a year earlier and female officers represented 37.09% as at 31<sup>st</sup> March 2023 compared to 35.84% on 31<sup>st</sup> March 2022.

During 2022/23 our police officer strength numbers increased by 171 FTEs to 3,743.

The chart below shows the make-up of the workforce for the Chief Constable as at 31<sup>st</sup> March 2023

## Our Workforce - FTEs at 31st March 2023



Essex Police has seen a welcome but rapid period of growth over the last few years as a result of the government’s ambition to recruit an additional 20,000 police officers nationally. In 2022/23 the police officer establishment grew by 200 additional officers, 180 of which were funded by the national uplift programme and 20 by an increase in precept. At an officer establishment of 3,755 Essex Police is the biggest it has ever been enabling the force to be more effective and efficient. 2022/23 was the final year of the governments uplift programme and moving into 2023/24 the focus is on investment to consolidate the growth and continue the positive progress already made in protecting and serving the people of Essex. Priorities are now shifting to developing the capabilities of the workforce as well as ensuring that there is an effective recruitment pipeline and focus on retention and progression to provide the best service to the public.

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.

# Narrative Report

## Police and Crime Plan Priorities

The performance of the force is measured against the following PFCC 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/>

As at March 2023 three of the twelve PFCC priorities are graded good (Reducing drug driven violence, Protecting Vulnerable People and Breaking the Cycle of Domestic Abuse and Dog Theft), seven are rated adequate and two require improvement (Improving Support for Victims of Crime and Improving Safety on our Roads).

# Narrative Report

## Force Plan

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



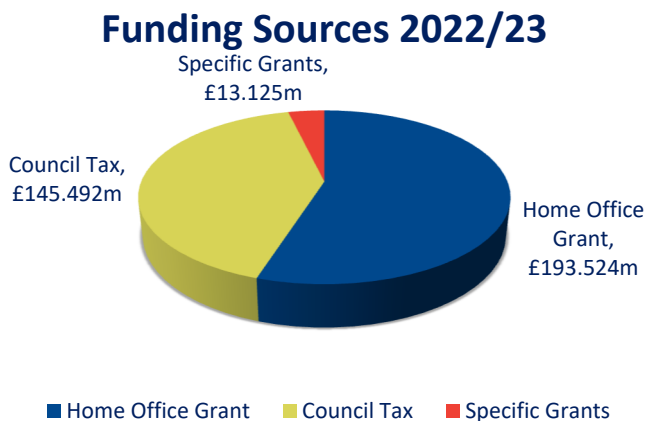


# Narrative Report

## Financial Overview

### Where the Money Comes From

In April the Chief Constable is given an annual budget to deliver policing in Essex. For 2022/23 this budget was £352.2m. The actual funding sources received in the year were £352.1m.

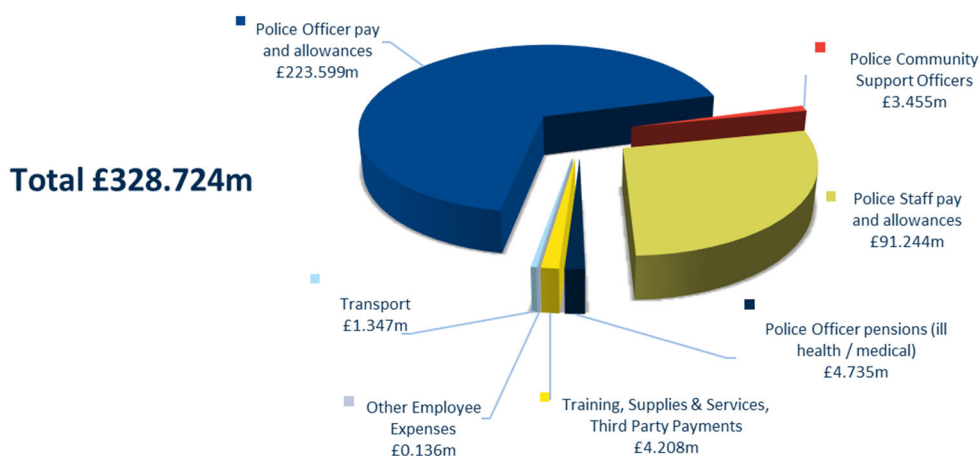


One of the challenges the force faces is that it is the second lowest funded force nationally (funding from grants and council tax) and the ninth lowest in receipt of government grant per head of population. It also has the lowest spend per head of population (Source: HMICFRS 2022 Value for Money Profiles).

### Where the Money is Spent

The graph below shows an analysis of the Chief Constable’s net revenue expenditure totalling £328.724m.

### What the Money Was Spent On In 2022/23



# Narrative Report

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

### Incidents attended and crimes recorded

The number of crimes recorded in Essex decreased by 1.3% in the twelve months to March 2023 compared to the 12 month period to March 2022. This equates to 2,233 fewer offences.

Incidents attended and crimes recorded	21,056 Anti-Social Behaviour Incidents
	28,079 incidents of domestic abuse
	18,391 repeat incidents of domestic abuse
	15 Homicides
	15,823 violence with injury offences
	1,622 Knife-enabled crime incidents

### Problems resolved and crimes solved

Problems resolved and crimes resolved	298 sexual offences against females solved
	163 Domestic Violence Protection Notices (DVPNs) and 144 Protection Orders (DVPOs)
	3,146 domestic abuse offences solved
	3,376 business crime offences solved
	421 Organised Criminal Group Disruptions
	2,577 rural crime offences solved
	248 Modern Slavery referrals made to the National Referral Model

### Some highlights from the Financial Year

2022/23 was the final year of the national police officer uplift growth programme with Essex Police growing to the biggest it has ever been with an officer establishment of 3,755 which has helped to increase visibility and accessibility of policing and help prevent crime.

The force has been able to increase partnership working, taking a ‘whole system’ approach and actively address the root cause of issues and proactively deter offending at identified hotspots. For example, Operation Union which combats high-harm crime in the busiest areas of Southend resulted in 106 people arrested between April and October 2022.

During the year Rapid Video Response (RVR) has been launched within the Force Control Room. This is an additional and effective way of providing fast time, face to face consultations with an officer for victims of domestic abuse which is having an immediate positive impact on response times and allowing more effective evidential capture at the initial point of contact.

# Narrative Report

## 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.

Chief Constable for Essex Police - 2022/23 Financial Performance	Current Budget £000	Actual £000	Variance over / (under) £000
<b>Employees</b>			
Police Officer pay and allowances	219,991	223,599	3,607
PCSO pay and allowances	3,492	3,455	(37)
Police staff pay and allowances	93,072	91,244	(1,828)
Ill-health/medical pensions	4,726	4,735	8
Training	25	20	(5)
Other employee expenses	151	136	(14)
	<b>321,457</b>	<b>323,190</b>	<b>1,732</b>
<b>Other Service Expenditure</b>			
Transport	1,195	1,347	152
Supplies & services	377	999	622
Third party payments	183	3,188	3,005
	<b>1,755</b>	<b>5,535</b>	<b>3,779</b>
<b>Gross Operating Expenditure</b>	<b>323,213</b>	<b>328,724</b>	<b>5,511</b>
<b>Income</b>	-	-	-
<b>Net Cost of Services</b>	<b>323,213</b>	<b>328,724</b>	<b>5,511</b>

## Future Trends and Risks

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

Despite there being a high demand for policing services, due to both the volume of crime and incidents, and their severity and increasing complexity, in the year to 31<sup>st</sup> March 2023 there has been a 1.3% decrease with 163,285 offences recorded compared to 165,518 in the previous 12 month period to 31<sup>st</sup> March 2022.

Prevention remains a key focus of the force building on investment already made during 2019/20 to 2022/24 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.



# Narrative Report

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 2022/23 £4.6m savings were delivered with £3.8m of these recurring annually.

## Current and emerging risks and mitigation

The three-year comprehensive spending review has provided some certainty over Home Office funding 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 second 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 over the last year, driven by both domestic and global factors, has impacted the costs of supplies and services, and this is resulting 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. Also, with uncertainty over the level of nationally agreed pay awards likely to be agreed over and above the 2% budgeted for in 2023/24 there is likely to be a significant impact on Essex Police if this is not funded by the Home Office.

The mitigation to these funding challenges will be the continuation of the work to review services and drive out efficiencies and cashable savings including deliver of an ambitious savings programme for 2023/24 of £12.212m.

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:

- **Operation Hazel Cost not fully funded by Home Office** – Costs for Operation Hazel (the Essex Police response to the Just Stop Oil protestor activity) total £5.584m with £4.003m funded by the Home Office. £1.584m remains unfunded impacting on financial resilience due to the need to draw on reserves which will need to be replenished.

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

# Statement of Responsibilities

# Statement of Responsibilities

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## 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 audited Statement of Accounts

### Completion of the Approval Process by the Chief Constable of Essex

I approve these Statement of Accounts.

Chief Constable of Essex  
xxxxx 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 31<sup>st</sup> March 2022.



Deborah A. Martin BA (Hons), FCPFA  
Chief Finance Officer of the Chief Constable  
31<sup>st</sup> May 2023



# **Independent Auditors Report**

# Independent Auditor's Report

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# Independent Auditor's Report

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# Independent Auditor's Report

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# Independent Auditor's Report

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# Independent Auditor's Report

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# Independent Auditor's Report

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# **Statement of Accounts 2022/2023**

# Statement of Accounts – Introduction

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## 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 31<sup>st</sup> March 2023. 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 PFCC Group General Reserve 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 PFCC Group General Reserve, 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.

# Statement of Accounts – Core Financial Statements

## Comprehensive Income and Expenditure Statement

For the years ended 31<sup>st</sup> March 2022 and 31<sup>st</sup> March 2023

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.

	2021/22	2021/22	2021/22	2022/23	2022/23	2022/23
	Gross	Gross	Net	Gross	Gross	Net
	Expenditure	Income	Expenditure	Expenditure	Income	Expenditure
	£000	£000	£000	£000	£000	£000
<i>Employees</i>						
Police officer pay and allowances	279,672	-	279,672	262,975	-	262,975
PCSO pay and allowances	3,351	-	3,351	3,455	-	3,455
Police staff pay and allowances	110,229	-	110,229	110,228	-	110,228
Ill-health/medical pensions	4,243	-	4,243	4,735	-	4,735
Training	44	-	44	20	-	20
Other employee expenses	32	-	32	136	-	136
	<b>397,571</b>	-	<b>397,571</b>	<b>381,549</b>	-	<b>381,549</b>
<i>Other service expenditure</i>						
Transport	945	-	945	1,347	-	1,347
Supplies & Services	316	-	316	999	-	999
Third party payments	17	-	17	3,188	-	3,188
	<b>1,278</b>	-	<b>1,278</b>	<b>5,534</b>	-	<b>5,534</b>
<b>Financial Resources Consumed - Chief Constable</b>	<b>398,849</b>	-	<b>398,849</b>	<b>387,083</b>	-	<b>387,083</b>
Intra Group Adjustment for Chief Constables Net Service Cost	-	(331,463)	(331,463)	-	(358,251)	(358,251)
<b>Net Cost of Provision of Police Services - Chief Constable</b>	<b>398,849</b>	<b>(331,463)</b>	<b>67,386</b>	<b>387,083</b>	<b>(358,251)</b>	<b>28,832</b>
Net Interest on the defined benefit pensions liability						
-Police Officers	65,880	-	65,880	84,805	-	84,805
-Police Staff	4,634	-	4,634	4,805	-	4,805
<b>Financing and Investment Income and Expenditure</b>	<b>70,514</b>	-	<b>70,514</b>	<b>89,610</b>	-	<b>89,610</b>
<b>(Surplus)/Deficit on Provision of Police Services - Chief Constable</b>	<b>469,363</b>	<b>(331,463)</b>	<b>137,900</b>	<b>476,693</b>	<b>(358,251)</b>	<b>118,442</b>
Remeasurement of the net defined benefit liability						
-Police Officers	(143,081)	-	(143,081)	(1,183,783)	-	(1,183,783)
-Police Staff	(74,073)	-	(74,073)	(310,581)	-	(310,581)
<b>Other Comprehensive Income and Expenditure</b>	<b>(217,154)</b>	-	<b>(217,154)</b>	<b>(1,494,364)</b>	-	<b>(1,494,364)</b>
<b>Total Comprehensive Income and Expenditure</b>	<b>252,209</b>	<b>(331,463)</b>	<b>(79,254)</b>	<b>(1,017,671)</b>	<b>(358,251)</b>	<b>(1,375,922)</b>

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 £1.494bn in 2022/23 compared to net actuarial gains of £217.154m in 2021/22. Note 20 provides further information on the Defined Benefit Pension Scheme.



# Statement of Accounts – Core Financial Statements

## Balance Sheet

For the years ended 31<sup>st</sup> March 2022 and 31<sup>st</sup> March 2023

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

Note	2021/22		2022/23	
	£000	£000	£000	£000
	<b>Non-current assets</b>			
20	Pensions assets - Police staff	-	94,869	
	<b>Non-current assets total</b>	-	<b>94,869</b>	
	<b>Current assets</b>			
15	Short term debtors	1,325	1,430	
	<b>Current assets total</b>	<b>1,325</b>	<b>1,430</b>	
	<b>Current liabilities</b>			
16	Short term creditors	(5,916)	(4,549)	
	<b>Current liabilities total</b>	<b>(5,916)</b>	<b>(4,549)</b>	
	<b>Non-current liabilities</b>			
20	Pensions liabilities - Police officers	(3,297,849)	(2,209,838)	
20	Pensions liabilities - Police staff	(191,570)	-	
	<b>Non-current liabilities total</b>	<b>(3,489,419)</b>	<b>(2,209,838)</b>	
	<b>Net assets/(liabilities)</b>	<b>(3,494,010)</b>	<b>(2,118,088)</b>	
19	<b>Unusable reserves</b>			
	Pensions liabilities - Police officers	3,297,849	2,209,838	
	Pensions liabilities - Police staff	191,570	(94,869)	
	Accumulated Absences Account	4,591	3,119	
	<b>Unusable reserves total</b>	<b>3,494,010</b>	<b>2,118,088</b>	
	<b>Total reserves</b>	<b>3,494,010</b>	<b>2,118,088</b>	

I certify that the Statement of Accounts give a true and fair view of the financial position of the Chief Constable's accounts as at 31<sup>st</sup> March 2023.



Deborah A. Martin BA (Hons), FCPFA  
Chief Finance Officer of the Chief Constable  
31<sup>st</sup> May 2023

# Statement of Accounts – Core Financial Statements

## Cash Flow Statement

For the years ended 31<sup>st</sup> March 2022 and 31<sup>st</sup> March 2023

Note	2021/22 £000	2022/23 £000
<b>Net (Surplus)/Deficit on the Provision of Services</b>	<b>137,900</b>	<b>118,442</b>
17 Adjustment to (Surplus)/Deficit on the Provision of Services for non-cash	(137,900)	(118,442)
Adjust for items included in the net (Surplus)/Deficit on the Provision of Services that are investing and financing activities	-	-
17 <b>Net cash flows from operating activities</b>	<b>-</b>	<b>-</b>
<b>Net (increase)/decrease in cash and cash equivalents</b>	<b>-</b>	<b>-</b>
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 – Core Financial Statements

## Movement in Reserves Statement

For the year ended 31<sup>st</sup> March 2022

This statements show the movement in the year on the different reserves held by the Chief Constable.

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

## Movement in Reserves Statement

For the year ended 31<sup>st</sup> March 2023

	2022/23			Total Usable	Total Unusable	Total Reserves
	General	Earmarked	Total General & Earmarked Reserves			
	£000	£000	£000	£000	£000	£000
<b>Balance at 1<sup>st</sup> April 2022</b>	-	-	-	-	3,494,010	3,494,010
(Surplus)/Deficit on Provision of Services (accounting basis)	118,442	-	118,442	118,442	-	118,442
Other Comprehensive Income and Expenditure	-	-	-	-	(1,494,364)	(1,494,364)
<b>Total Comprehensive Income and Expenditure</b>	<b>118,442</b>	<b>-</b>	<b>118,442</b>	<b>118,442</b>	<b>(1,494,364)</b>	<b>(1,375,922)</b>
Adjustments between accounting basis and funding basis under regulations	(118,442)	-	(118,442)	(118,442)	118,442	-
<b>Net (Increase)/Decrease before Transfers to Usable Reserves</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,375,922)</b>	<b>(1,375,922)</b>
Transfers (to)/from Usable Reserves	-	-	-	-	-	-
<b>(Increase)/Decrease in Year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,375,922)</b>	<b>(1,375,922)</b>
<b>Balance at 31<sup>st</sup> March 2023</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,118,088</b>	<b>2,118,088</b>

# 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 26 to 29) and provide further information on the financial performance of the Chief Constable for Essex during 2022/23. The notes set out within this section are as follows:

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# Statement of Accounts – Notes to the Financial Statements

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# Statement of Accounts – Notes to the Financial Statements

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

### Introduction

Following the Police Reform and Social Responsibility Act 2011 (The Act) Essex Police Authority was replaced on 22<sup>nd</sup> 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 1<sup>st</sup> 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 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 22<sup>nd</sup> 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 1<sup>st</sup> 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 1<sup>st</sup> 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 2022/23 financial year and its position at the year-end of 31<sup>st</sup> March 2023. 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 £5,000 for any year-end adjustments processed in respect of either revenue and capital transactions

### 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

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## 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 (including on costs), per grade of police officer/police staff.

The initial accruals at the IFRS adoption date are recognised on the Balance Sheet in the Short Term 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.

These benefits are therefore accounted for 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). An allowance of 3% has been included in the value of the active liabilities and current service cost as an allowance for future injury awards.

## 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

# Statement of Accounts – Notes to the Financial Statements

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- The assets of the Fund are included in the Balance Sheet as follows:
  - a) Quoted securities are included at realisable values (i.e. current bid price)
  - b) All other assets are included at fair value
- The change in the net pension liability is analysed into the following components:
  - a) Current service cost: the increase in liabilities as a result of years of retirement benefits earned this year charged to the Comprehensive Income and Expenditure Statement within Net Cost of Services
  - b) Past service cost (gain): the increase (decrease) in liabilities from current year decisions, the effect of which relate to retirement benefits earned in previous years - charged (credited) to the Comprehensive Income and Expenditure Statement within Net Cost of Services
  - c) Interest cost: the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Surplus/Deficit on Provision of Services in the Comprehensive Income and Expenditure Statement within the Net Cost of Services
  - d) 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 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

There are three Police Officer Pension Schemes, these are defined benefit schemes, administered by Essex County Council on behalf of the Chief Constable who is the Scheme Manager. The schemes are unfunded, meaning that there are no investment assets built up to meet pensions liabilities:

- Police Officers in service on or before 31<sup>st</sup> March 2006 were admitted to the **1987 Police Pensions Scheme**
- Police Officers in service between 1<sup>st</sup> April 2006 and 31<sup>st</sup> March 2015 were admitted to the **2006 Police Pension Scheme**

# Statement of Accounts – Notes to the Financial Statements

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- Police Officers in service on or after the 1<sup>st</sup> April 2015 are admitted to the **2015 Police Pension Scheme** also known as **the 'CARE' (Career Average Revalued Earnings) scheme**
- Police Officers forced to retire through injury are admitted to the Police Officer Injury awards Scheme

**The Police Pension Scheme 1987 and 2006** are being phased out. Active officers within these schemes were brought into the CARE scheme on 1<sup>st</sup> April 2015 unless they had entitlement full transitional protection or tapered protection. These protections ceased with effect from 1<sup>st</sup> April 2022 when all active members were transferred to the 2015 CARE scheme. Officers who were previously within one of these schemes may be entitled to retirement benefits under their legacy scheme as a result of the McCloud/Sargeant remedy which is due to be implemented in October 2023.

More detail on each of the schemes can be found in the Police Pension Fund Account section on page 62 and an explanation regarding the McCloud/Sargeant judgement is included in note 20

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 1<sup>st</sup> 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.



# Statement of Accounts – Notes to the Financial Statements

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

In reference to paragraph 3.3.2.13 of the 2022/23 Code changes in accounting policy should be applied retrospectively unless alternative transitional arrangements are specified in the Code. Paragraph 3.3.4.3 requires the disclosure of information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Code for the relevant financial year.

Paragraph 3.3.4.3 and Appendix C of the Code adapts IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors on an annual basis to limit the impact of standards that have been issued but not yet adopted to those listed in Appendix C of the Code in the relevant year of accounts (in this case the 2023/24 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 2023/24 Code and relevant for additional disclosures that will be required in the 2022/23 financial statements in accordance with the requirements of paragraph 3.3.4.3 of the Code are:

- Definition of Accounting Estimates (Amendments to IAS 8) issued in February 2021.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) issued in February 2021.
- Updating a reference to the Conceptual Framework (Amendments to IFRS 3) issued in May 2020.

Whilst they are expected to lead to improved financial reporting, it is not anticipated that the first two matters above will significantly impact the PFCC's financial statements, and in the case of the Conceptual Framework changes it is likely that there will be limited application only.

## 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.

There are no critical judgements made in compiling these Statement of Accounts which require disclosure.

## 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.

# Statement of Accounts – Notes to the 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 pensions 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
<b>Pensions Liability - sensitivity of variable factors</b>	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 £8.255m. 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 £82.364m. 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
<p><b>Pensions Liability - actuary roll-forward approach</b></p>	<p>In determining the value of the employer liabilities for the LGPS scheme the actuary has rolled forward the results from the most recent funding valuation, using the financial and demographic assumptions set for accounting purposes. An allowance is made for actual pension increase experience as standard. After each triennial valuation the accounting liabilities are recalculated using up to date membership data and results. This may result in additional experience items which then need to be incorporated into subsequent accounting reports.</p> <p>In respect of the Police Officer Pension Scheme the latest valuation was undertaken at the 1<sup>st</sup> April 2020, meaning the actuary roll-forward approach has been applied to this scheme in the 2022/23 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.</p> <p>In summary, the roll forward method adopted by the actuary is less accurate than the use of a full actuarial valuation, however the impact is mitigated by the inclusion of the 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 PFCC and Chief Constable for Essex Police, along with other PCC's, PFCC's and Chief Constables, have a contingent liability arising from the Allard & Ors v Devon and Cornwall Constabulary legal case. This claim relates to undercover officers in Devon and Cornwall Police claiming under Police Regulations that they were entitled to on-call payments due to having to respond to communications outside their normal working hours. The basis of the claim was that they had been 'recalled to duty' and were therefore entitled to overtime payments. The case was upheld against Devon and Cornwall at the High Court and the ruling applies to all other Home Office forces.

At the Balance Sheet date there are five 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).

# Statement of Accounts – Notes to the Financial Statements

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There are approximately 22 claims outstanding for Essex Police at the Balance Sheet date, including both CHIS and undercover elements, however these numbers remain subject to change based on the outcome of the test cases.

Therefore, in respect of the 2022/23 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 £0.683m earmarked at the Balance Sheet date for any future claims in respect of Allard. It is currently envisaged that this value will be materially sufficient to meet the expected costs of both claims and the associated legal costs arising, however this continues to remain subject to the outcome of how many undercover claims may arise in future.

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

The Statement of Accounts was authorised for issue on 31<sup>st</sup> May 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 PFCC Group General Reserve.

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 – 2021/22

	2021/22				Total adjustments	Net expenditure in the Comprehensive Income and Expenditure Statement
	Net Expenditure Chargeable to the General Reserve	Adjustments for capital purposes	Net charge for pensions adjustments (EFA note 1)	Other differences (EFA note 2)		
	£000	£000	£000	£000	£000	£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	4,243	-	-	-	-	4,243
Training	44	-	-	-	-	44
Other employee expenses	32	-	-	-	-	32
Transport	944	-	-	-	-	944
Supplies & services	316	-	-	-	-	316
Third party payments	17	-	-	-	-	17
<b>Financial Resources Consumed</b>	<b>301,187</b>	-	<b>99,237</b>	<b>(1,576)</b>	<b>97,661</b>	<b>398,848</b>
Intra group adjustment for CC's net service cost	(301,187)	-	(30,275)	-	(30,275)	(331,462)
<b>Net Cost of Services</b>	-	-	<b>68,962</b>	<b>(1,576)</b>	<b>67,386</b>	<b>67,386</b>
Other income and expenditure	-	-	70,514	-	70,514	70,514
<b>(Surplus)/Deficit on Provision of Services</b>	-	-	<b>139,476</b>	<b>(1,576)</b>	<b>137,900</b>	<b>137,900</b>

# Statement of Accounts – Notes to the Financial Statements

## EFA for the Chief Constable – 2022/23

	2022/23					Net expenditure in the Comprehensive Income and Expenditure Statement £000
	Net Expenditure Chargeable to the General Reserve £000	Total Adjustments			Total adjustments £000	
		Adjustments for capital purposes £000	Net charge for pensions adjustments (EFA note 1) £000	Other differences (EFA note 2) £000		
Police officer pay and allowances	223,599	-	40,494	(1,118)	39,376	262,975
PCSO pay and allowances	3,455	-	-	-	-	3,455
Police staff pay and allowances	91,244	-	19,337	(354)	18,983	110,227
Ill-health/medical pensions/immediate detriment	4,735	-	-	-	-	4,735
Training	20	-	-	-	-	20
Other employee expenses	136	-	-	-	-	136
Transport	1,347	-	-	-	-	1,347
Supplies & services	999	-	-	-	-	999
Third party payments	3,189	-	-	-	-	3,189
<b>Financial Resources Consumed</b>	<b>328,724</b>	-	<b>59,831</b>	<b>(1,472)</b>	<b>58,359</b>	<b>387,083</b>
Intra group adjustment for CC's net service cost	(328,724)	-	(29,527)	-	(29,527)	(358,251)
<b>Net Cost of Services</b>	-	-	<b>30,304</b>	<b>(1,472)</b>	<b>28,832</b>	<b>28,832</b>
Other income and expenditure	-	-	89,610	-	89,610	89,610
<b>(Surplus)/Deficit on Provision of Services</b>	-	-	<b>119,914</b>	<b>(1,472)</b>	<b>118,442</b>	<b>118,442</b>

## 10. Notes to the Expenditure and Funding Analysis

Pensions Adjustments		
	2021/22 £000	2022/23 £000
<b><u>Adjustments for Pensions (EFA Note 1)</u></b>		
<i>Additional items included within the Comprehensive Income and Expenditure Statement.</i>		
Costs recognised in respect of IAS 19 - officers	76,432	40,494
Costs recognised in respect of IAS 19 - staff	22,805	19,337
Chief constable intra-group adjustment in respect of Police Officer Pension Scheme	(30,275)	(29,527)
<b>Total adjustments included within the Net Cost of Services</b>	<b>68,962</b>	<b>30,304</b>
Costs recognised in respect of IAS 19 - officers	65,880	84,805
Costs recognised in respect of IAS 19 - staff	4,634	4,805
<b>Total adjustments included within the (Surplus)/Deficit on the Provision of Services</b>	<b>70,514</b>	<b>89,610</b>
<b>Total adjustments</b>	<b>139,476</b>	<b>119,914</b>
Other Adjustments		
	2021/22 £000	2022/23 £000
<b><u>Adjustments for other differences (EFA Note 2)</u></b>		
<i>Additional items included within the Comprehensive Income and Expenditure Statement.</i>		
Movement on accumulated absences liability - officers	(938)	(1,118)
Movement on accumulated absences liability - staff	(638)	(354)
Total adjustments included within the Net Cost of Services	(1,576)	(1,472)
<b>Total adjustments included within the (Surplus)/Deficit on the Provision of Services</b>	-	-
<b>Total adjustments</b>	<b>(1,576)</b>	<b>(1,472)</b>

# Statement of Accounts – Notes to the Financial Statements

## 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 2022/23 accounting statements the value of the intra-group adjustment is £358.251m (2021/22, £331.463m). This figure is represented as follows:

- Financial resources consumed 2022/23 - £387.083m (£398.849m in 2021/22)
- **Less** funding basis adjustment in respect of IAS 19 - £30.304m (£68.962m in 2021/22)
- **Plus** funding basis adjustment in respect of Accumulated Absences in-year reduction - £1.472m (£1.576m in 2021/22)

In respect of outstanding intra group balances at the 31<sup>st</sup> March 2023, the Chief Constable recognised a debtor of £1.430m 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.



# Statement of Accounts – Notes to the Financial Statements

Remuneration Band	2021/22			2022/23		
	Police Officers	Police Staff	Total	Police Officers	Police Staff	Total
£50,000 - £54,999	-	31	31	-	48	48
£55,000 - £59,999	-	24	24	-	23	23
£60,000 - £64,999	-	7	7	1	13	14
£65,000 - £69,999	-	1	1	-	5	5
£70,000 - £74,999	-	4	4	1	-	1
£75,000 - £79,999	-	3	3	-	5	5
£80,000 - £84,999	1	3	4	-	1	1
£85,000 - £89,999	1	1	2	-	1	1
£90,000 - £94,999	6	1	7	5	2	7
£95,000 - £99,999	2	1	3	5	-	5
£100,000 - £104,999	-	1	1	-	-	-
£105,000 - £109,999	-	1	1	-	1	1
£110,000 - £114,999	-	-	-	-	1	1
<b>Total</b>	<b>10</b>	<b>78</b>	<b>88</b>	<b>12</b>	<b>100</b>	<b>112</b>

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 three 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 Officers' Remuneration Note – 2021/22

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

	2021/22				Total Remuneration
	Salary (note 1)	Benefits in Kind (note 2)	Allowances (note 3)	Employers Pension 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
<b>Total</b>	<b>1,088,965</b>	<b>37,692</b>	<b>48,040</b>	<b>254,902</b>	<b>1,429,599</b>

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 untaxed through the payroll system

# Statement of Accounts – Notes to the Financial Statements

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3. Allowances, where applicable, include housing, rent and monthly car lease allowances
4. Employer pension contributions are an employer cost and are not received by the employee
5. The Deputy Chief Constable left the force on 15<sup>th</sup> 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 16<sup>th</sup> 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 19<sup>th</sup> 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 23<sup>rd</sup> 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 20<sup>th</sup> 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 – 1<sup>st</sup> April 2021 to 30<sup>th</sup> January 2022
- Assistant Chief Constable - with effect from 24<sup>th</sup> January 2022
- Director of Human Resources

# Statement of Accounts – Notes to the Financial Statements

## Senior Officers' Remuneration Note – 2022/23

	2022/23				Total
	Salary (note 1)	Benefits in Kind (note 2)	Allowances (note 3)	Employers Pension contributions (note 4)	Remuneration
	£	£	£	£	£
Chief Constable - BJ Harrington	176,366	-	4,960	-	181,326
Deputy Chief Constable	138,813	-	2,792	43,032	184,637
Assistant Chief Constable	120,330	-	11,844	37,302	169,476
Assistant Chief Constable (note 5)	18,501	-	1,137	7,997	27,635
Temporary Assistant Chief Constable	131,202	-	12,273	36,786	180,261
Temporary Assistant Chief Constable	110,333	-	8,069	34,199	152,601
Temporary Assistant Chief Constable (note 6)	120,330	-	4,960	37,302	162,592
Chief Finance Officer of the Chief Constable	100,174	-	5,400	18,933	124,507
Director of Strategic Change and Performance (note 7)	113,700	-	-	21,308	135,008
Director of Continuous Improvement & Analysis (note 8)	24,564	-	970	4,643	30,177
Temporary Director of Essex & Kent Support Services	17,917	-	873	3,386	22,176
<b>Total</b>	<b>1,072,230</b>	<b>-</b>	<b>53,278</b>	<b>244,888</b>	<b>1,370,396</b>

- The salary figures show just salary costs (i.e. they do not include allowances)
- Benefits in kind represent the monetary value of force-provided vehicles that are untaxable through the payroll system. The benefit in kind figures for 2022/23 are not available at the current time but will be included at the earliest opportunity.
- Allowances, where applicable, include housing, rent and monthly car lease allowances
- Employer pension contributions are an employer cost and are not received by the employee
- The Assistant Chief Constable was promoted into post on 30<sup>th</sup> January 2023 and the costs shown are from this point to the end of the year. Had they been in the Assistant Chief Constable post for the full year, their costs would have been £107,502 plus allowances.
- The Assistant Chief Constable was on secondment to another force for the entirety of 2022/23. The costs shown have been recharged to the seconded force.
- The Director of Strategic Change and Performance left the position on 8<sup>th</sup> February 2023 and the costs shown are up to this point. Had they been in post for the full duration of 2022/23 their salary would have been £127,532 plus allowances. The position was subsequently replaced by the Director of Continuous Improvement & Analysis post.
- The Director of Continuous Improvement & Analysis post, which replaced the Director of Strategic Change and Performance post, was appointed to on 9<sup>th</sup> January 2023 and the costs shown are from this point to the end of the year. Had they been in post for the full year their salary would have been £107,502 plus allowances.
- The Director of Essex & Kent Support services took up the post temporarily on 1<sup>st</sup> February 2023 following the resignation of the substantive post holder who was employed by Kent Police. The role is joint funded by Kent Police and the costs shown represents 100% of those incurred from the date of appointment, 50% of these costs have been recharged to Kent. Had they been in post for the full year the cost of 100% of their salary would have been £107,502 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

# Statement of Accounts – Notes to the Financial Statements

costs were recharged to Essex Police during 2022/23. Their remuneration is disclosed in full in the Kent Police Statement of Accounts:

- Director of Essex/Kent Support Services – 1<sup>st</sup> April 2022 – 31<sup>st</sup> January 2023
- Assistant Chief Constable
- 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 and 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.

The disclosure incorporates information in respect of the net movement on the PFCC Group Severance Provision in-year, providing the total value charged to the Comprehensive Income and Expenditure Statement for the exit packages disclosed.

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

Exit package cost band	2022/23 Number of Exit Packages			Cost of Exit Packages		Total £
	Compulsory Redundancies	Other Departures Agreed	Total Number of Exit Packages	Severance £	Pension Strain £	
	£20,001 - £40,000	1	-	1	28,614	
£40,001 - £60,000	2	-	2	62,911	37,949	100,860
<b>Total</b>	<b>3</b>	<b>-</b>	<b>3</b>	<b>91,525</b>	<b>37,949</b>	<b>129,474</b>
<i>Other adjustments included in the Comprehensive Income and Expenditure statement</i>						
Increase/(decrease) to PFCC Group Severance Provision						(1,789)
<b>Total charged to the Comprehensive Income and Expenditure statement</b>						<b>127,685</b>

For the group there were three employee contracts terminated in 2022/23 (five employees in 2021/22). Of these, one was a joint funded post under the Athena collaborative agreement with nine other forces. However, the

# Statement of Accounts – Notes to the Financial Statements

agreement does not currently provide for the sharing of redundancy costs with the other forces and as such the total cost of the exit package is expected to be met by Essex Police.

In 2021/22 a provision of £0.035m was created in the group accounts relating to possible future redundancies, however only £0.033m was required resulting in £0.002m being returned to revenue. No additional provision has been created in respect of future possible redundancies in 2023/24.

The total charged to the CIES is £0.128m (£0.034m in 2021/22).

## 14. External Audit Costs

	2021/22	2022/23
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
<b>Total</b>	<b>12</b>	<b>12</b>

In addition to the costs set out above the CIES for 2022/23 also includes fee variations in respect of the 2020/21 and 2021/22 audit years. These costs total £0.058m for the PFCC, and £0.005m for the Chief Constable.

## 15. Debtors

### Short term debtors

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

Short-term Debtors	2021/22	2022/23
	£000	£000
Funding from the PFCC	1,325	1,430
<b>Closing Balance</b>	<b>1,325</b>	<b>1,430</b>

## 16. Creditors

### Short term creditors

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

Short-term Creditors	2021/22	2022/23
	£000	£000
Accumulated Absences	(4,591)	(3,119)
Other Employee Related	(1,325)	(1,430)
<b>Closing Balance</b>	<b>(5,916)</b>	<b>(4,549)</b>

## 17. Cashflow - Operating Activities

The (Surplus)/Deficit on the Provision of Services has been adjusted for the following non-cash movements:	2021/22	2022/23
	£000	£000
(Increase)/decrease in creditors	1,143	1,367
Increase/(decrease) in debtors	433	105
Movement in pension liability	(139,476)	(119,914)
<b>Total Adjustments</b>	<b>(137,900)</b>	<b>(118,442)</b>

# 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.

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
<b>Adjustments involving the Pensions Reserve</b>							
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)	-
<b>Adjustments involving the Accumulated Absences Account</b>							
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)	-
<b>Total</b>	<b>(137,901)</b>	<b>(137,901)</b>	<b>112,037</b>	<b>27,439</b>	<b>(1,576)</b>	<b>137,901</b>	<b>-</b>

2022/23	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
<b>Adjustments involving the Pensions Reserve</b>							
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(206,260)	(206,260)	168,452	37,808	-	206,260	-
Less direct payments to pensioners payable in the year	86,346	86,346	(72,680)	(13,666)	-	(86,346)	-
<b>Adjustments involving the Accumulated Absences Account</b>							
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	1,472	1,472	-	-	(1,472)	(1,472)	-
<b>Total</b>	<b>(118,442)</b>	<b>(118,442)</b>	<b>95,772</b>	<b>24,142</b>	<b>(1,472)</b>	<b>118,442</b>	<b>-</b>

# 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 31<sup>st</sup> March.

Accumulated Absences Account	2021/22 £000	2022/23 £000
<b>Opening Balance</b>	<b>6,167</b>	<b>4,591</b>
Settlement or cancellation of accrual made at the end of the preceding year	(6,167)	(4,591)
Amounts accrued at the end of the current year	4,591	3,119
<b>Closing Balance</b>	<b>4,591</b>	<b>3,119</b>

There was a significant increase in the liability value (and corresponding unusable reserve) at the end of 2020/21 due to higher carry forward thresholds for both officers and staff as a result of COVID-related factors. The balance on the Accumulated Absence account reduced in 2021/22 and in 2022/23 has reduced again, returning to align with balances held pre-COVID.

### 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.

	2021/22			2022/23		
	Police Officers £000	Police Staff £000	Total £000	Police Officers £000	Police Staff £000	Total £000
	<b>Opening Balance</b>	<b>3,328,893</b>	<b>238,204</b>	<b>3,567,097</b>	<b>3,297,849</b>	<b>191,570</b>
Actuarial (gains)/losses on pensions assets and liabilities	(143,081)	(74,073)	<b>(217,154)</b>	(1,183,783)	(310,581)	<b>(1,494,364)</b>
Reversal of items relating to retirement benefits debited to the (Surplus)/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	182,081	40,675	<b>222,756</b>	168,452	37,808	<b>206,260</b>
Employer's pensions contributions and direct payments to pensioners payable in the year	(70,044)	(13,236)	<b>(83,280)</b>	(72,680)	(13,666)	<b>(86,346)</b>
<b>Closing Balance</b>	<b>3,297,849</b>	<b>191,570</b>	<b>3,489,419</b>	<b>2,209,838</b>	<b>(94,869)</b>	<b>2,114,969</b>



# 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

#### 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 £1.184bn (2021/22, actuarial gains of £143.081m) have been included in the Comprehensive Income & Expenditure Statement.

	Police Officer Pension Scheme	
	2021/22 £000	2022/23 £000
<b>Comprehensive Income &amp; Expenditure Statement</b>		
Cost of Services:		
Service cost	116,201	83,647
Financing and Investment Income & Expenditure:		
Net interest on the defined liability	65,880	84,805
<b>Total Post Employment Benefit charged to the (Surplus)/Deficit on the Provision of Services</b>	<b>182,081</b>	<b>168,452</b>
<b>Other Post Employment Benefit charged to the Comprehensive Income &amp; Expenditure Statement</b>		
Remeasurement of the net defined benefit liability comprising:		
Change in financial assumptions	(149,319)	(1,364,981)
Experience (gain)/loss on defined benefit obligation	6,238	181,198
<b>Remeasurements</b>	<b>(143,081)</b>	<b>(1,183,783)</b>
<b>Total Post Employment Benefit charged to the Comprehensive Income &amp; Expenditure Statement</b>	<b>39,000</b>	<b>(1,015,331)</b>
<b>Movement in Reserves Statement</b>		
Reversal of net charges made to the (Surplus)/Deficit on the Provision of Services for post employment benefits	(182,081)	(168,452)
Retirement benefits payable to retired police officers	70,044	72,680
<b>Net Movement in Reserves Statement</b>	<b>(112,037)</b>	<b>(95,772)</b>

# Statement of Accounts – Notes to the Financial Statements

## Local Government Pension Scheme

	Local Government Pension Scheme	
	2021/22	2022/23
	£000	£000
<b>Comprehensive Income &amp; Expenditure Statement</b>		
<b>Service cost</b>	<b>35,817</b>	<b>32,755</b>
Financing and Investment Income & Expenditure:		
Net interest on the defined liability	4,634	4,805
Administration expenses	224	248
	<b>4,858</b>	<b>5,053</b>
<b>Total Post Employment Benefit charged to the (Surplus)/Deficit on the Provision of Services</b>	<b>40,675</b>	<b>37,808</b>
<b>Other Post Employment Benefit charged to the Comprehensive Income &amp; Expenditure Statement</b>		
Remeasurement of the net defined benefit liability comprising:		
Return on plan assets in excess of interest	(37,033)	6,887
Other actuarial gains/(losses) on assets	-	(4,210)
Change in financial assumptions	(38,729)	(338,186)
Change in demographic assumptions	-	(15,273)
Experience (gain)/loss on defined benefit obligation	1,689	40,201
<b>Total Remeasurements</b>	<b>(74,073)</b>	<b>(310,581)</b>
<b>Total Post Employment Benefit charged to the Comprehensive Income &amp; Expenditure Statement</b>	<b>(33,398)</b>	<b>(267,720)</b>
<b>Movement in Reserves Statement</b>		
Reversal of net charges to the (Surplus)/Deficit on the Provision of Services for post	(40,675)	(37,808)
Employer's contribution payable to scheme	13,236	13,666
<b>Net Movement in Reserves Statement</b>	<b>(27,439)</b>	<b>(24,142)</b>

## 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 £310.581m have been recognised for the Chief Constable (actuarial gains of £74.043m in 2021/22).

## 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 2022/23 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	
	2021/22	2022/23
	(Restated) £000	£000
Present value of the defined benefit obligation	(3,297,849)	(2,909,838)
<b>Net liability in Balance Sheet</b>	<b>(3,297,849)</b>	<b>(2,909,838)</b>

	Local Government Pension Scheme	
	2021/22	2022/23
	£000	£000
Present value of funded obligation	(703,399)	(436,120)
Fair value of scheme assets (bid value)	513,178	532,004
<b>Gross liability</b>	<b>(190,221)</b>	<b>95,884</b>
Present value of unfunded obligation	(1,349)	(1,015)
<b>Net asset/(liability) in Balance Sheet</b>	<b>(191,570)</b>	<b>94,869</b>

The restatement of the police officers pension scheme net liability is as a result of an error in signage presentation in the 2021/22 Statement of Accounts. This had no impact on the core financial statements.

## 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	
	2021/22	2022/23
	£000	£000
<b>Opening Defined Benefit Obligation</b>	<b>(3,328,893)</b>	<b>(3,297,849)</b>
Current service cost	(116,201)	(83,647)
Interest cost	(65,880)	(84,805)
Change in financial assumptions	149,319	1,364,981
Experience gain/loss on defined benefit obligation	(6,238)	(181,198)
Estimated benefits paid net of transfers in	86,113	89,279
Contributions by scheme participants	(16,069)	(16,599)
<b>Closing Defined Benefit Obligation</b>	<b>(3,297,849)</b>	<b>(2,209,838)</b>

# Statement of Accounts – Notes to the Financial Statements

<u>Assets</u>	Police Officer Pension Scheme	
	2021/22	2022/23
	£000	£000
Contributions by employer	70,044	72,680
Contributions by participants	16,069	16,599
Net benefits paid out	(86,113)	(89,279)
<b>Closing fair value of assets</b>	<b>-</b>	<b>-</b>

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	
	2021/22	2022/23
	£000	£000
<b>Opening Balance</b>	<b>(697,563)</b>	<b>(704,748)</b>
Current service cost	(35,752)	(32,661)
Past service cost	(65)	(94)
Interest cost	(13,898)	(18,255)
Change in financial assumptions	38,729	338,186
Change in demographic assumptions	-	15,273
Experience loss/gain on defined benefit obligation	(1,689)	(40,201)
Contributions by scheme participants	(4,487)	(4,595)
Benefits/transfers paid	9,896	9,876
Unfunded pension payments	81	84
<b>Closing Balance</b>	<b>(704,748)</b>	<b>(437,135)</b>

<u>Assets</u>	Local Government Pension Scheme	
	2021/22	2022/23
	£000	£000
<b>Opening Balance</b>	<b>459,359</b>	<b>513,178</b>
Interest on assets	9,264	13,450
Return on assets less interest	37,033	(6,887)
Other actuarial gains/losses	-	4,210
Administration expenses	(224)	(248)
Employer contributions including unfunded	13,236	13,666
Contributions by scheme participants	4,487	4,595
Benefits paid	(9,977)	(9,960)
<b>Closing Balance</b>	<b>513,178</b>	<b>532,004</b>
<b>Net asset/(liability) at 1<sup>st</sup> April</b>	<b>(238,204)</b>	<b>(191,570)</b>
<b>Net asset/(liability) at 31<sup>st</sup> March</b>	<b>(191,570)</b>	<b>94,869</b>

# 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 – 31<sup>st</sup> March 2022
- Police Pension Schemes – 31<sup>st</sup> March 2020

The liabilities have been assessed on an actuarial basis using the projected unit credit method of valuation, 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	
	2021/22	2022/23	2021/22	2022/23
Life expectancy from age 65 (police staff) and age 60 (police officers)				
Retiring in 20 years time:				
Male	23.0	22.3	22.4	22.5
Female	25.1	25.0	24.9	25.0
Retiring today:				
Male	21.6	21.1	21.1	21.1
Female	23.7	23.5	23.4	23.5
Rate of Inflation (RPI)	3.55%	3.20%	3.55%	3.40%
Rate of Inflation (CPI)	3.20%	2.90%	3.20%	2.95%
Rate of Increase in Salaries	4.20%	3.90%	4.20%	3.95%
Rate of Increase in Pensions	3.20%	2.90%	3.20%	2.95%
Discount Rate	2.60%	4.80%	2.60%	4.80%

# 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:

	2021/22		2022/23	
	£000	%	£000	%
Equities	308,129	60%	303,878	57%
Government bonds	12,251	3%	7,326	1%
Other bonds	22,472	4%	23,579	5%
Property	42,089	8%	42,556	8%
Cash/Liquidity	13,021	3%	17,527	3%
Alternative assets	63,416	12%	82,264	16%
Other managed funds	51,800	10%	54,874	10%
<b>Total</b>	<b>513,178</b>	<b>100%</b>	<b>532,004</b>	<b>100%</b>

The liabilities show the underlying commitments that the Chief Constable has in the long term to pay retirement benefits. The total liability of £2.815bn 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 31<sup>st</sup> March 2024 are £14.226m. The total expected employer contributions for the Police Officer Pension Scheme in the year to 31<sup>st</sup> March 2024 is £42.377m.

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:

<b>Police Officers</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<u>Adjustment to discount rate</u>	+0.1%	+0.0%	-0.1%
Present value of total obligation	2,173,219	2,209,838	2,247,454
Projected service cost	27,925	30,253	30,821
<u>Adjustment to long term salary increase</u>	+0.1%	+0.0%	-0.1%
Present value of total obligation	2,215,341	2,209,838	2,204,382
Projected service cost	30,281	30,253	30,224
<u>Adjustment to pension increases and deferred revaluation</u>	+0.1%	+0.0%	-0.1%
Present value of total obligation	2,242,598	2,209,838	2,177,990
Projected service cost	30,839	30,253	27,908
<u>Adjustment to mortality age rating assumption</u>	+ 1 Year	None	-1 Year
Present value of total obligation	2,292,202	2,209,838	2,130,669
Projected service cost	31,447	30,253	29,088

<b>Police Staff</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<u>Adjustment to discount rate</u>	+0.1%	+0.0%	-0.1%
Present value of total obligation	428,880	437,135	445,635
Projected service cost	12,408	12,876	13,362
<u>Adjustment to long term salary increase</u>	+0.1%	+0.0%	-0.1%
Present value of total obligation	437,947	437,135	436,331
Projected service cost	12,885	12,876	12,868
<u>Adjustment to pension increases and deferred revaluation</u>	+0.1%	+0.0%	-0.1%
Present value of total obligation	444,974	437,135	429,526
Projected service cost	13,368	12,876	12,401
<u>Adjustment to mortality age rating assumption</u>	+1 Year	None	-1 Year
Present value of total obligation	451,787	437,135	423,007
Projected service cost	13,330	12,876	12,434

## McCloud/Sargeant Judgement & Remedy

The McCloud/Sargeant judgements refer to the 2018 Court of Appeal ruling that found part of the protections included in the 2015 CARE Scheme reforms of the Police Officer Pensions schemes unlawfully discriminated against younger members of the schemes, as only older scheme members were allowed to remain in the final salary schemes.

Following consultation on the transitional arrangements, 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 (1<sup>st</sup> April 2015 – 31<sup>st</sup> March 2022). To be eligible members must have been in a pre-2015 scheme at 31<sup>st</sup> March 2012 and 31<sup>st</sup> March 2015 and have some element of transitional protection. This choice will be deferred for members until retirement.

The IAS 19 pensions figures included in the 2022/23 Statement of Accounts include an allowance to reflect the remedy which was described and included within the previous three sets of financial statements for the Chief Constable and incorporated into the accounting results with effect from 31<sup>st</sup> March 2019 onwards. These results,



# Statement of Accounts – Notes to the Financial Statements

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including the allowance, have been rolled forward and remeasured to obtain the accounting results as at 31<sup>st</sup> March 2023.

The Chief Constable does not believe that there are any material differences between the approach underlying the estimated allowance and the remedy and no further adjustments in relation to associated future pension liabilities have been included in the 2022/23 accounting statements.

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

Police Pension Fund Regulations 2007 requires 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 authority in the form of a central government top-up grant.

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 within the remedy period (1<sup>st</sup> April 2015 – 31<sup>st</sup> March 2022). In 2022/23 the impact of these immediate detriment payments total £0.393m, made up of additional payments for lump sums of £0.347m plus £0.069m of annual pension payments, offset by £0.023m 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. The expectation is that the costs incurred in both 2022/23 and 2021/22 will be reclaimed through the Home Office Police Officer Pension grant following the implementation of the second phase of the remedy in October 2023.

## **Compensation Claims**

In addition to the remedy, related compensation claims for injury to feelings have been lodged in two litigation cases:

### Aarons & Ors

The Government Legal Department settled the injury to feelings claims for Aarons on behalf of Chief Officers without seeking any financial contributions which sets a helpful precedent. Pecuniary loss claims have been stayed until the McCloud remedy is brought into force from 1<sup>st</sup> October 2023. As such no liability in respect of compensation claims is recognised in these accounts.

### Penningtons

As at 31<sup>st</sup> March 2023, it is not possible to reliably estimate the extent or likelihood of these claims being successful, and therefore no liability in respect of compensation claims is recognised in these accounts.

# Statement of Accounts – Notes to the Financial Statements

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## 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 23<sup>rd</sup> 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 5<sup>th</sup> 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 6<sup>th</sup> 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 6<sup>th</sup> 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.

# Statement of Accounts – Notes to the Financial Statements

## 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).

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 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.

Of the other declarations of interest received no Chief Officer has undertaken any material transactions with the Chief Constable entity during 2022/23. There was one declaration of interest outstanding at the time of producing these accounts.

# 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.

	2021/22		2022/23	
	£000	£000	£000	£000
<b>Contributions receivable</b>				
Employer 31% of Pensionable Pay	(36,612)		(38,554)	
Serving police officers [Note 1]	(15,691)		(16,497)	
Capital equivalent payment for ill health [Note 2]	(520)		(433)	
<b>Transfers in</b>				
Individual transfers in from other schemes [Note 3]	(832)		(509)	
<b>Total Receipts</b>		<b>(53,655)</b>		<b>(55,993)</b>
<b>Benefits payable</b>				
Pensions	71,277		74,137	
Commutations and lump sum payments	12,017		10,562	
Annual and lifetime allowance tax payments	-		584	
Lump sum death benefits	390		-	
<b>Payments to and on account of leavers</b>				
Refund of contributions	225		233	
Individual transfers out to other schemes [Note 3]	21		4	
<b>Total Payments</b>		<b>83,930</b>		<b>85,520</b>
<b>Sub total for the year before transfer from the PFCC of amount equal to the deficit</b>		<b>30,275</b>		<b>29,527</b>
Transfer of amount from the PFCC equal to the deficit	(30,275)		(29,527)	
<b>Transfer of amount from the PFCC of amount equal to the deficit - Total</b>		<b>(30,275)</b>		<b>(29,527)</b>
<b>Net Amount Payable for the year</b>		<b>-</b>		<b>-</b>

# 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. This scheme has been phased out with all active officers from this scheme being transferred to the CARE scheme (see below).
- **The Police Pension Scheme 2006** – a defined benefit statutory scheme administered in accordance with the Police Pensions Regulations 2006. This scheme has also been phased out with all active officers from this scheme transferring to the CARE scheme (see below). 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 1<sup>st</sup> April 2015 and is the only scheme open to new officers. Existing members were transferred to this scheme from the 1987 and 2006 schemes on 1<sup>st</sup> April 2015 unless they had full transitional or tapered protection. These protections ceased with effect from 1<sup>st</sup> April 2022 when all active members were transferred to the 2015 CARE scheme. The employer contribution rate is 31%

Officers who were previously within either of the 1987 or 2006 schemes may be entitled to retirement benefits under their legacy scheme as a result of the McCloud vs Sargeant remedy which is due to be implemented in October 2023.

Injury pensions and lump sums and an additional contribution to the costs of ill-health awards are paid from the Chief Constable's revenue account.

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 individual's 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.

	2021/22	2022/23
	£000	£000
<b>Current Assets</b>		
Funding to meet Deficit due from Essex Police (Via Home Office grant)	79	-
<b>Current Liabilities</b>		
Unpaid Pension Benefits	(79)	-
<b>Net Assets</b>	-	-

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

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## 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 2022/23, 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 King'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 Assistant Chief Officer: Continuous Improvement and Analytics 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 corporation's 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 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

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## 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 [www.essex.pfcc.police.co.uk](http://www.essex.pfcc.police.co.uk) or can be obtained from the PFCC, Kelvedon Park, London Road, Rivenhall, Witham CM8 3HB.

3.3 The Government published an updated Strategic Policing Requirement on 20 February 2023. The implications of this and any subsequent gaps in local arrangements are currently being analysed and will inform any necessary alterations to the governance framework in 2023/24.

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.



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## 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 Commitment which was reviewed and updated during 2022/23 and 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.
- 4.3 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. In May 2022, Essex Police launched its new 2022 – 2025 Professionalism Strategy. This is supported by a Professionalism Delivery Plan and a clear set of Supervisory Standards. During the year, the PFCC and the Chief Constable also invested in a Professionalism Engagement Team to educate the workforce further about the professionalism agenda and to build its confidence to identify and challenge inappropriate behaviour quickly and effectively.
- 4.4 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 was updated in April 2022 and ensures that any potential conflicts of interest are managed and mitigated appropriately.
- 4.5 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.
- 4.6 Following the murder of Sarah Everard in March 2021, the then Home Secretary used her powers under section 54 (2B) of the Police Act 1996 to commission His Majesty's Inspectorate of Constabulary and Fire and Rescue Services to carry out a thematic inspection of the police's vetting and counter-corruption arrangements, including an assessment of forces' abilities to detect and deal with misogynistic and predatory behaviours by police officers and staff. On 2 November 2022, HMICFRS published its findings, which identified five areas of improvement and made 43 recommendations to police forces nationally. Although Essex was not one of the forces inspected as part of the thematic review, a separate inspection of Essex Police's vetting and counter-corruption arrangements was undertaken in Quarter 3 of 2022/23. At the time of writing, the report is expected to be published later in April 2023.
- 4.7 At the same time, and also in response to the murder of Sarah Everard, the then Home Secretary commissioned a further independent review of the Metropolitan Police Service, specifically looking at the standards of behaviour

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and internal culture within the service. Baroness Casey led the review and published her findings in March 2023 where she exposed significant failings across the organisation which had contributed to a culture of misogyny, racism, homophobia and sexism. The findings have been widely scrutinised since their publication and the impact on policing and communities beyond the MPS area have been widespread. In Essex, the Chief Constable has responded proactively with a strategy which seeks to listen, understand, consolidate, and respond to the views of our organisation and our stakeholders. In doing so, we have been able to assess our own position against Baroness Casey's findings as well as undertake an assessment of our practices and processes. This has been consolidated into a report which will be discussed with both internal and external stakeholders in the near future and will form the basis of follow-up activity where necessary. Rather than having separate governance and scrutiny for this activity, we will maximise our existing governance infrastructure to ensure any issues raised during our assessment are adopted by the most appropriate area of business.

- 4.8 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.
- 4.9 Complaints against the Chief Constable are considered by the PFCC, again in liaison with the Independent Office for Police Conduct (IOPC) where necessary. During 2022/23, the Commissioner received nine complaints against the Chief Constable. This is more than were received in 2021/22 but still a significant reduction from 21 in 2020 and 22 in 2019. None of the nine complainants has so far provided the detail required to investigate their complaints, however correspondence regarding one of these cases remained ongoing at the end of the financial year.
- 4.10 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 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.

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4.11 During 2022/23, 153 requests for reviews were received, of which 34 were deemed to be invalid (e.g. because they had been directed to the incorrect Relevant Review Body, so were redirected to the IOPC, or were out of time or otherwise ineligible for progression), two were withdrawn and 117 were completed. Of the 117 reviews undertaken. 19 were upheld and 98 were not upheld. As a result of the completed reviews:

- 18 recommendations were made
- 28 organisational learning points were identified
- 46 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:

- 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

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- 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 The PFCC completed their annual public survey on the precept for the following year between 17<sup>th</sup> October and 1<sup>st</sup> December 2022. 2,349 people responded (a 14.5% increase on the previous year). 51% of those who responded to the question stated that they would be prepared to invest more in policing to improve the service provided. 75% of respondents who indicated how much more they were prepared to contribute stated that they would pay a further £10 per year. 55% were prepared to pay an additional £15 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 2023.
- 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 COVID-19 pandemic meant that this engagement was hosted predominantly online during 2020/21 and 2021/22, with the result that reached a much larger and more diverse audience than traditional methods. Post-pandemic, the PFCC's approach to public engagement has included 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.
- 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. The Correspondence Standards were reviewed and updated in April 2022. The Complaints and Expression of Dissatisfaction Policy was also reviewed and updated in 2022/23 to reflect organisational learning since the national reform of the police complaints system and the implementation of the updated Police (Complaints and Misconduct) Regulations in February 2020, as well as to reflect the requirements of the Elected Local Policing Bodies (Specified Information) (Amendment) Order 2021 in relation to complaints handling, and to discharge a recommendation made to the

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PFCC by the Complaints Sub-Committee of the Essex Police, Fire and Crime Panel. 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 2022, overall confidence and satisfaction with Essex Police remained high, with 75% of respondents believing that Essex Police does a good or excellent job, with 66% having confidence in local policing. Whilst lower than the figures for the previous 12 months (80% and 76% respectively), 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.

## 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

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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 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 Force Growth Programme for 2022/23 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:

- Tackling all forms of violence (including Violence Against Women and Girls (VAWG), Domestic Abuse and Drug Driven Violence, with resources into Local Policing High Harm Investigation Teams and Child Abuse Investigation Teams those supporting Multi-Agency Risk Assessment Conferences (MARACs))



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- Preventing crime and increasing police visibility in communities (through Town Centre Teams, Local Policing Teams and at Stansted Airport, as well as through additional investment in the Force Control Room, Performance Analysis, the Estates Team and Media and Communications)
  - Investigating crime and building an even more professional force (investing in the Serious Crime Directorate, Information Management, additional leadership sergeants and skills trainers and in the counter corruption and professional standards teams, as well as establishing a Peer Support and TRiM Coordinator and an additional Force Chaplain)
- 8.2 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.
- 8.3 The Chief Constable is expected to ensure that the PFCC is informed of their decisions and operational activity in a timely fashion that enables the PFCC to hold the Chief Constable to account for the totality of policing within the force area. This is achieved through the PFCC's formal governance structures (Performance and Resources and Strategic Boards) as well as through direct contact between the two corporation soles. During the year there were regular formal performance meetings between the PFCC and Chief Constable, also attended by the PFCC's Chief Executive and Monitoring Officer, to ensure that matters were dealt with expediently within their respective responsibilities.
- 8.4 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.
- 8.5 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 a successful pilot in February 2022, a revised approach to PDRs was rolled out during the year that is more tailored to these job roles and the business of the PFCC. The new scheme has been well received by staff.
- 8.6 The PFCC has continued to invest where possible in the development of all staff, including those charged with governance. For example, the Strategic Head of Policy and Public Engagement (the Deputy Monitoring Officer) has been supported during the year to start working towards the Chartered Governance Qualifying Programme delivered by the Chartered Governance Institute. He is being supported to complete the qualification in 2023/24.
- 8.7 The work requirements of the Chief Constable's Corporate Finance Department have changed considerably over recent years with an increase in governance and scrutiny that comes from a growing force, a greater emphasis on the Medium Term Financial Strategy and Capital Programme as well as a more intense external audit having changed to a 'major local audit' since the 2021/22 statutory audit. To create the additional capacity needed to meet these challenges the Corporate Finance Department will be restructuring at management level in 2023/24, specifically adding a Head of Financial Strategy post to support the planning and governance requirements, which will then allow the Chief Accountant and Head of Corporate Accounting to fulfil the statutory work concerning the Statement of Accounts.
- 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

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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. In March 2022, the planned biennial review of the PFCC’s Risk Appetite Statement was carried out, with the result that Joint Audit Committee (JAC) agreed 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.
- 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).
- 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:



# Annual Governance Statement

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## 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 2022/23 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 31<sup>st</sup> 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 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 £5,000 and £50,000. 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 £50,000 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.

# Annual Governance Statement

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## 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 2022/23, 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. The Committee's work plan for 2022/23 included briefings and assurance on fleet electrification, use of social media and cyber security. The committee has also sat as the Auditor Panel to oversee the re-tender of the external audit contract in readiness for the 2023/24 financial year. JAC papers are published on the PFCC's website unless restricted.

9.16 In February 2023, 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. This found that:

- Independent Members are given adequate opportunities to understand, challenge and support the PFCC and Essex Police. They have good understanding of the internal governance arrangements and of the organisations' strategic objectives.
- Statutory officers and executive members have adequate access to the Independent Members outside of JAC meetings.
- Communication from internal auditors to committee members is frequent, timely and provides a clear summary of the work performed, the results and recommendations arising from this, and any mitigating actions taken.
- Committee members have assurance that compliance matters are being dealt with appropriately and that measures are in place to mitigate the risk of fraud or misuse of public funds.

It was also noted that agenda setting, forward planning and tracking of the implementation of actions arising from meetings had improved since the last review.

9.17 As a result of the review, and in order to enhance its practice further, it was agreed that the committee will consider whether the PFCC and Essex Police have adopted appropriate accounting policies in December each year, when there remains adequate opportunity to influence these.

9.18 New terms of reference were subsequently approved by the JAC in March 2023 which require the minutes of and all papers presented to the JAC to be published (unless protectively marked), in order to ensure transparency of process, review and scrutiny, and also to allow urgent decisions to be taken via email where necessary.

# Annual Governance Statement

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

9.19 HMICFRS's sixth PEEL (police effectiveness, efficiency, and legitimacy) inspection of Essex Police, carried out in 2021/22, was published in October 2022 and found that:

- Essex Police is **good** in terms of:
  - Its treatment of the public
  - Developing a positive workforce
  - Its use of resources
  - Tackling serious and organised crime
- Essex Police is adequate at:
  - Investigating crime
  - Preventing crime
  - Protecting vulnerable people
  - Managing offenders
- Essex Police **requires improvement** in terms of how it responds to the public (particularly in relation to call handling).

These judgements reflected the force's own self-assessment, the Force Management Statement, strategic investment decisions and the force's change programme.

The inspection report identified 12 Areas for Improvement (AFIs), relating to how the force responds to the public, prevents and investigates crime, manages offenders, protects vulnerable people and how it uses its resources. The report did not raise any "Causes of Concern". Essex Police and the PFCC have robust governance processes for managing progress against each of the AFIs. As at February 2023, progress against three was RAG rated "green", progress against eight was deemed to be "amber" and one (relating to call handling performance) was rated "red".

9.20 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. Updated Data Protection and Access to Information Policies were adopted by the PFCC in April 2022. Information Sharing Agreements and Data Processing Contracts are in place to govern such arrangements between the PFCC, Essex Police and other parties. 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).

9.21 HMICFRS reported the findings of its Crime Data Integrity Inspection of Essex Police on 8<sup>th</sup> 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".

# Annual Governance Statement

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## 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 and Chief Constable continued to develop and refine the performance framework that is used to monitor and support the delivery of the Police and Crime Plan. Progress against this framework 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 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), sitting as the Auditor Panel, 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. The JAC 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 corporation soles. 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.

# Annual Governance Statement

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## 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. On 1<sup>st</sup> April 2022 large numbers of JSO protestors disrupted multiple sites in Essex simultaneously and used a wide range of tactics to cause significant disruption. These were sustained protests that included site incursion, static road protests, lock on to tankers and lock on at heights in high-risk secure areas of petrochemical sites. Further protests occurred including two protesters who scaled the bridge on the Dartford River Crossing in October 2022 causing it to be closed for two days.

The cost to the force was £5.6m. The Chief Constable and the PFCC worked together and approached the Home Office for a Special Grant requesting that the 1% force contribution was waived. The Home Office reimbursed the force £4m, which is greater than £2.1m entitlement under the Special Grant conditions; the force has therefore had to fund £1.6m towards the cost of Operation Hazel.

### Development of Devolution Proposition for Greater Essex

- 11.2 In June 2022, Essex Leaders and Chief Executives (ELCE) agreed to progress the exploration of a devolution deal for Greater Essex. Following a series of discussions, an Expression of Interest was submitted to the Government in March 2023 which seeks to explore either a Level 2 or a Level 3 deal. A Level 3 deal incorporating the whole Greater Essex footprint would include the creation of a new Mayoral Combined County Authority (MCCA) and a directly elected mayor, who could subsume the powers and functions currently exercised by the PFCC. Under this governance model, any such functions and powers that are vested in the wider MCCA, as opposed to the mayor directly, could threaten the operational independence, direction and control of the Chief Constable. Whilst the PFCC, their Chief Executive and Monitoring Officer and the Chief Constable are actively engaged in the discussions around this and will be represented on the negotiating team with the Government, only the three upper tier local authorities (Essex County Council, Southend-on-Sea City Council and Thurrock Council) would be the constituent members of any new Mayoral Combined County Authority and would have to consent to any devolution deal and subsequent creation of an MCCA and directly elected mayor.
- 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 <sup>st</sup> March 2023
Demand Management	Secure the ability of the force to manage existing and future demand, with an effective operating model of policing using the efficiency gains enabled by investment in new technology. Continue to encourage members of the public to report crime online.	<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. 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 31<sup>st</sup> 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>	<p>Total headcount strength as at 31<sup>st</sup> March 2023 was 3,816 (500 over the PUP base and 51 officers above Essex Police's PUP target). Total FTE strength was 3,743. As at 31<sup>st</sup> March 2023, the Force Growth Programme had successfully recruited 53.9 of the 72.4 staff growth posts for 2022/23, which had either landed, or were scheduled to land before 31<sup>st</sup> March 2023. This equates to 79% of total staff growth achieved and left 18.5 staff posts actively being recruited to at that time.</p> <p>As at 31<sup>st</sup> March 2023, the number of Specials had reduced to 327, partly due to an increase in attrition (including to join Essex Police as an officer recruit).</p> <p>As at 31<sup>st</sup> March 2023, the representation of ethnic minority officers had increased to 4.1% of all officers. Female officer representation had also continued to increase, with the headcount being the highest ever on record.</p> <p>As at 31<sup>st</sup> March 2023 cashable savings of £4.622m (£3.774m recurring) and non-cashable savings of £3.906m were achieved.</p>
Review of the police funding formula	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.	Essex benefits from an updated and improved funding formula.	The Chief Finance Officers continue to work with the APCC, NPCC and PACCTS to ensure that the impact of the police funding formula on Essex is understood. Workshops to be delivered by the Home Office are expected in 2023/24.

Title	Action	Expected Delivery	Position as at 31 <sup>st</sup> March 2023
Public confidence and victim satisfaction	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 2022/23, with reduced disparities in confidence and satisfaction between victims and non-victims and between white and non-white ethnic minority respondents.	In Quarter 3 of 2022/23, 75% of respondents to the SMSR survey thought that Essex Police was doing a good or excellent job (down from 80% the previous year). In a reversal of previous trends, respondents other than those who were White British / Irish were more likely than White British / Irish respondents to think that Essex Police was doing a good or excellent job, at 79% and 75% respectively. Victims were still less likely than non-victims (at 61% compared with 77%) to think that Essex Police was doing a good or excellent job. 66% of respondents had confidence in local policing (a significant drop from 76% the previous year). Again, in a reversal of previous trends, respondents other than those who were White British / Irish were more likely than White British / Irish respondents to think that Essex Police was doing a good or excellent job, at 72% and 66% respectively. Victims were still less likely than non-victims (at 47% compared with 69%) to think that Essex Police was doing a good or excellent job.
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.	The blue light collaboration programme is on track to deliver total net present value benefits after 10 years (in 2017/18) of £14.6m. The preferred option for the joint operating model of the shared fleet workshop was identified in Quarter 4 of 2022/23. The second phase of building design and initial planning feasibility work is currently underway. The specification is also being developed for an external specialist consultancy to develop the Full Business Case (FBC), with a target date of November 2023.



Title	Action	Expected Delivery	Position as at 31 <sup>st</sup> March 2023
			<p>Shared use of estate in Harwich and Dovercourt is in delivery and currently RAG rated green in terms of timescales and amber in terms of cashable, non-cashable and non-financial benefits.</p> <p>Nine projects were identified in “Wave 2”, of which two have been terminated, one has not yet started, one is at the Outline Business Case (OBC) stage, two are in delivery and three have transitioned to business as usual.</p> <p>The shared Serious Crime Directorate has delivered £18.5m savings to Essex since its inception in 2010. Further savings of £990,000 have been offered for 2023/24. The Forensics Redesign Business Case was launched in October 2022 and will reduce the number of teams from five to three and make modest savings for each force of around £25,000 when implemented in June 2023.</p> <p>The shared Transport Service has delivered £5.7m revenue, capital and efficiency savings across Essex and Kent since 2011.</p>
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).	Following a series of discussions, an Expression of Interest was submitted to the Government in March 2023. So far, three detailed engagement sessions have been held with officials, along with an initial session with the Minister. At the time of writing, the next key milestones are further Ministerial engagement on 5 <sup>th</sup> June, followed by the meeting of the Essex Leaders and Chief Executives on 8 <sup>th</sup> June. The outline timetable is currently working towards having draft text for a devolution deal by the end of October 2023, for public and stakeholder consultation over the autumn / winter.



## Significant governance issues for 2023/24

Significant governance issues for consideration in 2023/24 are identified below:

Title	Action	Expected Delivery
Demand Management	Secure the ability of the force to manage existing and future demand, with an effective operating model of policing using the efficiency gains enabled by investment in new technology. Continue to encourage members of the public to report crime online.	Increase the police staff establishment by 31.6 FTE as part of the 2023/24 Force Growth Programme. Increase the number of Specials throughout 2023/24. Continue to increase ethnic minority and female officer representation throughout 2023/24. Deliver the Contact Management Operational Change Programme, including growing the Contact Centre by 30 officers by end of May 2023, implementing Rapid Video Response (including implementation of the required technology and the creation of an RVR Team), and implementing the new operating model by the end of December 2023. Deliver total planned cashable savings of £12.212m (£10.915m recurring) and non-cashable savings of £4.696m, creating a combined total of £16.908m in year savings and efficiency.
Review of the police funding formula	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.	Essex benefits from an updated and improved funding formula.
Public confidence and victim satisfaction	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 2023/24, with reduced disparities in confidence and satisfaction between victims and non-victims and between white and non-white ethnic minority respondents.

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. Full Business Case for the shared fleet workshop to be delivered in November 2023 and building design to be complete in December 2023, in order that the new building can be completed in 2026.
Devolution	Continue to work with and through Essex Leaders and Chief Executives to negotiate an ambitious but appropriate devolution deal for Greater Essex.	Greater Essex secures 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 Levelling Up White Paper (“By 2030, homicide, serious violence and neighbourhood crime will have fallen”).

## Conclusion

- 11.4 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.
- 11.5 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.

**Chief Constable of Essex**

**Chief Finance Officer of the Chief Constable of Essex**

# Glossary of Terms

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**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 1<sup>st</sup> 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

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**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.

**Non-Current 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

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**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

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## 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](mailto: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/>