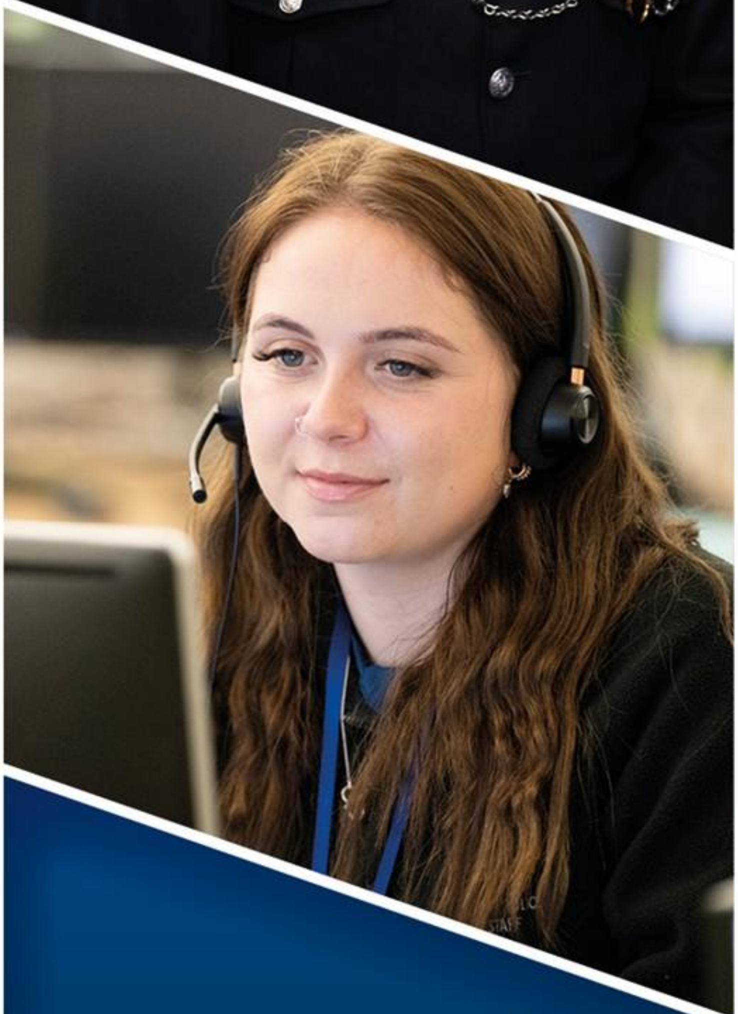

The Police, Fire and Crime Commissioner for Essex and the Police, Fire and Crime Commissioner for Essex Police Group

2025 / 2026 Unaudited Statement of Accounts

PFCC
POLICE, FIRE AND CRIME COMMISSIONER FOR ESSEX

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PFCC POLICE, FIRE AND CRIME COMMISSIONER FOR ESSEX

Narrative Report 2025/26

Narrative Report

The purpose of the Narrative Report is to provide information on the Police, Fire and Crime Commissioner (PFCC) and PFCC Group, its main objectives and strategies and the principal risks that it faces. The content of the Narrative Report is as follows:

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Narrative Report

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

Police, Fire and Crime Commissioner's Report

As I reflect on the past year, I remain encouraged by the continued progress we are making in delivering safer communities across Essex. Despite a challenging financial environment and increasing complexity in policing demand, overall crime levels remained broadly stable, with a slight reduction of 0.79%, and an increase in the number of criminals brought to justice.

The Police and Crime Plan 2024-2028 guides our work and reflects the priorities identified by the people of Essex following extensive public consultation. The Police and Crime Plan's six policing priorities to get crime down are:

- Provide more local, visible and accessible policing
- Drive down anti-social behaviour and crime
- Beat knife crime and drug gangs and protect young people
- Tackle violence against women and girls and domestic abuse
- Ensure vulnerable people are protected
- Improve road safety and reduce road deaths in Essex to zero

During the year April 2025 to March 2026, Essex Police delivered against these priorities, with a strong focus on prevention, neighbourhood policing and protecting vulnerable people. The year saw ongoing pressure on policing services nationally, with rising demand, complexity, financial constraints and increasing expectations on public services. Despite this, Essex Police maintained officer numbers at historically high levels and continued to improve outcomes in several key areas.

Public demand for policing services remains significant, with increases in emergency demand and more complex investigations, but the force has continued to adapt and improve the services it provides. In the 12 months to March 2026, all crime offences have decreased slightly by 0.79%, falling from 142,257 in the year to March 2025 to 141,130 in the year to March 2026. The solved rate has improved by 2.08 percentage points, from 15.18% to 17.26% in March 2026.

The Essex Crime Severity Score also reduced during the year, falling from 13.4 in the year to March 2025 to 13.2 in the year to March 2026, demonstrating continued progress in reducing the overall harm caused by crime across our communities.

A key focus throughout the year has been improving accessibility and responsiveness for the public. The number of 101 calls to the Contact and Control Centre reduced by 14.57% compared to the previous year. Although demand on the emergency 999 system increased by almost 5%, the force maintained stable average answer times.
The force also continued to develop new ways for the public to engage with policing services. Live Chat demand increased substantially during the year, demonstrating that more people are choosing to access policing services digitally. This forms part of a wider commitment to ensure Essex Police remains accessible, responsive and visible to the communities it serves.

Narrative Report

Reducing anti-social behaviour and neighbourhood crime remains central to our approach to prevention. There is no complacency about the challenge. Residents tell me that they want continued action on anti-social behaviour. Improving the visibility of police officers is something the Chief Constable and I consider to be a priority. Confidence in policing can be improved by focusing on a more proactive approach. Through targeted hotspot policing, partnership working and proactive neighbourhood activity, Essex Police is deploying resources to make the greatest difference.

We have continued to focus on tackling serious violence, knife crime and organised criminality. Violence with injury offences reduced by 2.13% (296 fewer offences) during the year, while the force and its partners continued to target organised crime groups, drug trafficking networks and those who exploit vulnerable young people. Partnership work through the Violence and Vulnerability Unit and Serious Violence Unit continues to play an important role in preventing offending and protecting young people from harm.

Tackling violence against women and girls (VAWG), including domestic abuse and sexual violence, remains one of my highest priorities. Although recorded rape offences increased during the year, there were improvements in solved rates for rape and wider VAWG offences, reflecting the continued investment in specialist investigation teams, victim support and offender management. Solved rates for violence against women and girls increased by 0.66 percentage points to 11.65%, with rape offences seeing an improvement of 4.15 percentage points.

Partnership working remains critical in addressing violence against women and girls. Through collaborative initiatives with local authorities, Community Safety Partnerships and victim support organisations, we are improving support for victims and helping to create safer environments for women and girls across Essex. We have invested in CCTV in parks and open spaces and in protection for women in the night-time economy through our local Safer Streets Fund.

While there are indications of improved confidence among some victims, including domestic abuse victims, overall public confidence remains a challenge, particularly among vulnerable victims. The continued work with the Southend, Essex and Thurrock Domestic Abuse Board (SETDAB) is a prime example of how best to help victims gain the confidence they need to build a new life. It piloted a new approach to improve the accessibility of support for victims by co-locating a domestic abuse specialist in a mental health trust, and GP settings.

Protecting vulnerable people is at the heart of our work. The number of repeat victims of crime reduced by 3.60%, falling from 20,357 in the year to March 2025 to 19,624 in the year to March 2026, while referrals to victim support services improved. Through continued investment in victim services and safeguarding partnerships, we are ensuring victims receive the support they need while also working to intervene earlier to prevent harm.

Reducing death and serious injury on Essex roads remains an area where further improvement is needed. While speeding enforcement activity increased and mobile phone driving offences remained stable, the number of drink and drug driving offences increased significantly, rising from 2,142 in the year to March 2025 to 3,143 in the year to March 2026. Drink driving increased by 10.02% while drug driving increased by 104.09%. We remain committed to the Safer Essex Roads Partnership Vision Zero ambition to eliminate road deaths and serious injuries in Essex by 2040 and continue to work closely with partners through enforcement, education and prevention initiatives.

As at March 2026, the Essex Police performance assessment framework graded one of the six Police and Crime Plan priorities as ‘Good’, three as ‘Adequate’ and two as ‘Requires Improvement’. Improvements were recorded in crime solved rates, burglary reductions and public contact performance, while further work is required in areas including road safety and public and victim confidence. The force continues to focus on prevention, early intervention and protecting vulnerable people while responding to increasing and increasingly complex operational demand.

Narrative Report

Alongside these operational priorities, Essex Police has faced significant financial challenges throughout the year. Despite ongoing population growth and an increase in both demand and complexity on policing services, Essex remains one of the lowest funded forces nationally on a per capita basis. This funding position has placed considerable strain on the organisation, particularly in light of inflationary pressures and the continuing rise in operational demand. Following public consultation through the precept survey, I took the decision to apply the maximum allowable precept increase to help sustain policing services and meet rising demand. I remain grateful to the residents of the county for their continued support of Essex Police.

Throughout the year, these financial pressures persisted, largely because of national funding constraints for policing and the broader economic environment. In response, Essex Police remained focused on delivering efficiency savings across the force. At the same time, the organisation prioritised investment in frontline services, technology and infrastructure. These measures were undertaken to ensure policing in Essex remains both effective and efficient, supporting the continued provision of high-quality services to the public. The debate about police funding has been compounded by the police reform White Paper published in January 2026. A review of the police funding formula would be welcomed in isolation, but the wider reform plan up to 2034 could mean that it will take more time to agree a better way forward.

Despite these challenges, I remain committed to maintaining strong neighbourhood policing, protecting vulnerable people, reducing crime and ensuring Essex remains a safe place to live, work and visit. The force leadership and I have remained committed to delivering value for money, improving services for victims and communities and ensuring Essex remains a safe county in which to live, work and thrive.

None of this progress would be possible without the hard work, professionalism and dedication of Essex Police officers, staff, and volunteers, our many partner organisations, and my PFCC colleagues who continue to deliver our shared priorities and serve the people of Essex. As the Chief Constable prepares to retire, I would like to place on record my particular thanks for his leadership and service, and that of his senior leadership team.

The prospect of further devolution, local government reorganisation proposals and policing reforms highlight that the county is likely to experience significant change. Maintaining the continuity of delivery, particularly around anti-social behaviour and crime prevention initiatives, matters because safe, secure and prosperous communities are the bedrock on which we build a more resilient society.

Roger Hirst
Police, Fire and Crime Commissioner

Narrative Report

Chief Constable's Report

As Chief Constable, I am immensely proud to lead the officers, staff and volunteers of Essex Police. Their professionalism, resilience and dedication remain central to our ability to deliver justice for victims, maintain public confidence and protect our communities in an increasingly complex policing environment.

The force has continued to reduce crime and bring more offenders to justice, whilst maintaining good levels of community trust and confidence in the face of many high-profile issues. With the continued support of the Police, Fire and Crime Commissioner (PFCC), Essex Police has sustained a strong operational workforce throughout 2025/26, enabling the force to meet increasing calls for service and both national and local priorities. We ended the year as one of the largest forces in our history, with officer numbers maintained following the Police Uplift Programme, supported by a skilled staff workforce, committed Special Constables and many volunteers who continue to play an important role in local policing.

The past year has again been challenging operationally. Essex Police has continued to police high levels of threat, harm and vulnerability while operating within a tightly constrained funding environment. Despite being one of the lowest-funded forces per head of population nationally, the force has remained focused on operational delivery, ensuring that frontline capability is protected and resources are directed where they have the greatest impact.

A significant operational development during 2025/26 was the introduction of the Neighbourhood Policing Grant. This provided an opportunity to strengthen neighbourhood policing and reinforce visibility, engagement and local problem-solving. Delivering this additional provision within the year presented challenges, requiring rapid recruitment, deployment and integration with existing neighbourhood teams while managing abstraction pressures and wider demand. Despite this, additional neighbourhood capacity was successfully embedded, strengthening the preventative foundations of policing and supporting local confidence, intelligence-gathering and early intervention.

During the year, Essex Police maintained a strong and disciplined focus on responding to HMICFRS PEEL assessments. Improvement activity was driven through clear operational ownership and strengthened governance to ensure that inspection findings translated into changes in frontline practice. Over the course of 2025/26, several areas for Improvement identified through PEEL and other inspection activity were addressed and closed, reflecting tangible progress in core operational functions. This included improvements in supervision, investigative standards, safeguarding arrangements and consistency of practice. Where further work remains, it
is embedded within operational business plans and performance frameworks, supporting sustained improvement rather than time-limited responses to inspection.

Narrative Report

Operational requirements remained high throughout the year. Continuing backlogs within the criminal justice system delayed outcomes for victims and witnesses, placing additional responsibility on Essex Police to maintain confidence and engagement while cases progressed. Alongside this, the force continued to manage serious and complex crime, including major investigations, while sustaining performance across volume crime, emergency response and public contact demand.

Protecting vulnerable people remained a central operational priority. Tackling domestic abuse, reducing violence against women and girls, and safeguarding children and vulnerable adults continued to shape operational decision-making. Building on previous improvements, the force focused during the year on embedding learning, strengthening partnership working and improving early identification of, and response to, vulnerability.

Improvement activity during 2025/26 also continued in public contact and crime investigation. These changes are beginning to deliver benefits for the public through more timely access to policing services, improved demand management and more consistent investigative outcomes. Significant operational effort was again required to maintain community cohesion. Essex Police continued to engage with communities affected by national and international events, providing reassurance locally while contributing officers and staff to wider national policing requirements.

The year also saw Essex Police lead a sustained and demanding operational response to crime and disorder associated with protests linked to Home Office asylum accommodation. This placed considerable pressure on frontline officers, specialist units and support services over an extended period. The scale and intensity of the response required significant redeployment of resources, creating unavoidable abstraction from other operational activity. Despite this, officers and staff demonstrated exceptional professionalism and resilience, maintaining public order, community confidence and operational effectiveness throughout.

The force has maintained strong links with communities. Whether with faith communities affected by violence and hate such as the Jewish community or with communities of interest such as those concerned with rural communities or those concerned with anti-social behaviour or violence against women and girls, we have continued to listen and understand concerns. This has given clear insight and ensured that we remain focused on the things that matter most to the communities within which and on whose behalf we police.

Supporting effective operational policing requires fit-for-purpose infrastructure. The force has continued to address the legacy of under-investment in the estate through an expanded capital programme, resulting in an increased Capital Financing Requirement (CFR). Additional revenue resources were allocated at the 2025/26 year end to reduce the CFR, and this will continue to be carefully managed, with further opportunities to reduce borrowing taken where this is affordable and supports long-term operational sustainability.

During the year, the force also implemented the Affordable Futures programme. This work has been essential in enabling a balanced budget to be set for 2026/27 while prioritising frontline policing and operational delivery. Importantly, it has established a more stable and certain financial position. When considering reasonable funding assumptions, the Medium-Term Financial Plan is now resilient for the remainder of the Comprehensive Spending Review period.

I fully recognise the impact that the changes delivered through Affordable Futures, particularly those affecting staffing, have had on our people. As Chief Constable, I take personal responsibility for those decisions and remain committed to supporting officers and staff through change in a fair and transparent way. However, the work undertaken this year should, subject to wider reform activity, allow greater stability and certainty for staff and officers over the next two years.

Narrative Report

During 2025/26, the force has also continued to focus on productivity focused investment and has carefully explored the opportunities provided by artificial intelligence to improve efficiency, information gathering and analytical capability. While these technologies have the potential to support operational policing, I am clear that they must not replace professional judgement. Evidential decision-making, risk management and the exercise of police powers must always remain the responsibility of trained officers and staff. Live Facial Recognition has continued to be deployed operationally, supporting crime prevention and detection, while a new Data Strategy and Data Transformation Programme have improved insight, planning and operational decision-making.

Looking ahead, Essex Police remain focused on delivering effective policing for the people of Essex - preventing crime, protecting the vulnerable, supporting victims and maintaining public trust and confidence. Notwithstanding the many successful partnerships and the support of the people of Essex it is professionalism, commitment, compassion and courage of our staff, officers and volunteers that remain our greatest strength. I am immensely appreciative for that, and I am confident they will continue to meet the challenges ahead.

BJ Harrington
Chief Constable of Essex

Report of the Chief Financial Officer, PFCC

The Group Accounts for the Police Fire and Crime Commissioner for Essex and Essex Police explain the Group's financial activity during the financial year 2025/26, as well as the financial position at 31st March 2026.

The accounts are prepared and presented in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 (the Code). The Code is prepared under International Financial Reporting Standards (IFRS), which have been adopted as the basis for public sector accounting in the UK.

Results for 2025/26

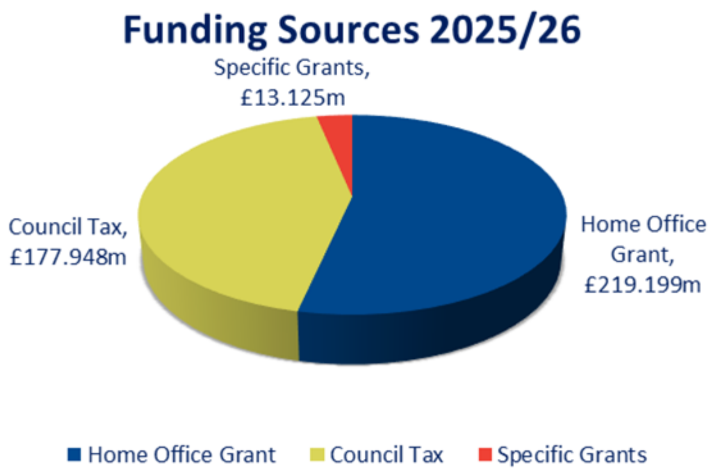
The Group ended the year on a funding basis, with a surplus of £4.708m offset with a transfer of £3.089m to earmarked reserves and £1.619m to the General Reserve. This surplus excludes adjustments for items required by regulation for the accounting basis, as shown on page 32.

The main adjustments to arrive at the accounting basis are for the cost of pensions, the cost of capital, and other minor technical accounting adjustments. The reconciliation of the adjustments is summarised on page 65 of these accounts.

Where the Money Comes From

In 2025/26 the PFCC increased the precept by 5.66% (£13.95 per year on a Band D property) enabling us to deliver against the ambitions set out in the Police and Crime Plan 2024 to 2028, meeting our legal responsibilities, and our national obligations to the Strategic Policing Requirement and helping to make a significant difference to our ability to positively affect the communities we serve.

The chart below shows an analysis of the PFCC's sources of funding in 2025/26 of £410.272m. The Home Office core grant paid to the PFCC accounted for 53% of the total funding. These grants and the income raised by council tax were used to fund the net revenue expenditure for 2025/26 of £405.564m, with the surplus balance of £4.708m transferred to earmarked reserves (£3.089m) as well as to the General Reserve (£1.619m).

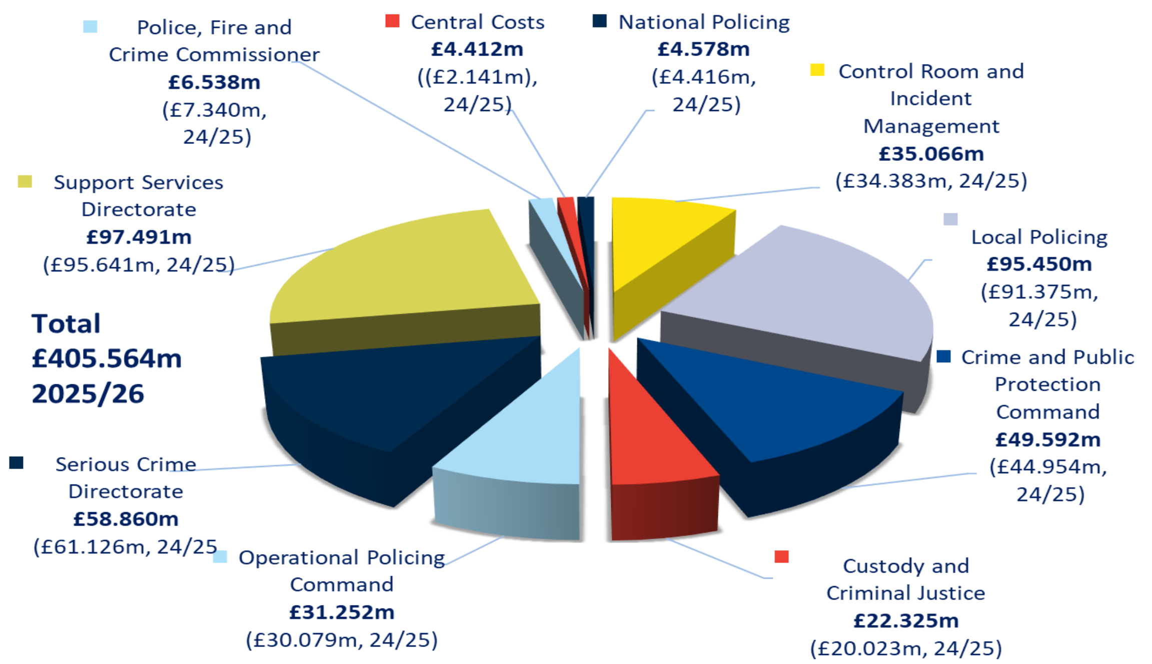


One of the challenges we face is, that nationally, Essex is the third lowest funded force (funding from grants and council tax) per head of population and has the third lowest spend per head of population (Source: HMICFRS 2025 Value for Money Profiles).

Essex Police has a good track record of delivering cash and efficiency savings to maximise the benefit out of every pound we spend. In 2025/26 £10.921m of cashable savings were delivered with £8.464m of these recurring annually, and we continue with an ambitious savings programme into 2026/27 with £9.487m programmed to be delivered.

What the Money is Spent on

The graph below shows an analysis of the Group's net revenue expenditure.



Financial Performance

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 all police officers and PCSO's are employed by the Chief Constable. The Chief Constable in turn has operational control of police officers, PCSOs and police staff (excluding the PFCC staff). Whilst the PFCC has strategic control of all assets, income, PFCC staff and liabilities and is responsible for establishing most reserves and controlling all cashflow.

The table overleaf shows budgeted and actual net expenditure, with the latter also included in note 10 on page 63 (Expenditure and Funding Analysis). The net expenditure excludes depreciation, pensions liabilities, accumulated absences and other items which do not impact on the transfer to or from the General Reserve. These charges are included and accounted for in the Comprehensive Income and Expenditure Statement (CIES) within the Core Financial Statements in accordance with proper accounting practice. The Expenditure and Funding Analysis shows how the funding has been used and provides a link to the figures reported in the CIES.

The net expenditure budget of £410.956m, as presented at the Police and Crime Panel in February 2025, was funded by £410.272m from budgeted general grants and council tax, with a planned appropriation of £0.684m from earmarked reserves. The actual position for the year was a surplus of £4.708m. The total contribution to the General Reserve for the year was £1.619m, and there was a £3.089m net addition to earmarked reserves. The latter included £3.708m of revenue funding to the Future Capital Funding Reserve, of which £3.622m was immediately used for financing the Capital Programme for 2025/26 year-end.

The group ended the year with a £0.745m underspend compared to the updated budget (less than 0.2% of the Net Expenditure budget). Employee costs, including Police Officers, Staff and Police, Community Support Offices, were underspent by £1.844m, with further net underspends within Other Service Expenditure areas of £0.327m and an overachievement on Income of £1.347m to reach a position of a £3.518m underspend on the Net Cost of Services. A further overspend of £2.773m for Other Expenditure and Income, which includes the costs of borrowing and revenue financing of capital expenditure as well as interest receivable from investment activities, resulted in the £0.745m underspend against the Net Expenditure budget.

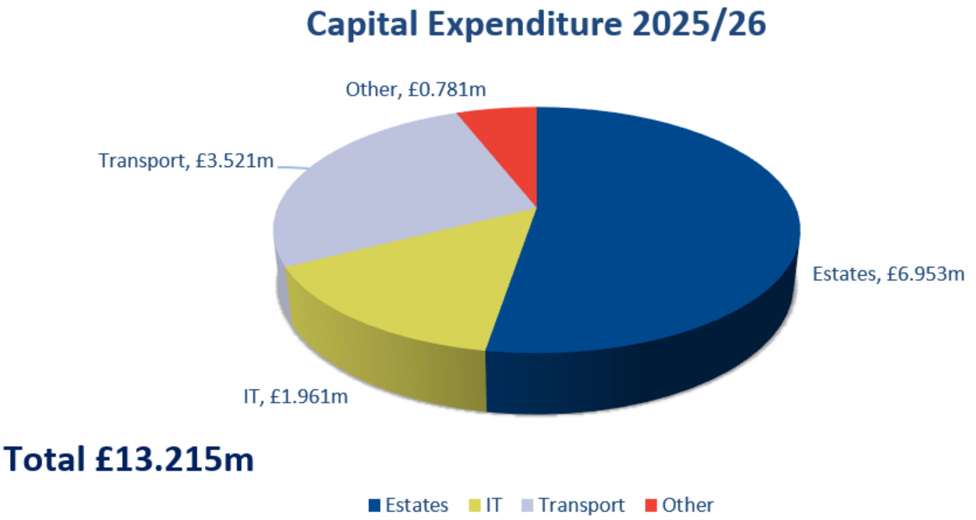
Group - 2025/26 Financial Performance	Original Budget	Virements	Current Budget	Actual	Variance over / (under)
	£000	£000	£000	£000	£000
Employees					
Police Officer pay and allowances	272,752	4,844	277,597	275,410	(2,187)
PCSO pay and allowances	3,847	(52)	3,795	3,624	(171)
Police staff pay and allowances	107,828	1,368	109,196	107,724	(1,472)
Ill-health/medical pensions	4,941	121	5,062	5,635	573
Training	2,064	33	2,098	1,561	(536)
Other employee expenses	2,426	(1,172)	1,254	3,203	1,949
	393,858	**5,142**	**399,001**	**397,156**	**(1,844)**
Other Service Expenditure					
Premises	11,507	141	11,647	12,134	486
Transport	6,599	(142)	6,458	6,262	(196)
Supplies & services	49,948	920	50,869	49,746	(1,123)
Third party payments	7,695	1,120	8,815	9,321	506
	75,750	**2,040**	**77,789**	**77,462**	**(327)**
Gross Operating Expenditure	**469,608**	**7,182**	**476,790**	**474,619**	**(2,171)**
Income					
Government grants and contributions	(42,767)	(9,480)	(52,247)	(52,344)	(97)
Fees Charges and Other Service Income	(19,164)	(2,359)	(21,523)	(22,773)	(1,250)
	(61,931)	**(11,838)**	**(73,769)**	**(75,116)**	**(1,347)**
Net Cost of Services	**407,677**	**(4,656)**	**403,020**	**399,502**	**(3,518)**
Other Expenditure / (Income)					
Other Expenditure / (Income)	(410)	171	(239)	(597)	(358)
Capital & other adjustments	3,689	(162)	3,528	6,659	3,131
	3,279	**9**	**3,289**	**6,062**	**2,773**
Net Expenditure	**410,956**	**(4,647)**	**406,309**	**405,564**	**(745)**
Sources of Funding					
Police grant	(152,212)	(66,987)	(219,199)	(219,199)	-
Formula funding grant	(66,987)	66,987	-	-	-
Council tax precept	(176,905)	-	(176,905)	(176,905)	-
Council tax support grant	(10,992)	-	(10,992)	(10,992)	-
Council tax freeze grant	(2,133)	-	(2,133)	(2,133)	-
Collection fund surplus	(1,042)	-	(1,042)	(1,042)	-
	(410,272)	**(0)**	**(410,272)**	**(410,272)**	**-**
(Surplus)/Deficit before Transfer to Earmarked Reserves	**684**	**(4,647)**	**(3,963)**	**(4,708)**	**(745)**
Transfer to/(from) Earmarked Reserves	**(684)**	**3,773**	**3,089**	**3,089**	**(0)**
Transfer to/(from) Capital Receipts Reserve	**-**	**-**	**-**	**-**	**-**
Transfer to/(from) the General Reserve	**(0)**	**874**	**874**	**1,619**	**745**

The above table includes some immaterial movements compared to the outturn position presented to the PFCC. These updates, which are at subjective level only and do not impact the bottom line transfer to the General Reserve, relate to the impact of IFRS 16 accounting adjustments which were finalised after the outturn position was reported.

Capital Expenditure

A capital investment programme of £19.757m for 2025/26 was presented to the Police, Fire and Crime Panel in February 2025, to maintain the infrastructure needed to support an effective and efficient police service. By March 2026 the approved capital programme had reduced to £18.669m.

The actual capital investment for the period totalled £13.215m, which meant we underspent by £5.454m, which included underspends of £0.922m, slippage of £5.168m into 2026/27, reflecting updated delivery plans, and offsetting overspends of £0.637m.



The estates capital expenditure of £6.953m, includes £5.321m relating to delivering the estates strategy, of this:

- £3.465m relates to the build project for a new police station at Dovercourt; and
- £0.496m in respect of the Roads Policing co-location project at Ely House, Basildon;
- £0.318m in respect of forensics improvements for Basildon and Grays Crime Scene Investigation (CSI) teams to upgrade and reconfigure facilities for ISO accreditation purposes; and
- £0.305m for EV Charging Infrastructure relating to the delivery of phase 1 of Essex Police's electric vehicle (EV) charging infrastructure programme across the police estate.

In addition to our estate strategy programme £1.632m of expenditure has been spent on our estate's maintenance programme.

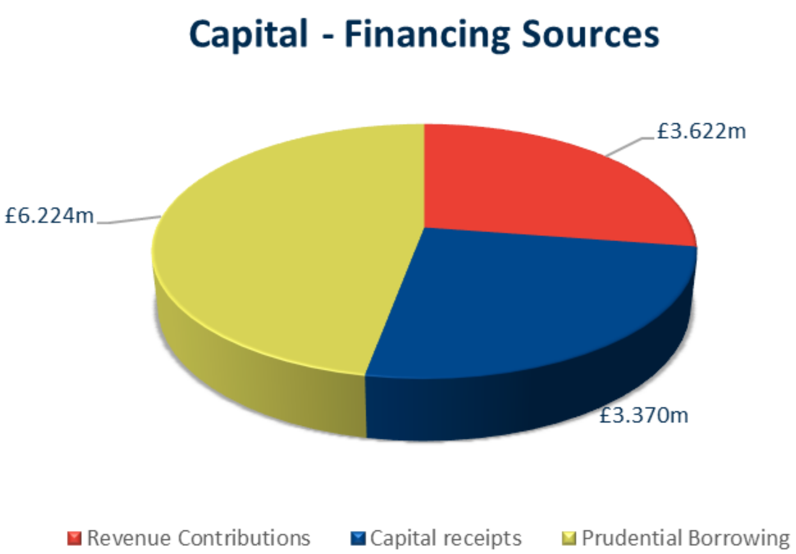
The capital expenditure on information technology of £1.961m includes expenditure of:

- £1.066m for the annual refresh programme including replacement of servers, docking stations, desktop and laptop computers along with the wider IT infrastructure and telephony network;
- £0.338m on the project to replace and modernise the force's contact management technology relating to how the public contact Essex Police; and
- £0.455m on a digital forensics platform.
- The capital expenditure for transport of £3.521m, was predominantly spent on the fleet replacement programme.
- Other capital expenditure of £0.781m included investment in body armour of £0.201m, ANPR replacement equipment of £0.302m and various smaller value assets required for operational policing.

Capital Financing

Capital resources available to fund capital investment come from capital receipts, revenue contributions and government grants and contributions. Where capital investment exceeds these available resources the PFCC can borrow to finance the capital investment providing we can demonstrate we are complying with the Prudential Code of Practice which requires any borrowing to be affordable, prudent and sustainable. There was a need to finance 2025/26 capital investment with £6.224m of prudential borrowing (in this instance this was internally financed using cash resources and did not lead to external long-term borrowing). However, this borrowing has increased the Capital Financing Requirement (CFR) which was £41.889m as at 31st March 2026 compared to £37.926m as at 31st March 2025. Charges are made against future years' revenue budgets to reduce the CFR in the form of a Minimum Revenue Provision (MRP). For 2025/26, MRP charges amounted to £3.037m. As cash resources are reducing it is expected that there will be a need to externally borrow in 2026/27 (but most likely for short-term durations only) with total capital financing costs (MRP plus interest payment on external borrowing) forecast to increase over the coming years as forecast within the PFCC's Treasury Management Strategy.

Capital financing resources applied in 2025/26 are shown below.



The £3.622m of revenue funding contributions was applied from the Future Capital Funding Reserve which is a revenue earmarked reserve used to hold funds for capital financing purposes. In addition, a further £0.086m was retained in this reserve at year-end to fund capital expenditure in 2026/27.

Reserves

The revenue reserves are key to our financial strategy, ensuring that there is some resilience to cope with unpredictable financial pressures and long-term financial commitments, whilst at the same time ensuring we spend today's money on today's residents. Specific earmarked reserves are held to manage known financial liabilities and possible risks.

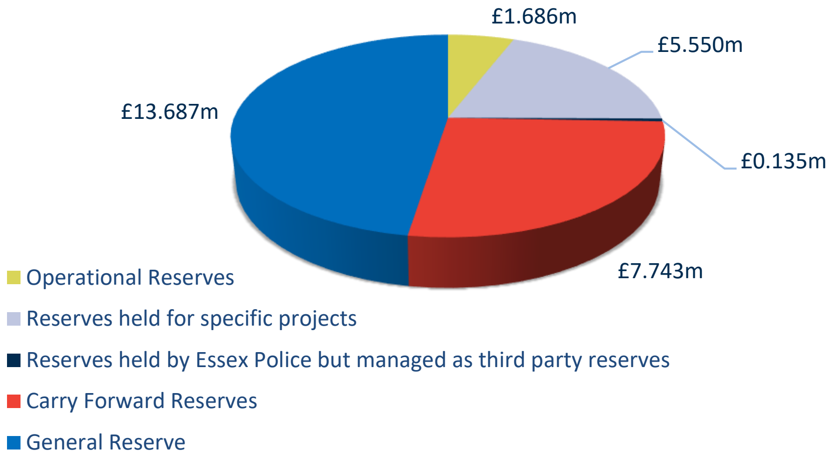
The main elements of the PFCC's reserve strategy are:

- To establish a General Reserve position of 3% of net revenue expenditure by the end of the applicable year and to then maintain the General Reserve at 3% by each year end, across the period of the Medium Term Financial Strategy, for unknown and/or unforeseeable events;
- Earmarked reserves will be created to cover for possible known significant risks and future commitments;
- The PFCC will apply a prudent approach to reserves and risk management although this will be balanced with ensuring the public of today benefit from today's funding;
- The PFCC will take a long-term approach to protecting, maintaining and investing in all its assets supporting policing for the long term as well as short term;
- Reserves not required for the above purposes will be clearly identified as available for other discretionary opportunities; and
- The PFCC will where possible build up and maintain a level of reserves for investment, borrowing only where the life of the asset and economic environment make it the most efficient way of financing investment.

The General Reserve is held to provide a working balance to protect against unexpected cost pressures. The balance on the General Reserve as at 1st April 2025 was £12.068m. The 2025/26 net contribution to the General Reserve of £1.619m increased the balance to £13.687m, 3.0% of the net revenue expenditure budget for 2026/27, taking into account the fact that the £0.603m of ERSOU-related funding appropriated at 2025/26 year-end will be immediately appropriated back into revenue in 2026/27.

Earmarked revenue reserves total £15.114m at 31st March 2026 (an increase of £3.089m since 31st March 2025). Included within these reserves is £0.135m of monies held by Essex Police which is managed as a third-party reserve. The levels of usable reserves at 31st March 2026, are shown in the chart below.

Usable Revenue Reserves as at 31st March 2026



Future Pension Payments and Liabilities

We are required under accounting standards to include the total liability of future pension payments in the Balance Sheet. There are statutory and contractual arrangements in place for funding these pensions. Accounting standards require that the total future assets and liabilities in respect of pension payments to past and present police officers and police staff are fully reflected in the Balance Sheet. Accordingly, the Balance Sheet figures within the accounts (see note 46) include a net liability of £5.119m (2024/25 net liability of £3.142m) for police staff and £2,119.900m net liabilities (2024/25 £2,113.144m net liability) for police officers.

The PFCC group has an agreed position with the pension administrator regarding the future liability provision. The statutory arrangements for funding the police officer pension liability and the PFCC group arrangements for funding any police staff pension deficit, therefore, mean that the financial position of the PFCC group remains sound.

Medium Term Financial Strategy

The force faced a significant financial challenge in being able to set a balance budget for 2026/27 with unavoidable increases in costs associated with a workforce growing in experience but without an equal increase in funding and this has therefore necessitated reductions in staff numbers for 2026/27. One-off costs associated with delivery of these staff reductions are included within the Exit Packages and Termination Benefits Notes (Note 14) where these costs are chargeable to the Comprehensive Income and Expenditure Statement within 2025/26.

We will continue to consider the various impacts of our costs in the Medium-Term Financial Strategy (MTFS) as we develop the budget for 2027/28. The MTFS reflects the impact of investment, cost pressures and efficiencies over five years, starting with the first year of the budget being developed. The MTFS we are currently developing considers the period 2027/28 to 2031/32. We are modelling various scenarios in order that we are able to act promptly to the pressures we might face. Whilst we do have a challenging financial outlook to navigate, we are developing plans for balancing future years' budgets and therefore do not anticipate the need to issue a Section 114 Notice in the near future (Section 114 of the Local Government Act 1988 requires Chief Financial Officers to issue a report when it is anticipated that expenditure will exceed resources within a financial year i.e. an inability to balance the budget).

Acknowledgements

I do hope that the readers of these accounts will find the information valuable and of interest and I would like to acknowledge and thank the Chief Constable's Corporate Finance Department for all the hard work that has gone into producing such a comprehensive set of accounts. I am also very grateful for all their hard work and support throughout the year, with the production of the budget, monitoring statements and updates to the MTFS.

Jeremy White FCCA
Acting S151 Officer, PFCC

Narrative Report

Performance Framework

The PFCC chairs a Performance and Resources Scrutiny Board that holds the Chief Constable and the force to account for the performance of the force officers and staff against the delivery of the Police and Crime Plan. On a monthly basis, the current performance data of the papers and minutes of the Board are published on the PFCC website at:

Policing & Crime Performance

The Police, Fire and Crime Panel receive a quarterly report on the progress against the six priorities in the Police and Crime Plan. As at March 2026 one has a recommended grade of good (Drive down anti-social behaviour and crime), three were adequate (More local, visible and accessible policing / Beat knife crime and drug gangs and protect young people / Tackle violence against women and girls and domestic abuse) and two graded as requiring improvement (Ensure vulnerable people are protected / Improve road safety and reduce road death in Essex to zero).

Current Structure

The Police & Crime Commissioner (PCC) was established by the Police Reform and Social Responsibility Act 2011 (PRSRA) as a corporation sole with a separate body of Chief Constable, also as a corporation sole. Mr Roger Hirst was elected Police and Crime Commissioner on 5th May 2016 and was most recently re-elected for a third term in May 2024.

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

Joel Charles was appointed as the new Deputy Police, Fire and Crime Commissioner in February 2026.

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. The PFCC prepares and issues an annual report to the Police Fire and Crime Panel on performance against the objectives set within the Plan.

Narrative Report

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 reduction grants within Essex
- Duty to ensure that all collaboration agreements with other local policing bodies and forces deliver better value for money or enhance the effectiveness of policing capabilities and resilience
- Enhancement of the delivery of criminal justice in their area

The Role of the Chief Constable

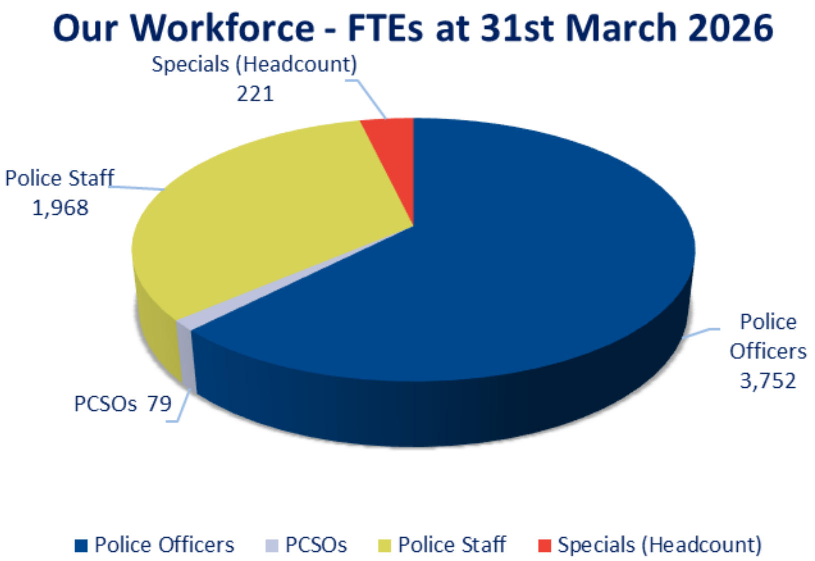
The Chief Constable is responsible for and accountable to the PFCC for the delivery of efficient and effective policing and the management of resources and expenditure by the police force. He remains operationally independent in the service of the communities of Essex. The Chief Constable is responsible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

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

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

Our Workforce

The chart below shows the make-up of the workforce for the group as at 31st March 2026.



Narrative Report

Essex Police is the biggest it has ever been enabling the force to be more effective and efficient.

Nationally, policing struggles to attract people who are black, Asian, minority ethnic, LGBTQ, female or who declare other protected characteristics. We support and encourage individuals with protected characteristics to pursue fulfilling careers with Essex Police as attracting, recruiting and retaining a more diverse workforce provides a better reflection of our communities and improves confidence in Essex Police.

Police Officer application numbers remain strong with a total of 2,636 during 2025/26, representing a monthly average of 220. This is marginally lower than 2024/25 but higher than the three years prior to that. The proportion of applications from ethnic minority candidates was 19.0%, which is higher than the previous six financial years. The number of applications from female candidates marginally increased this year whilst slightly decreasing based on the percentage of overall joiners (41.1% in 2025/26 compared to 41.5% in 2024/25). Nevertheless, the total numbers remain high and continue the positive trend seen in recent years.

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.

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 31st March 2026 there has been a 0.79% decrease with 141,130 offences recorded compared to 142,257 in the previous 12-month period to 31st March 2025.

Prevention remains a key focus of the force 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. The Force Management Strategy (FMS) aligns existing resources (both financial and people) to unlock additional capacity, capabilities and potential to prevent crime.

Current and emerging risks and mitigation

The three-year Comprehensive Spending Review (CSR) announced in June 2025 has still not provided the required certainty over Home Office funding for 2027/28 and beyond, with inflationary and contractual demand, as well as other growth pressures, all needing to be managed and forecast within modelled funding scenarios. One of the challenges the force faces is that it remains the third lowest funded force nationally (funding from grants and council tax). It also has the third lowest spend per head of population. These funding challenges led the force to take some tough decisions during 2025/26 to balance the 2026/27 budget, including a further reduction in staff posts and a significant amount of non-pay efficiency savings.

Looking forward into 2027/28 the uncertainty around the level of Home Office funding that will be received for policing means further efficiencies will need to be actively sought and ultimately delivered in the form of cashable savings. In addition, a greater emphasis on the use of automation will be prioritised, with funding allocated in the 2026/27 budget to progress workstreams which maximise the use of new technology across the force and develop new innovative ways of working. Whilst the fairer funding review may now be pushed further down the road following the announcements during year around Police Reform and the longer-term picture for policing, the force still continues to campaign nationally on work to address the structural funding inequalities for Essex Police.

The mitigation to these funding challenges will be the continuation of the work to review services and drive out efficiencies and cashable savings including delivery of an ambitious savings programme for 2026/27 of £9.487m.

In addition to the risk around future funding and the increasing costs of services having the potential to impact on the force's ability to meet its priorities, deliver services and outcomes for victims, the following are strategic risks that the force and the PFCC is currently facing which are likely or almost certain to have a major impact:

- **Mitigating the negative impact on victims and witnesses due to the timescales involved in bringing offenders to justice at court** – Delayed justice puts increased pressure and stress on victims and witnesses who are increasingly reluctant to remain engaged in the Criminal Justice process through to conclusion of trials due to 18-month to 2-year wait. This is impacting upon public confidence in the justice system.

- **HQ Redevelopment -** The HQ development project aims to provide safe, modern infrastructure for public policing services. Risk arises from balancing major capital investment with affordability, delivery capability, and safety standards. Failure to act could lead to building closures (Op Phase A Block), reduced service accessibility, and policy misalignment.

- **Public Confidence and the Potential Impact on EP Ability to Prevent, Respond To & Investigate Crime -** Public Confidence is falling, and is expected to fall further in the short term. This decline is driven in part by a significant decline in victim confidence in Essex Police and by the prevalence of increasing volumes of mis/disinformation, national / international narrative specific to policing and the continued understanding of the full effect of business cases on the service to the public. In addition, the Government Communications Service and policing communications nationally are yet to tackle the over-arching narratives beneath which Essex Police must operate.

- **The priorities for local, visible and accessible policing and ensuring that vulnerable people are protected are not achieved** – due to conflicting priorities, police budgets and internal priorities not being sufficiently aligned with the Police and Crime Plan, increase in demand and high harm / complexity of crimes drawing resources away from crime prevention.

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

Statement of Responsibilities

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

The Commissioner's responsibilities

The Commissioner is required:

- To make arrangements for the proper administration of his financial affairs and to ensure that one of his officers (the Chief Financial Officer to the Police, Fire & Crime Commissioner) has the responsibility for the administration of those affairs
- To manage his affairs to secure economic, efficient and effective use of resources and safeguard its assets
- To approve the audited Statement of Accounts

Completion of the Approval Process by the PFCC for Essex

I approve these Statement of Accounts

Roger Hirst
Police, Fire and Crime Commissioner
xxxxxxxxxxxxxx

The Chief Financial Officer to the PFCC's Responsibilities

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

- Selected suitable accounting policies and then applied them consistently
- Made judgements and estimates that were reasonable and prudent
- Complied with the Code of Practice

The Chief Financial Officer 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 Commissioner at 31st March 2026 and its income and expenditure for the year then ended.

Jeremy White FCCA
Acting S151 Officer to the PFCC
29th June 2026

Independent Auditors Report

Statement of Accounts 2025/26

Introduction

The Statement of Accounts consists of the following sections:

Core Financial Statements

These comprise:

- **Comprehensive Income and Expenditure Statements (CIES)** - these show the accounting cost in the year to the Police, Fire and Crime Commissioner for Essex Group and the Police, Fire and Crime Commissioner for Essex (referred to hereafter as the PFCC and PFCC Group) of providing services rather than the amount funded from taxation. This distinction is important in interpreting the accounts. The PFCC sets a precept (the police share of council tax) to cover expenditure classified in accordance with regulations, which is different to the accounting cost. The CIES consolidates all the gains and losses experienced by the PFCC and PFCC Group during the year:

  (Surplus)/Deficit on Provision of Police Services – the increase or decrease in the net worth of the PFCC and PFCC Group as a result of incurring expenses and generating income.

  Other Comprehensive Income and Expenditure – shows any changes in net worth which have not been reflected in the (Surplus)/Deficit on Provision of Police Services. Examples include the increase or decrease in the net worth of the PFCC and PFCC Group as a result of movements in the fair value of its assets and actuarial gains or losses on pension assets and liabilities.

- **Balance Sheet** - this sets out the assets and liabilities of the PFCC and the PFCC Group as at 31st March 2026. Net assets of the PFCC (assets less liabilities) are matched by reserves held. Reserves are reported in two categories:

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

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

- **Movement in Reserves Statements** - this shows the movement in the year on the different reserves held by the PFCC and the Group. The net increase/decrease before transfers to earmarked reserves line shows the statutory General Reserve balance before any discretionary transfers to/from earmarked reserves agreed by the PFCC.

- **Cash Flow Statement** – this summarises the inflows and outflows of cash with third parties. The statement shows how the PFCC generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which operations of the PFCC are funded by way of taxation and grant income or from recipients of the services provided by the PFCC. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the PFCC's future service delivery.

Notes to the Financial Statements

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

Comprehensive Income and Expenditure Statement – PFCC Group

For the years ended 31st March 2025 and 31st March 2026

This statement shows the full cost in the year of providing policing services rather than the amount to be funded from taxation. It includes liabilities such as pensions and employee benefits where there is a neutral impact upon the amounts funded from council tax. As an example, the actual cost of police staff pay and allowances under the funding basis was £107.724m in 2025/26 compared to £105.330m in 2024/25 (an increase of £2.394m). This compares to the same figures under the accounting basis (as per the table below) showing a £3.232m decrease, with the impact of employee benefit cost adjustments contributing to the decrease over the two years. For further details please refer to the Expenditure and Funding Analysis in note 10.

	2024/25 Gross Expenditure £000	2024/25 Gross Income £000	2024/25 Net Expenditure £000	2025/26 Gross Expenditure £000	2025/26 Gross Income £000	2025/26 Net Expenditure £000
Employees						
Police officer pay and allowances	236,104	-	236,104	235,970	-	235,970
PCSO pay and allowances	3,690	-	3,690	3,624	-	3,624
Police staff pay and allowances	102,550	-	102,550	99,318	-	99,318
Ill-health/medical pensions	6,340	-	6,340	5,635	-	5,635
Training	1,871	-	1,871	1,561	-	1,561
Other employee expenses	2,409	-	2,409	3,203	-	3,203
	352,964	**-**	**352,964**	**349,312**	**-**	**349,312**
Other service expenditure						
Premises	16,634	-	16,634	16,002	-	16,002
Transport	8,230	-	8,230	8,347	-	8,347
Other service expenditure	56,173	-	56,173	55,021	-	55,021
Third party payments	7,731	-	7,731	9,321	-	9,321
	88,767	**-**	**88,767**	**88,691**	**-**	**88,691**
Income						
Fees charges and other service income	-	(20,987)	(20,987)	-	(22,773)	(22,773)
Government grants and contributions	-	(50,609)	(50,609)	-	(52,343)	(52,343)
	-	**(71,596)**	**(71,596)**	**-**	**(75,116)**	**(75,116)**
Provision of Police Services - PFCC Group	**441,731**	**(71,596)**	**370,135**	**438,002**	**(75,116)**	**362,886**
(Gain)/loss on the disposal of non current assets	(3,551)	-	(3,551)	3,224	-	3,224
Other Operating Expenditure	**(3,551)**	**-**	**(3,551)**	**3,224**	**-**	**3,224**
Net interest on the defined benefit pensions liability						
- Police officers	110,932	-	110,932	120,095	-	120,095
- Police staff	(243)	-	(243)	(1,900)	-	(1,900)
Net interest (receivable)/payable	-	(810)	(810)	-	(649)	(649)
Financing and Investment Income and Expenditure	**110,689**	**(810)**	**109,879**	**118,195**	**(649)**	**117,546**
Police grant	-	(137,151)	(137,151)	-	(219,199)	(219,199)
Formula funding	-	(68,600)	(68,600)	-	-	-
Council tax precept	-	(166,069)	(166,069)	-	(179,392)	(179,392)
Council tax support grant	-	(10,992)	(10,992)	-	(10,992)	(10,992)
Council tax freeze grant	-	(2,133)	(2,133)	-	(2,133)	(2,133)
Pensions top up grant	-	(29,674)	(29,674)	-	(27,640)	(27,640)
Taxation and Non-Specific Grant Income	**-**	**(414,620)**	**(414,620)**	**-**	**(439,356)**	**(439,356)**
(Surplus)/Deficit on Provision of Police Services - PFCC Group	**548,869**	**(487,026)**	**61,843**	**559,421**	**(515,122)**	**44,299**
Other Comprehensive Income and Expenditure						
(Surplus)/deficit on revaluation of non-current assets	-	(1,892)	(1,892)	-	(1,998)	(1,998)
Remeasurement of the net defined benefit liability						
- Police officers	-	(249,939)	(249,939)	-	(45,897)	(45,897)
- Police staff	-	(80,918)	(80,918)	-	(6,711)	(6,711)
Adjustment for IFRIC 14 asset ceiling						
- Police Staff	83,887	-	83,887	18,972	-	18,972
	83,887	**(332,749)**	**(248,862)**	**18,972**	**(54,606)**	**(35,634)**
Total Comprehensive Income and Expenditure	**632,756**	**(819,776)**	**(187,019)**	**578,393**	**(569,728)**	**8,665**

Comprehensive Income and Expenditure Statement – PFCC

For the years ended 31st March 2025 and 31st March 2026

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

The figures below include all transactions incurred in the provision of police services, relating to any contractual arrangements, with the exception of contracts of employment, which fall under the Chief Constable e.g. they do not represent the running costs of the PFCC. For example, the actual cost of PFCC staff under the funding basis was £2.484m in 2025/26. The rest of the net balance in the CIES (£0.164m) relates to employee benefits adjustments. In addition, the £1.544m training costs in 2025/26 relate to contractual training for all police officers and staff.

	2024/25 Gross Expenditure £000	2024/25 Gross Income £000	2024/25 Net Expenditure £000	2025/26 Gross Expenditure £000	2025/26 Gross Income £000	2025/26 Net Expenditure £000
Employees						
Police staff pay and allowances	2,222	-	2,222	2,208	-	2,208
Training	1,837	-	1,837	1,544	-	1,544
Other employee expenses	365	-	365	295	-	295
	4,424	**-**	**4,424**	**4,047**	**-**	**4,047**
Other service expenditure						
Premises	16,634	-	16,634	16,002	-	16,002
Transport	7,017	-	7,017	7,280	-	7,280
Supplies & Services	55,484	-	55,484	54,125	-	54,125
Third party payments	7,731	-	7,731	8,013	-	8,013
	86,865	**-**	**86,865**	**85,419**	**-**	**85,419**
Income						
Fees charges and other service income	-	(20,987)	(20,987)	-	(22,773)	(22,773)
Government grants and contributions	-	(50,609)	(50,609)	-	(52,344)	(52,344)
	-	**(71,596)**	**(71,596)**	**-**	**(75,116)**	**(75,116)**
Provision of Police Services - PFCC (before Intra-Group Funding)	**91,289**	**(71,596)**	**19,693**	**89,467**	**(75,116)**	**14,350**
Intra Group Funding for Chief Constable's Net Service Cost	407,432	-	407,432	423,855	-	423,855
Net Cost of Provision of Police Services - PFCC	**498,721**	**(71,596)**	**427,125**	**513,322**	**(75,116)**	**438,205**
(Gain)/loss on the disposal of non current assets	-	(3,551)	(3,551)	3,224	-	3,224
Other Operating Expenditure	**-**	**(3,551)**	**(3,551)**	**3,224**	**-**	**3,224**
Net interest on the defined benefit pensions liability						
- Police staff	-	(6)	(6)	-	(8)	(8)
Net interest (receivable)/payable	-	(810)	(810)	-	(649)	(649)
Financing and Investment Income and Expenditure	**-**	**(816)**	**(816)**	**-**	**(657)**	**(657)**
Police grant	-	(137,151)	(137,151)	-	(219,199)	(219,199)
Formula funding	-	(68,600)	(68,600)	-	-	-
Council tax	-	(166,069)	(166,069)	-	(179,392)	(179,392)
Council tax support grant	-	(10,992)	(10,992)	-	(10,992)	(10,992)
Council tax freeze grant	-	(2,133)	(2,133)	-	(2,133)	(2,133)
Pensions top up grant	-	(29,674)	(29,674)	-	(27,640)	(27,640)
Taxation and Non-Specific Grant Income	**-**	**(414,620)**	**(414,620)**	**-**	**(439,356)**	**(439,356)**
(Surplus)/Deficit on Provision of Police Services - PFCC	**498,722**	**(490,583)**	**8,138**	**516,545**	**(515,129)**	**1,416**
Other Comprehensive Income and Expenditure						
(Surplus)/deficit on revaluation of non-current assets	-	(1,892)	(1,892)	-	(1,998)	(1,998)
Remeasurement of the net defined benefit liability						
- Police staff	-	(925)	(925)	-	(481)	(481)
Adjustment for IFRIC 14 asset ceiling						
- Police Staff	1,015		1,015	704		704
	1,015	**(2,817)**	**(1,802)**	**704**	**(2,479)**	**(1,775)**
Total Comprehensive Income and Expenditure	**499,737**	**(493,401)**	**6,336**	**517,249**	**(517,609)**	**(360)**

Balance Sheet - PFCC Group and PFCC

For the years ended 31st March 2025 and 31st March 2026

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

		2024/25		2025/26	
		31st March 2025		31st March 2026	
		PFCC	Group	PFCC	Group
Note		£000	£000	£000	£000
	Non-current assets				
20	Property, plant & equipment	120,500	120,500	118,474	118,474
21	Intangible assets	489	489	661	661
24	Long term debtors	23	23	-	-
	Non-current assets total	**121,013**	**121,013**	**119,135**	**119,135**
	Current assets				
23	Inventories	1,322	1,322	1,285	1,285
24	Short term debtors	38,880	38,880	39,806	39,806
26	Cash and cash equivalents	-	-	20,409	20,409
27	Assets held for sale	2,459	2,459	2,534	2,534
	Current assets total	**42,661**	**42,661**	**64,034**	**64,034**
	Current liabilities				
28	Cash and cash equivalents	(5,126)	(5,126)	(3,379)	(3,379)
29	Short term creditors	(36,632)	(40,604)	(40,944)	(45,268)
30	Short term borrowing	-	-	(15,000)	(15,000)
31	Provisions	(8,333)	(8,333)	(9,500)	(9,500)
	Current liabilities total	**(50,091)**	**(54,063)**	**(68,823)**	**(73,147)**
	Non current liabilities				
46	Pensions liabilities - Police officers	-	(2,113,144)	-	(2,119,900)
46	Pensions liabilities - Police staff	(29)	(3,142)	(91)	(5,119)
19	Lease liabilities	(1,945)	(1,945)	(2,290)	(2,290)
	Non current liabilities total	**(1,974)**	**(2,118,231)**	**(2,381)**	**(2,127,309)**
	Net assets/(liabilities)	**111,608**	**(2,008,621)**	**111,967**	**(2,017,286)**
	Usable reserves				
38	General Reserve	(12,068)	(12,068)	(13,687)	(13,687)
38	Earmarked revenue reserves	(12,025)	(12,025)	(15,114)	(15,114)
	Usable reserves total	**(24,092)**	**(24,092)**	**(28,800)**	**(28,800)**
41	**Unusable reserves**				
	Revaluation Reserve	(18,601)	(18,601)	(18,569)	(18,569)
	Capital Adjustment Account	(66,921)	(66,921)	(61,211)	(61,211)
	Pensions Reserve - Police officers	-	2,113,144	-	2,119,900
	Pensions Reserve - Police staff	29	3,142	91	5,119
	Collection Fund Adjustment Account	(2,077)	(2,077)	(3,521)	(3,521)
	Accumulated Absences Account	54	4,026	43	4,368
	Unusable reserves total	**(87,515)**	**2,032,714**	**(83,166)**	**2,046,087**
	Total Reserves	**(111,608)**	**2,008,621**	**(111,967)**	**2,017,286**

I certify that the Statement of Accounts give a true and fair view of the financial position of the PFCC/Group and its income and expenditure for the year ended 31st March 2026.

Jeremy White FCCA, Acting S151 Officer to the PFCC, 29th June 2026

Cash Flow Statements

For the years ended 31st March 2025 and 31st March 2026

The cash flow statements show the changes in cash and cash equivalents of the PFCC and the PFCC Group during the reporting period. These statements have been prepared using the indirect method in accordance with the accounting standard IAS 7 Statement of Cash Flows.

The cash flow statements show how the PFCC generates and uses cash and cash equivalents (liquid investments) by classifying cash flows as operating, financing and investing activities:

- The amount of net cash flows arising from operating activities is a key indicator of the extent to which the PFCC and PFCC Group are funded by taxation and grant income, or from the recipients of services provided

- Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the PFCC and the PFCC Group's future service delivery

- Cash flows arising from financing activities are useful in estimating future demand on cash flows by providers of capital (such as borrowing or lease commitments) to the PFCC and PFCC Group

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

Cash Flow Statement for PFCC Group

Note		2024/25 Group £000	2025/26 Group £000
	Net (Surplus)/Deficit on the Provision of Services	**61,843**	**44,299**
33	Adjustment to (surplus)/deficit on the provision of services for non-cash movements	(78,398)	(65,089)
33	Adjust for items included in the net (surplus)/deficit on the provision of services that are investing and financing activities	3,970	3,370
33	Net cash flows from operating activities	**(12,585)**	**(17,420)**
34	Net cash flows from investing activities	11,551	9,918
35	Net cash flows from financing activities	334	(14,655)
	Net (increase)/decrease in cash and cash equivalents	**(701)**	**(22,157)**
	Cash and cash equivalents at the beginning of the reporting period	(5,827)	(5,126)
	Cash and cash equivalents at the end of the reporting period	(5,126)	17,030
	Movement in cash equivalents	**701**	**22,157**

Cash Flow Statement for PFCC

Note		2024/25 PFCC £000	2025/26 PFCC £000
	Net (Surplus)/Deficit on the Provision of Services	**8,138**	**1,416**
33	Adjustment to (surplus)/deficit on the provision of services for non-cash movements	(24,692)	(22,206)
33	Adjust for items included in the net (surplus)/deficit on the provision of services that are investing and financing activities	3,970	3,370
33	**Net cash flows from operating activities**	**(12,585)**	**(17,420)**
34	Net cash flows from investing activities	11,551	9,918
35	Net cash flows from financing activities	334	(14,655)
	Net (increase)/decrease in cash and cash equivalents	**(701)**	**(22,157)**
	Cash and cash equivalents at the beginning of the reporting period	(5,827)	(5,126)
	Cash and cash equivalents at the end of the reporting period	(5,126)	17,030
	Movement in cash equivalents	**701**	**22,157**

Movement in Reserves Statement

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

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

Movement in Reserves Statement – PFCC Group

For the year ended 31st March 2025

Note		2024/25 Group Usable Reserves							
		General	Earmarked	**Total General & Earmarked Reserves**	Capital Receipts	Capital Grants Unapplied	**Total Usable**	**Total Unusable**	**Total Reserves**
		£000	£000	**£000**	£000	£000	**£000**	**£000**	**£000**
	Balance at 1st April 2024	**(11,046)**	**(14,704)**	**(25,750)**	**-**	**-**	**(25,750)**	**2,221,390**	**2,195,640**
	(Surplus)/deficit on provision of services (accounting basis)	61,843	-	**61,843**	-	-	**61,843**	**-**	**61,843**
	Other Comprehensive Income and Expenditure	-	-	**-**	-	-	**-**	**(248,862)**	**(248,862)**
	Total Comprehensive Income and Expenditure	**61,843**	**-**	**61,843**	**-**	**-**	**61,843**	**(248,862)**	**(187,019)**
34	Adjustments between accounting basis and funding basis under regulations	(60,185)	-	**(60,185)**	-	-	**(60,185)**	**60,185**	**-**
	Net (Increase)/Decrease before Transfers to Usable Reserves	**1,658**	**-**	**1,658**	**-**	**-**	**1,658**	**(188,677)**	**(187,019)**
	Transfers (to)/from Usable Reserves	(2,680)	2,680	**-**	-	-	**-**	**-**	**-**
	(Increase)/Decrease in year	**(1,022)**	**2,680**	**1,658**	**-**	**-**	**1,658**	**(188,677)**	**(187,019)**
	Balance at 31st March 2025	**(12,068)**	**(12,025)**	**(24,092)**	**-**	**-**	**(24,092)**	**2,032,714**	**2,008,621**

Movement in Reserves Statement – PFCC Group

For the year ended 31st March 2026

Note		2025/26 Group Usable Reserves							
		General	Earmarked	**Total General & Earmarked Reserves**	Capital Receipts	Capital Grants Unapplied	**Total Usable**	**Total Unusable**	**Total Reserves**
		£000	£000	**£000**	£000	£000	**£000**	**£000**	**£000**
	Balance at 1st April 2025	**(12,068)**	**(12,025)**	**(24,092)**	**-**	**-**	**(24,092)**	**2,032,714**	**2,008,621**
	(Surplus)/deficit on provision of services (accounting basis)	44,299	-	**44,299**	-	-	**44,299**	**-**	**44,299**
	Other Comprehensive Income and Expenditure	-	-	**-**	-	-	**-**	**(35,634)**	**(35,634)**
	Total Comprehensive Income and Expenditure	**44,299**	**-**	**44,299**	**-**	**-**	**44,299**	**(35,634)**	**8,665**
36	Adjustments between accounting basis and funding basis under regulations	(49,007)	-	**(49,007)**	-	-	**(49,007)**	**49,007**	**-**
	Net (Increase)/Decrease before Transfers to Usable Reserves	**(4,708)**	**-**	**(4,708)**	**-**	**-**	**(4,708)**	**13,373**	**8,665**
38	Transfers (to)/from Usable Reserves	3,089	(3,089)	**-**	-	-	**-**	**-**	**-**
	(Increase)/Decrease in year	**(1,619)**	**(3,089)**	**(4,708)**	**-**	**-**	**(4,708)**	**13,373**	**8,665**
	Balance at 31st March 2026	**(13,687)**	**(15,114)**	**(28,800)**	**-**	**-**	**(28,800)**	**2,046,087**	**2,017,286**

Movement in Reserves Statement – PFCC

For the year ended 31st March 2025

Note	2024/25 PFCC	General	Earmarked	Total General & Earmarked Reserves	Capital Receipts	Capital Grants Unapplied	Total Usable	Total Unusable	Total Reserves
	Usable Reserves	£000	£000	£000	£000	£000	£000	£000	£000
	Balance at 1st April 2024	**(11,046)**	**(14,704)**	**(25,750)**	**-**	**-**	**(25,750)**	**(92,193)**	**(117,943)**
	(Surplus)/deficit on provision of services (accounting basis)	8,138	-	**8,138**	-	-	**8,138**	**-**	**8,138**
	Other Comprehensive Income and Expenditure	-	-	**-**	-	-	**-**	**(1,802)**	**(1,802)**
	Total Comprehensive Income and Expenditure	**8,138**	**-**	**8,138**	**-**	**-**	**8,138**	**(1,802)**	**6,336**
36	Adjustments between accounting basis and funding basis under regulations	(6,479)	-	**(6,479)**	-	-	**(6,479)**	**6,479**	**-**
	Net (Increase)/Decrease before Transfers to Usable Reserves	**1,659**	**-**	**1,659**	**-**	**-**	**1,659**	**4,677**	**6,336**
	Transfers (to)/from Usable Reserves	(2,680)	2,680	**-**	-	-	-	-	-
	(Increase)/Decrease in year	**(1,021)**	**2,680**	**1,659**	**-**	**-**	**1,659**	**4,677**	**6,336**
	Balance at 31st March 2025	**(12,068)**	**(12,025)**	**(24,092)**	**-**	**-**	**(24,092)**	**(87,516)**	**(111,608)**

Movement in Reserves Statement – PFCC

For the year ended 31st March 2026

Note	2025/26 PFCC	General	Earmarked	Total General & Earmarked Reserves	Capital Receipts	Capital Grants Unapplied	Total Usable	Total Unusable	Total Reserves
	Usable Reserves	£000	£000	£000	£000	£000	£000	£000	£000
	Balance at 1st April 2025	**(12,068)**	**(12,025)**	**(24,092)**	**-**	**-**	**(24,092)**	**(87,516)**	**(111,608)**
	(Surplus)/deficit on provision of services (accounting basis)	1,416	-	**1,416**	-	-	**1,416**	**-**	**1,416**
	Other Comprehensive Income and Expenditure	-	-	**-**	-	-	**-**	**(1,775)**	**(1,775)**
	Total Comprehensive Income and Expenditure	**1,416**	**-**	**1,416**	**-**	**-**	**1,416**	**(1,775)**	**(359)**
36	Adjustments between accounting basis and funding basis under regulations	(6,124)	-	**(6,124)**	-	-	**(6,124)**	**6,124**	**-**
	Net (Increase)/Decrease before Transfers to Usable Reserves	**(4,708)**	**-**	**(4,708)**	**-**	**-**	**(4,708)**	**4,350**	**(359)**
38	Transfers (to)/from Usable Reserves	3,089	(3,089)	**-**	-	-	**-**	**-**	**-**
	(Increase)/Decrease in year	**(1,619)**	**(3,089)**	**(4,708)**	**-**	**-**	**(4,708)**	**4,350**	**(359)**
	Balance at 31st March 2026	**(13,687)**	**(15,114)**	**(28,800)**	**-**	**-**	**(28,800)**	**(83,166)**	**(111,967)**

Statement of Accounts – Notes to the Financial Statements

Introduction

This section contains notes which are intended to aid interpretation of the financial statements (as set out on page 27 to 33) and provide further information on the financial performance of the Police, Fire and Crime Commissioner and the Police, Fire and Crime Commissioner Group during 2025/26. The notes set out within this section are as follows:

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

Introduction

Following the Police Reform and Social Responsibility Act 2011 (The Act) Essex Police Authority was replaced on 22nd November 2012 with two 'corporation sole' bodies, the Police and Crime Commissioner (PCC) and the Chief Constable. It was the Government's intention that the reforms under the Act were phased in over a period of several years. On the 1st October 2017 the Police & Crime Commissioner became the first PCC in the country to receive approval from the Home Secretary to take on the governance of the fire and rescue service in addition to his existing role with the police service. This change was approved after submitting a detailed business case to the Home Office after a period of local consultation. The name of the PCC is now the Police, Fire and Crime Commissioner (PFCC).

Accounting Principles

The accounting recognition of assets, liabilities and reserves during the first period of transition, reflected the powers and responsibilities of the PCC as designated by the Act and the Home Office Financial Management Code of Practice for the Police Service, England and Wales 2012. This accounting relationship is also underpinned by the relationships as defined by local regulations, local agreement and practice. On 22nd November 2012, the assets, liabilities and reserves of the Police Authority were transferred directly to the PCC and during the first phase of transition remained under the PCC's control.

Revised legislation came into effect on 1st April 2013 granting the Chief Constable the same status as local authorities under Sections 21 and 22 of the Local Government Act 2003. This enables the Chief Constable to apply the statutory override for employee benefits, which means that the Chief Constable must take responsibility for the cost of employing officers, PCSO and staff.

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

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

All payments for the Group are made by the PFCC from the police fund and all income and funding is received by the PFCC. The PFCC has the responsibility for managing the financial relationships with third parties and has legal responsibilities for discharging the contractual terms and conditions of suppliers.

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

2. Summary of Significant Accounting Policies

These are categorised as follows:

Policies applying to the PFCC Group

2.1 General Principles

The Statement of Accounts summarises the PFCC's and the Chief Constable's financial transactions for the 2025/26 financial year and its position at the year-end of 31st March 2026. Essex Police is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, and this requires the preparation to be in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom, supported by International Financial Reporting Standards (IFRS) and statutory guidance, issued under Section 12 of the 2003 Act.

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

2.2 Accruals of Income and Expenditure

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

- 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 – see PFCC accounting policy 2.16

- In accordance with IFRS 15, revenue from contracts with customers is recognised when goods and/or services are transferred to the service recipient in accordance with the performance obligations specified in the contract

- Interest receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract

- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected – see PFCC accounting policy 2.17

- The PFCC Group generally adopts a minimum accruals threshold of £5,000 for each of its year-end entries. Where the inclusion or omission of an accrual would not have a material impact on the Statement of Accounts, either individually or cumulatively, it is omitted.

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 (CIES), in accordance with the CIPFA Code of Practice. The CIES follows the requirement to report in accordance with the format used by management to make strategic decisions.

2.4 Employee Benefits

Short Term Benefits

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

The PFCC recognises liabilities at the Balance Sheet date in respect of the following benefits:

- Outstanding annual leave entitlements
- Time off in lieu (TOIL)

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

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 CIES, which are then reversed out though the Movement in Reserves Statement to ensure that there is no impact upon the General Reserve and the amount chargeable to council taxpayers. 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 PFCC recognises liabilities at the Balance Sheet date in respect of long-term disability benefits (i.e. injury and ill health award) for police officers.

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

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). For the position as at 31st March 2026, an allowance of 2% 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 PFCC's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

2.6 Revenue Recognition

The PFCC 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 PFCC to obtain goods or services resulting from the PFCC's normal operating activities in exchange for consideration.

Any revenue received from such contracts is measured by the PFCC 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 PFCC 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 PFCC 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:

a) Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events

b) Those that are an indication of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial 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 also a defined benefits scheme administered by Essex County Council. The scheme is funded, meaning that there are investment assets built up to meet future pension liabilities.

The Scheme is accounted for as follows:

- The liabilities of the LGPS are included in the Balance Sheet on an actuarial basis using the projected unit method. This is an assessment of the future payments that will be made in relation to retirement benefits, based on the same set of assumptions as identified for police officers

- Liabilities are discounted to their value at current prices, based on the market yields at the reporting date on high quality corporate bonds

- The assets of the Fund are included in the Balance Sheet as follows:

    - Quoted securities are included at realisable values (i.e. current bid price)

    - All other assets are included at fair value

- The change in the net pension liability is analysed into the following components:

    - Current service cost: the increase in liabilities as a result of years of retirement benefits earned this year - charged to the CIES

    - 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 CIES

    - Interest cost: the expected increase in the present value of liabilities during the year as they move one year closer to being paid - charged to the Financing and Investment Income and Expenditure line in the CIES

    - 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 Net Operating Expenditure in the CIES

    - Gains/losses on settlement and curtailments: the result of actions to relieve the Group of liabilities or events that reduce the expected future service or accrual of benefits of employees - charged to the CIES

    - Actuarial gains and losses: changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to Other Comprehensive Income and Expenditure in the CIES

    - Contributions paid to the Essex County Council Pension Fund: cash paid as employer’s contributions to the pension fund

Statutory provisions limit the PFCC to raising council tax to cover the amounts payable by the PFCC to the pension fund in the year. In the Movement in Reserves Statement 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 31st March 2006 were admitted to the 1987 Police Pensions Scheme
- Police Officers in service between 1st April 2006 and 31st March 2015 were admitted to the 2006 Police Pension Scheme
- Police Officers in service on or after the 1st April 2015 are admitted to the 2015 Police Pension Scheme also known as the' CARE' (Career Average Revalued Earnings) scheme

The Police Pension Scheme 1987 and 2006 are being phased out. Following the cessation of transitional and tapered protections from 1st April 2022, all active officers within these schemes were transferred to the 2015 CARE scheme. Officers who were previously within one of these schemes remain entitled to retirement benefits under their legacy scheme (for the applicable period they were in that scheme) as a result of the McCloud/Sargeant remedy which was implemented in October 2023.

More detail on each of the schemes can be found in the Police Pension Fund Account section on page 123 and an explanation regarding the McCloud/Sargeant judgements and remedy is included in note 46 to the accounts.

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 CIES. The Pensions Top Up Grant, receivable by the Fund, is initially credited to the CIES, 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 CIES in accordance with IAS 19, Accounting for Retirement Benefits, and therefore form part of the Net Deficit for the Year. They are subsequently reversed out in the Movement in Reserves Statement.

Police Pension Reserve

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

2.10 Contingent Liabilities and Assets

The PFCC accounts for contingent liabilities and assets in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the PFCC a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the PFCC. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives the PFCC a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the PFCC.

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

Policies applying to the PFCC

2.11 Income
2.12 Council Tax Income
2.13 Reserves
2.14 Provisions
2.15 Value Added Tax
2.16 Inventories and Long-Term Contracts
2.17 Debtors and Creditors
2.18 Property, Plant and Equipment
2.19 Intangible Assets
2.20 Assets Held for Sale
2.21 Non-Current Assets Held for Sale
2.22 Donated Assets
2.23 Minimum Revenue Provision
2.24 Leases
2.25 Financial Instruments
2.26 Cash and Cash Equivalents

2.11 Income

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

2.12 Council Tax Income

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

The PFCC is required to include in its CIES its share of the accrued council tax income of each billing authority, i.e. the PFCC’s precept upon the billing authority plus or less its share of council tax debtors and creditors.

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

Comprehensive Income & Expenditure Statement (CIES) and Movement in Reserves Statement

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

Balance Sheet

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

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

2.13 Reserves

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

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

2.14 Provisions

The PFCC accounts for provisions in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

A provision shall be recognised when:

- the PFCC has a present obligation (legal or constructive) as a result of a past event
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation
- a reliable estimate can be made of the amount of the obligation

If the above conditions are not met, no provision shall be recognised.

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

When some, or all, of the payment required to settle a provision is expected to be met by a third party, only the element of the provision attributable to the PFCC is recognised in the CIES (with the income element netted off).

However, the element representing the reimbursed income from the third party is only recognised if it is absolutely certain that this will be received when the obligation is settled.

2.15 Value Added Tax

Apart from the exceptions noted in the paragraph below, the CIES excludes all amounts relating to Value Added Tax (VAT) as, when collected, it is payable to His Majesty's Revenue and Customs (HMRC) with all VAT paid also recoverable from the same process.

VAT receivable is excluded from income. VAT payable is included as an expense or capitalised only to the extent that it is not recoverable from HMRC. Where the VAT is irrecoverable it is included in the relevant section of the Group's CIES, or if the expenditure relates to an asset, is capitalised as part of the value of that asset. Irrecoverable VAT relates to VAT charged which under legislation is not reclaimable (e.g. leased cars with private use element).

2.16 Inventories and Long-Term Contracts

Supplies are typically recorded as expenditure as and when they are consumed. Where there is a duration of time between the date the supplies are received and their consumption, they are classified as stock and are therefore carried as inventories on the Balance Sheet.

In accordance with IAS 2, inventories are included in the Balance Sheet on an average cost basis with the exception of vehicle parts, which are included at historic cost. In respect of all stocks held the difference between cost and net realisable value is deemed to be negligible.

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

2.17 Debtors and Creditors

Revenue and capital transactions are included in the accounts on an accruals basis. Where goods and services are ordered and delivered by year-end, the actual or estimated value of the order is accrued and recognised as either a debtor or creditor in the accounts. The thresholds and detail of the accruals policy is set out in accounting policy 2.2.

In respect of debtors, the PFCC holds its trade debtors value at historic cost. An allowance is then made in the Balance Sheet for potential credit losses in respect of bad and doubtful debts, based on an age analysis of the outstanding debt at the Balance Sheet date. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to the Comprehensive Income and Expenditure Statement for the income that may not be collected.

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

2.18 Property, Plant and Equipment

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

Recognition

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

The PFCC operates a de minimis limit below which items will not be charged to capital on the grounds of materiality. The limit for individual items is £10,000 except for vehicles where a £7,500 limit applies. An exception to this covers certain equipment items which are individually below the de minimis, but when aggregated exceed the limit, e.g. IT hardware, body armour. In addition, where one type of asset is normally capitalised in accordance with the above rules the PFCC will in some cases also capitalise the subsequent replacement of the same type of assets (regardless of some of these instances being below de minimis) to ensure a consistent approach is applied, and the equipment in question continues to be categorised together e.g. ANPR cameras.

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

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

Measurement

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

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

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

In accordance with the requirements of the 2025/26 CIPFA Code of Practice, the PFCC applies a structured revaluation approach comprising periodic full valuations supported by indexation in intervening years.

Land and buildings are revalued at least every five years by an external valuer in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation Standards. In line with the requirements of the 2025/26 CIPFA Code of Practice, the PFCC operates a revaluation approach based on full professional valuations on a quinquennial basis, supported by indexation and other appropriate adjustments in the intervening years.

The carrying value of assets is reviewed annually to ensure that it does not differ materially from current value at the Balance Sheet date.

In addition to this approach, the PFCC undertakes more frequent revaluations of certain individually material assets, where it is considered that there is a higher risk of material valuation movement.

The overall approach to revaluations is subject to annual review to ensure ongoing compliance with the Code and that Balance Sheet values remain materially correct.

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

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

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

Derecognition

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

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

The PFCC derecognises both plant & equipment and intangible assets where the following two factors are met - 1) the assets have been recognised for at least seven years since their original capitalisation date, and 2) the relevant department cannot otherwise provide specific confirmation that the assets still exist and/or they cannot retrieve documentation to support this assertion.

Capital Receipts

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

Depreciation

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

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

Depreciation is calculated on the following basis:

- Buildings – straight line allocation over the economic life of the building as determined by the PFCC's property valuers, assuming no residual value

- Plant, vehicles and equipment – straight line allocation over the economic life of the assets, assuming no residual value

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

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

- Buildings 20-60 years

- Vehicles 3-8 years

- Plant, IT and equipment 3-30 years

- Marine vessels 10-25 years

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

Non-financial assets such as surplus assets are measured at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or

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

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

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

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

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

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

<u>Componentisation Policy</u>

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

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

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

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

Material assets and the PFCC's de minimis for components

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

Property assets

Where appropriate the PFCC separates assets between the following components:

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

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

All surplus properties will not be separated under the component policy as the valuation of these assets are at the highest and best use based on what is realistically receivable, rather than values based on its current use.

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

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

Equipment assets

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

Vehicle and marine assets

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

Revaluation Reserve balances

Revaluation Reserve balances for property are recorded by asset with separate balances held for their respective land and building elements.

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

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

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

Impairment of assets

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

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

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

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

Charges to the Comprehensive Income and Expenditure Statement (CIES)

In respect of charges to revenue for non-current assets the CIES is charged with the following amounts to record the real cost of holding non-current assets during the year:

- Depreciation attributable to the assets
- Impairment losses on assets
- Amortisation of intangible assets such as software licences

The PFCC is not required to raise council tax to cover depreciation, impairment losses or amortisation. However, the PFCC is required to make a prudent provision from revenue to contribute towards the reduction in its overall borrowing requirements, in the form of Minimum Revenue Provision (MRP) which reduces the Capital Financing Requirement (CFR). Depreciation, impairment losses and amortisation are therefore replaced by revenue provision in the Movement in Reserves Statement, by way of an adjusting transaction with the Capital Adjustment Account for the difference between the two amounts. For further details please refer to paragraph 2.23.

2.19 Intangible Assets

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

An asset is derecognised on disposal or when no future economic benefits are expected from the asset. The gain or loss from derecognition is recognised in the CIES. These amounts are then transferred to the Capital Adjustment Account and reported in the Movement in Reserves Statement.

2.20 Assets Held for Sale

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

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

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

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

2.21 Non-Current Assets Out of Use

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

2.22 Donated Assets

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

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

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

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

2.23 Minimum Revenue Provision

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

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

For capital expenditure after the 31st March 2008 up until 31st March 2026 the PFCC has chosen the 'Asset Life Method' for its MRP calculations. This is where MRP is determined by reference to the life of the asset being financed, using the equal instalment method. Estimated life periods will be determined in accordance with the asset lives specified in the Property, Plant & Equipment accounting policy (as referred to in 2.18). These charges will commence in the year after the asset becomes operational, e.g. unfinanced capital expenditure incurred during 2025/26 will not be subject to an MRP charge until 2026/27.

For capital expenditure from 1st April 2026 onwards, the PFCC will adopt an annuity-based approach for asset life calculations, replacing the current equal instalment method. This change will align the profile of charges more closely with the pattern of economic benefits of the underlying assets and has no impact on the 2025/26 financial statements.

MRP charged in accordance with right of use assets under IFRS 16 Leases is matched to the minimum lease repayment. This ensures that operating expenditure is consistent with the rentals paid each year.

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

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

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

2.24 Leases

Summary

With effect from the 1st April 2024 the PFCC formally implemented the IFRS 16 Leases accounting standard and applied the transitional recognition arrangements to its accounts in accordance with the guidance set in the Code, including the recognition of right of use assets, lease liabilities and related gains and losses in the core financial statements. The detail of the elements included and the basis for recognition is set out below.

The PFCC as lessee

The PFCC classifies contracts as leases based on their substance. Contracts and parts of contracts, including those described as contracts for services, are analysed to determine whether they convey the right to control the use of an identified asset, through rights both to obtain substantially all of the economic benefits or service potential from that asset and direct its use. The Code expands the scope of IFRS 16 Leases to include arrangements with nil consideration, peppercorn or nominal payments.

Initial measurement

At inception of the arrangement, the PFCC will determine whether such an arrangement is, or contains, a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the PFCC the right to control the use of the underlying asset. Leases are recorded as right of use assets with a corresponding liability at the date from which the leased asset is available for use. The leases are typically for fixed periods in excess of one year but may have extension options.

The lease liabilities arising are initially measured on a present value basis comprising the following lease payments:

- Fixed payments (including in-substance fixed payments) less any lease incentives receivable
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- Amounts expected to be payable by the PFCC under residual value guarantees
- The exercise price of a purchase option if the PFCC is reasonably certain to exercise that option
- Payments of penalties for terminating the lease, if the lease term reflects the PFCC exercising that option
- Lease payments to be made under certain extension options.

The lease payments are discounted using the PFCC's incremental borrowing rate, being the rate the PFCC would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment with similar terms, security and conditions.

The PFCC's incremental borrowing rate will be the Public Works Loan Board (PWLB) rate on the basis that this will be the most likely source of borrowing used, as well as being a sound and reliable indicator for the external borrowing market options that the PFCC has available.

Right of use assets are initially measured at cost comprising the following elements:

- The amount of initial measurement of the lease liability
- Any lease payments made at or before the commencement date, less any lease incentives received
- Any initial direct costs
- Restoration costs

For peppercorn, nominal payments or nil consideration leases, the asset is measured at fair value (see separate section).

Subsequent measurement

Right of use assets are subsequently measured using the fair value model. The PFCC considers the cost model to be a reasonable proxy for this, except for assets held under non-commercial leases or where rent reviews do not reflect market conditions or the lease does not encompass a requirement for a rent review within a five year period.

For these leases, the asset is carried at a revalued amount and is typically depreciated on a straight-line basis over the shorter of the asset's useful economic life (UEL) and the remaining lease term.

The PFCC is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate takes effect, then the lease liability is remeasured using the updated cash flows and discount rate. Furthermore, a corresponding adjustment is also made to the applicable right of use asset.

Lease payments are allocated between the repayment of principal and a finance cost. The finance cost is charged to the Comprehensive Income and Expenditure Statement (CIES) over the lease period, allocating a consistent and accurate rate of interest on the remaining balance of the liability for each accounting period. For lessee operating lease arrangements previously classified under IAS 17, the rental previously charged to operating expenses is therefore charged partly via the finance charge. The repayment element removed from operating expenditure to repay the liability, is replaced by a minimum revenue provision (MRP) payment equal to the repayment to ensure the revenue costs are fully funded.

As the Capital Financing Requirement (CFR) will increase by the addition of non-current assets on the Balance Sheet this will be offset by MRP payments, with resources set aside to finance the capital expenditure on an annual basis over the asset life. This expenditure replaces the related depreciation charges to the Comprehensive Income and Expenditure Statement (CIES), which are reversed out of the General Reserve balance in the Movement in Reserves Statements (MiRS).

Low value and short lease exemption

As permitted by the Code, the PFCC excludes leases for:

- Short-term leases with a lease term of twelve months or less, comprising the non-cancellable period plus any extension options that the PFCC is reasonably certain to exercise, and any termination options that the PFCC is reasonably certain not to exercise
- Low-value items that cost less than £10,000 when new, provided they are not highly dependent on or integrated with other items. This is based on a threshold agreed internally by the PFCC, and which is consistent with the capital de minimis.

Rather than being classified as right of use assets, payments associated with short-term leases and low-value assets will be recognised as an expense in the CIES.

Peppercorn and nil consideration leases

Leases with payments at peppercorn or nominal consideration that are provided at substantially below market terms, and leases for nil consideration, are accounted for as follows:

- Any portion of the lease that is payable is accounted for in the same way as other lease obligations under IFRS 16 Leases
- The lease is recognised on initial recognition at fair value as a right of use asset on the Balance Sheet, with a corresponding gain recognised in grant income within the CIES

The PFCC has a number of leases comprising land and buildings for which it pays nil consideration or a peppercorn/notional rent, and which therefore fall into the above categorisation. It has undertaken an exercise to assess the fair value of the assets leased under these arrangements through the use of its property valuer, and these have been recorded in the financial statements as non-current assets.

The PFCC as lessor

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

The PFCC does not hold any finance leases.

Operating leases

Where the PFCC grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet.

Rental income is credited to the Other Operating Expenditure line in the CIES on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease).

Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

2.25 Financial Instruments

Adoption of IFRS 9

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

Classifications

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

Financial Assets

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

- Amortised Cost (where cash flows are solely payments of principal and interest and the PFCC's business model is to collect those cash flows) comprising:
  - Cash in hand
  - Force bank accounts with Lloyds bank
  - Fixed term deposits banks and building societies
  - Loans to UK local authorities
  - Certificates of deposit and covered bonds issued by banks and building societies
  - Treasury bills and gilts issued by the UK Government
  - Bonds issued by multilateral development banks and large companies
  - Lease receivables
  - Trade receivables for goods and services provided
- Fair Value through Other Comprehensive Income (where cash flows are solely payments of principal and interest and the PFCC's business model is to both collect those cash flows and sell the instrument; and equity investments that the PFCC has elected into this category) comprising:
  - Bonds issued by banks, building societies, the UK Government, multilateral development banks and large companies, that the PFCC holds to sell if cash flow needs demand
  - Pooled bond, equity and property funds managed by fund managers held as strategic investments
  - Equity investments held for service purposes, and
  - Trade receivables for goods and services provided that may be sold to a debt collection agency
- Fair Value through Profit and Loss (all other financial assets) comprising:
  - Money market funds managed by fund managers
  - Pooled bond, equity and property funds managed by fund managers
  - Equity investments
  - Loans where the cash flows are not solely payments of principal and interest

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

Financial Liabilities

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

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

- Long-term loans (where applicable) from the Public Works Loans Board (PWLB) and commercial lenders
- Short-term loans from UK local authorities
- Authorised overdraft facility with Lloyds bank
- Lease payables
- Trade payables for goods and services received

Fair Values

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

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

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

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

2.26 Cash and Cash Equivalents

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

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

Cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and which form an integral part of the PFCC's cash management. Where these balances are in a net credit position, a current asset is recorded in the Balance Sheet. Where the PFCC has a net overdraft position with offsetting balances in other accounts, a negative cash and cash equivalents balance (current liability) will be recorded in the Balance Sheet. Where the PFCC has a gross overdraft position without any option to offset other account balances, this will be recorded as a bank overdraft (current liability) within the Balance Sheet, with any further cash equivalents presented separately within current assets.

Cash and cash equivalents will also include liabilities in relation to seized monies received from third parties, which are held by the PFCC at the Balance Sheet date.

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

In accordance with paragraph 3.3.4.3 of the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26, the Police, Fire and Crime Commissioner (PFCC) is required to disclose information relating to the impact of new accounting standards that have been issued but have not yet been adopted by the Code.

The Code adapts IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors such that this disclosure is limited to those standards listed in Appendix C of the relevant future edition of the Code.

Based on CIPFA/LASAAC consultation on the 2026/27 Code (Section 5 – Changes to accounting standards), the following items have been identified for consideration in the 2025/26 "issued but not yet adopted" disclosure:

- Amendments to FRS 102 (heritage assets),
- Amendments to IFRS 9 and IFRS 7 (classification and measurement),
- Annual improvements to IFRS standards (Volume 11), and
- Amendments relating to contracts referencing nature-dependent electricity (IFRS 9 and IFRS 7).

The PFCC has assessed the applicability of these items to its transactions and balances and, based on information currently available, does not expect their adoption to have a material impact on the PFCC's financial statements. Where the impact is not yet known or reasonably estimable, this will be kept under review as part of the annual update of accounting policies.

4. Critical Judgements in Applying Accounting Policies

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

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

Joint Activities

The PFCC and Chief Constable participates in some joint activities with the Police and Crime Commissioner for Kent, in particular a shared Serious Crime Directorate and Support Services Directorate. The PFCC and Chief Constable also participate in some joint activities with other Eastern Region Authorities. These activities are deemed by the PFCC and the Chief Constable to be jointly controlled activities in accordance with the Code of Practice. Accordingly, the Statement of Accounts does not include group accounts for these activities. Further details of joint activities are shown in note 44, Jointly Controlled Operations and Collaborative Activity.

Governance

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

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

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

5. Events after the Reporting Period

When an event occurs after the Balance Sheet date the PFCC is required to assess the accounting impact of this in accordance with the guidance of IAS 10. When such an event provides evidence of conditions that existed at the Balance Sheet date an adjusting event occurs, and the amounts recognised in the Statement of Accounts are amended to take account of any changes 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 identified between the year-end and the date of approval of these accounts which are applicable to IAS 10, which require adjustment to these financial statements.

6. Going Concern

These 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.

The Essex Police Fire and Crime Commissioner Group, incorporating the Chief Constable (PFCC Group) continues to deliver its full range of services in accordance with the Essex Police and Crime Plan (PCP) and there are no known material proposals or pressures to reduce these services. Monitoring and public scrutiny of delivery against the PCP is undertaken by the PFCC's Strategic Board and Performance and Resources Scrutiny Board.

Assessment Period and Review:
Management has assessed the Group's ability to continue as a going concern for at least 12 months from the date these financial statements are authorised for issue.

This assessment is underpinned by detailed monthly cashflow projections to 31st March 2027 and quarterly projections to 30th September 2027, which reflect the latest budget, funding, and expenditure assumptions available at the time of preparing these accounts.

Cashflows and Liquidity:
The 2026/27 forecast shows total income of £573.0m and total expenditure of £571.4m, resulting in a net cash inflow of £1.6m. The Group manages liquidity within the approved Treasury Management Strategy.

The cashflow forecast includes the requirement to maintain a minimum cash and investment balance of £10.0m in order to retain 'professional client' status under the Markets in Financial Instruments Directive (MiFID II). Where operational cashflows would otherwise reduce balances below this threshold, short-term external borrowing may be used to maintain the required level of cash and investments.

This borrowing is undertaken for treasury management purposes, is supported by corresponding cash and investment balances, and is managed within approved borrowing limits. It does not, in itself, indicate a liquidity shortfall. Interest costs associated with this activity are not material at Group level.

MiFID II considerations:
The going concern assessment explicitly reflects the decision to retain 'professional client' status under MiFID II. Maintaining the associated £10.0m minimum cash and investment balance is a treasury management classification requirement rather than a funding or solvency constraint. Cashflow forecasts prepared for the going concern assessment assume compliance with this requirement throughout the assessment period and include the use of short-term borrowing where required. Management is satisfied that sufficient borrowing capacity and market access exist to support this approach for at least 12 months from the date of authorisation of these financial statements.

Limitations and Uncertainties in Forecasts:
The cashflow forecasts are based on the best information available at the time of preparing these accounts and reflect the latest approved budget, known funding assumptions, expected expenditure profiles, planned capital financing requirements and treasury management assumptions.

Actual cashflows may differ from forecast due to the timing of grant receipts, council tax precept payments, capital expenditure, borrowing requirements, interest rates, and operational cost pressures. Management reviews the forecasts regularly and updates them as new information becomes available.

The forecasts include prudent assumptions around short-term borrowing and minimum cash and investment balances, and do not indicate any material uncertainty that would cast significant doubt on the Group's ability to continue as a going concern.

Reserves and Financial Resilience:
Usable reserves at 31st March 2026 comprise a General Reserve of £13.7m, representing 3.0% of the net revenue expenditure budget for 2026/27. This takes into account the fact that £0.6m of ERSOU-related funding appropriated at 2025/26 year-end will be immediately appropriated back into revenue in 2026/27. The PFCC's Reserves Strategy seeks to maintain the General Reserve at no less than 3.0% of net revenue expenditure across the Medium-Term Financial Strategy (MTFS) period.

In addition to the General Reserve, the PFCC holds earmarked reserves of £15.1m at 31st March 2026, a further breakdown of which can be found in notes 38 and 39.

The General Reserve provides a financial contingency against unexpected cost pressures, while earmarked reserves are held for specific known commitments, risks and planned investment. These reserves provide short-term financial resilience and support the going concern assessment, but they are not relied upon as a substitute for setting balanced budgets over the medium term.

Funding Outlook and Mitigations:
Following a challenging budget-setting process for 2026/27, the PFCC Group continues to engage with the Home Office, directly and through the NPCC, to highlight the structural funding challenges faced by Essex Police. This engagement will continue through the Comprehensive Spending Review process and wider national discussions on police funding reform.

The short and medium-term funding outlook remains challenging, with future budget gaps arising from savings not yet fully identified and future funding assumptions that remain unconfirmed.

The PFCC Group continues to develop plans to balance future year budgets through the annual budget-setting process, including consideration of further savings, efficiencies, service prioritisation and, where appropriate, changes to the council tax precept.

Although these matters represent a strategic financial risk, there is no current indication that service delivery against the Police and Crime Plan will be materially affected by a shortfall in financial resources, nor is there any immediate threat to the going concern status of the Group. The funding position is monitored through established governance arrangements and is reflected as a strategic risk within the Force Management Statement (FMS).

Conclusion:
A review of the latest going concern assessment, including the updated cashflow forecasts and reserve levels, has concluded that there are no material uncertainties that cast significant doubt on the ability to continue as a going concern for at least 12 months from the date of approval of these financial statements. There are also no adjusting or non-adjusting events to recognise as a result of the funding challenges identified for the 2026/27 budget-setting process or the medium-term period beyond.

This conclusion also takes into account the requirement to maintain a minimum £10.0m cash and investment balance for MiFID II professional client status, which is fully reflected in the cashflow forecasts and treasury management arrangements.

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

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

The key judgements and estimation of uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out within the tables below.

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment – valuations	The PFCC values land and buildings through a structured revaluation programme, with full professional valuations undertaken at least every five years and indexation applied in intervening years. This approach is consistent with the Code and is designed to ensure that carrying values remain materially appropriate at the Balance Sheet date. Valuations are undertaken by the PFCC's external professional valuer, Wilks, Head and Eve, using established valuation methodologies. The valuation process involves judgement over market conditions, asset condition, rental values, yields, construction costs and the continuing operational use of assets. The PFCC retains responsibility for the assumptions and outputs used within the financial statements. As assets are not all subject to full professional valuation each year, with indexation applied in intervening years, there remains a degree of estimation uncertainty for assets updated by indexation or other review procedures. Where there is evidence of material volatility or asset-specific change, additional valuation work is undertaken to ensure carrying amounts remain appropriate.	As not all assets are subject to full valuation at the reporting date, there is inherent estimation uncertainty in the carrying values of property, plant and equipment. Changes in market conditions, including movements in property values, construction costs or economic factors, may result in differences between the carrying value and current value of assets. Where such changes are material, adjustments may be required to the carrying values of property, plant and equipment in future financial statements, either through revaluation, impairment review or indexation. The accounting impact would depend on the nature of the movement and may affect the Revaluation Reserve, Capital Adjustment Account or Comprehensive Income and Expenditure Statement.
Item	**Uncertainties**	**Effect if Actual Results Differ from Assumptions**
Pensions Liability – actuary roll - forward approach	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. In respect of the Police Officer Pension Scheme the latest valuation was undertaken at the 1st April 2020, with the next valuation due to be undertaken as at 31st March 2024, setting contributions for the three year period from 2027/28 onwards.	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.

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Pensions Liability – actuary roll - forward approach (continued)	The revaluation process is primarily to review and reset contribution rates going forward based upon the liability position. Nevertheless, based on the material value of the police officer pension liability, the PFCC has opted for a full member by member valuation approach this year, meaning the figures included in the 2025/26 Statement of Accounts should be timelier and more accurate.	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. For police officers, the use of the full member by member approach in 2025/26 means the likelihood of actual results deviating from the estimated position is far less than when the previous approach was adopted.
Pensions Liability – sensitivity of variable factors	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the level at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the PFCC with expert advice about the assumptions to be applied. A small amendment to the discount or mortality rates used to calculate future pension liabilities can potentially have a material impact on the values recognised in the Balance Sheet and can be critical to accurate decision making when assessing future financial challenges. However, the various assumptions interact in complex ways and the PFCC will therefore work closely with its actuaries when determining these rates so the impact of any changes can be fully understood.	The various potential impacts of these uncertainties are illustrated in the relevant table in note 46 that shows the outcome should a variance of +0.1% or -0.1% occur based on the current assumptions. In addition, the effects on the net pension liability of changes in individual assumptions can be measured. A 0.1% increase in the discount rate assumption for Police Staff pensions would result in a decrease in the pension liability of £6.806m. 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 £67.899m. Subsequent actions arising for the PFCC and the Chief Constable may include the potential requirement to increase deficit contributions in this scenario.

8. Contingent Liabilities

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

Based on the criteria included in IAS 37 Provisions, Contingent Liabilities and Contingent Assets no contingent liabilities have been disclosed in the 2025/26 Statement of Accounts.

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

The Statement of Accounts was authorised for issue on 29th June 2026 by Jeremy White FCCA, Acting S151 Officer to the PFCC.

10. Expenditure and Funding Analysis

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

EFA for the PFCC Group – 2024/25

	Net expenditure chargeable to the General Reserve	Total Adjustments Adjustments for capital purposes (EFA note 1)	Net charge for pensions adjustments (EFA note 2)	Other differences (EFA note 3)	Total adjustments	Net expenditure in the Comprehensive Income and Expenditure Statement
	£000	£000	£000	£000	£000	£000
Police officer pay and allowances	260,723	-	(24,662)	44	**(24,619)**	**236,104**
PCSO pay and allowances	3,690	-	-	-	**-**	**3,690**
Police staff pay and allowances	105,330	-	(2,832)	52	**(2,780)**	**102,550**
Ill-health/medical pensions	6,340	-	-	-	**-**	**6,340**
Training	1,871	-	-	-	**-**	**1,871**
Other employee expenses	2,409	-	-	-	**-**	**2,409**
Premises	11,610	5,024	-	-	**5,024**	**16,634**
Transport	6,422	1,808	-	-	**1,808**	**8,230**
Supplies & services	50,532	5,640	-	-	**5,640**	**56,173**
Third party payments	7,731	-	-	-	**-**	**7,731**
Fees charges and other service income	(20,987)	-	-	-	**-**	**(20,987)**
Government grants and contributions	(50,596)	(13)	-	-	**(13)**	**(50,609)**
Net Cost of Service	**385,075**	**12,459**	**(27,494)**	**96**	**(14,939)**	**370,135**
Income from council tax	(166,661)	-	-	591	**591**	**(166,069)**
Non-specific government grant income	(218,877)	-	(29,674)	-	**(29,674)**	**(248,551)**
Other income and expenditure	2,187	(6,548)	110,689	-	**104,141**	**106,328**
(Surplus)/Deficit on Provision of Services	**1,724**	**5,911**	**53,521**	**687**	**60,120**	**61,843**

(Surplus)/Deficit to Earmarked Reserves and General Reserve	**3,144**
Opening Earmarked Reserves and General Reserve balance at 1st April 2024	(25,750)
Less (surplus)/deficit on Earmarked and General Reserve balance in Year	1,724
Less transfer from Capital Receipts Reserve to fund revenue expenditure	(65)
Closing Earmarked Reserves and General Reserve balance at 31st March 2025	**(24,091)**

EFA for the PFCC – 2024/25

	Net expenditure chargeable to the General Reserve	Total Adjustments Adjustments for capital purposes (EFA note 1)	Net charge for pensions adjustments (EFA note 2)	Other differences (EFA note 3)	Total adjustments	Net expenditure in the Comprehensive Income and Expenditure Statement
	£000	£000	£000	£000	£000	£000
Police staff pay and allowances	2,305	-	(84)	2	**(82)**	**2,222**
Training	1,837	-	-	-	**-**	**1,837**
Other employee expenses	365	-	-	-	**-**	**365**
Premises	11,610	5,024	-	-	**5,024**	**16,634**
Transport	5,208	1,808	-	-	**1,808**	**7,017**
Supplies & services	49,844	5,640	-	-	**5,640**	**55,484**
Third party payments	7,731	-	-	-	**-**	**7,731**
Fees charges and other service income	(20,987)	-	-	-	**-**	**(20,987)**
Government grants and contributions	(50,596)	(13)	-	-	**(13)**	**(50,609)**
Cost of Service	**7,316**	**12,459**	**(84)**	**2**	**12,377**	**19,693**
Intra group adjustment for CC's net service cost	377,758	-	29,674	-	**29,674**	**407,432**
Net Cost of Services	**385,075**	**12,459**	**29,590**	**2**	**42,051**	**427,125**
Income from council tax	(166,661)	-	-	591	**591**	**(166,069)**
Non-specific government grant income	(218,877)	-	(29,674)		**(29,674)**	**(248,551)**
Other income and expenditure	2,187	(6,548)	(6)	-	**(6,554)**	**(4,367)**
(Surplus)/Deficit on Provision of Services	**1,724**	**5,911**	**(90)**	**593**	**6,414**	**8,138**

(Surplus)/Deficit to Earmarked Reserves and General Reserve	**1,724**
Opening Earmarked Reserves and General Reserve balance at 1st April 2024 (includes Future Capital Funding Reserve)	(25,750)
Less (surplus)/deficit on Earmarked and General Reserve balance in Year	(1,724)
Less transfer from Capital Receipts Reserve to fund revenue expenditure	(65)
Closing Earmarked Reserves and General Reserve balance at 31st March 2025	**(24,091)**

EFA for the PFCC Group – 2025/26

	Net expenditure chargeable to the General Reserve	Total Adjustments: Adjustments for capital purposes (EFA note 1)	Total Adjustments: Net charge for pensions adjustments (EFA note 2)	Total Adjustments: Other differences (EFA note 3)	Total adjustments	Net expenditure in the Comprehensive Income and Expenditure Statement
	£000	£000	£000	£000	£000	£000
Police officer pay and allowances	275,410	-	(39,802)	363	**(39,440)**	**235,970**
PCSO pay and allowances	3,624	-	-	-	**-**	**3,624**
Police staff pay and allowances	107,724	-	(8,384)	(21)	**(8,405)**	**99,318**
Ill-health/medical pensions	5,635	-	-	-	**-**	**5,635**
Training	1,561	-	-	-	**-**	**1,561**
Other employee expenses	3,203	-	-	-	**-**	**3,203**
Premises	12,134	3,868	-	-	**3,868**	**16,002**
Transport	6,262	2,085	-	-	**2,085**	**8,348**
Supplies & services	49,746	5,275	-	-	**5,275**	**55,021**
Third party payments	9,321	-	-	-	**-**	**9,321**
Fees charges and other service income	(22,773)	-	-	-	**-**	**(22,773)**
Government grants and contributions	(52,344)	-	-	-	**-**	**(52,344)**
Net Cost of Service	**399,502**	**11,228**	**(48,186)**	**342**	**(36,616)**	**362,886**
Income from council tax	(177,948)	-	-	(1,444)	(1,444)	**(179,392)**
Non-specific government grant income	(232,325)	-	(27,640)	-	(27,640)	**(259,964)**
Other income and expenditure	6,062	(3,488)	118,195	-	114,707	**120,769**
(Surplus)/Deficit on Provision of Services	**(4,708)**	**7,741**	**42,369**	**(1,102)**	**49,007**	**44,299**

(Surplus)/Deficit to Earmarked Reserves and General Reserve	**(4,708)**
Opening Earmarked Reserves and General Reserve balance at 1st April 2025	(24,091)
Less (surplus)/deficit on Earmarked Reserves and General Reserve balance in year	(4,708)
Less transfer from Capital Receipts Reserve to fund revenue expenditure	
Closing Earmarked Reserves and General Reserve balance at 31st March 2026	**(28,800)**

EFA for the PFCC – 2025/26

	Net expenditure chargeable to the General Reserve	Total Adjustments: Adjustments for capital purposes (EFA note 1)	Total Adjustments: Net charge for pensions adjustments (EFA note 2)	Total Adjustments: Other differences (EFA note 3)	Total adjustments	Net expenditure in the Comprehensive Income and Expenditure Statement
	£000	£000	£000	£000	£000	£000
Police staff pay and allowances	2,373	-	(153)	(11)	**(164)**	**2,208**
Training	1,544	-	-	-	**-**	**1,544**
Other employee expenses	295	-	-	-	**-**	**295**
Premises	12,134	3,868	-	-	**3,868**	**16,002**
Transport	5,195	2,085	-	-	**2,085**	**7,280**
Supplies & services	48,849	5,275	-	-	**5,275**	**54,125**
Third party payments	8,013	-	-	-	**-**	**8,013**
Fees charges and other service income	(22,773)	-	-	-	**-**	**(22,773)**
Government grants and contributions	(52,344)	-	-	-	**-**	**(52,344)**
Cost of Service	**3,287**	**11,228**	**(153)**	**(11)**	**11,064**	**14,350**
Intra group adjustment for CC's net service cost	396,216	-	27,640	-	**27,640**	**423,855**
Net Cost of Services	**399,502**	**11,228**	**27,487**	**(11)**	**38,704**	**438,205**
Income from council tax	(177,948)	-	-	(1,444)	**(1,444)**	**(179,392)**
Non-specific government grant income	(232,325)	-	(27,640)	-	**(27,640)**	**(259,964)**
Other Income and Expenditure	6,062	(3,488)	(8)	-	**(3,496)**	**2,566**
(Surplus)/Deficit on Provision of Services	**(4,708)**	**7,741**	**(161)**	**(1,455)**	**6,124**	**1,416**

(Surplus)/Deficit to Earmarked Reserves and General Reserve	**(4,708)**
Opening Earmarked Reserves and General Reserve balance at 1st April 2025	(24,091)
Less (surplus)/deficit on Earmarked Reserves and General Reserve balance in year	(4,708)
Less transfer from Capital Receipts Reserve to fund revenue expenditure	
Closing Earmarked Reserves and General Reserve balance at 31st March 2026	**(28,800)**

11. Notes to the Expenditure and Funding Analysis

PFCC Group

Capital Adjustments - Group	2024/25 £000	2025/26 £000
Adjustments for Capital Purposes (EFA Note 1)		
Additional items included within the Comphrehensive Income and Expenditure Statement		
Depreciation and revaluations - property	5,286	4,130
Depreciation and revaluations - vehicles and vessels	1,808	2,085
Depreciation and revaluations - plant, equipment, I.T. and intangibles	5,640	5,275
IFRS 16 adjustments - property	(262)	(262)
Specific capital grants	(13)	-
Total adjustments included within the Net Cost of Services	**12,459**	**11,228**
Remove items included within net expenditure chargeable to the General Reserve balance		
Minimum revenue provision	(1,894)	(3,037)
Revenue contribution to capital	(1,037)	(3,622)
Add items included within the Comprehensive Income and Expenditure Statement		
Net (gain)/loss on disposal of non-current assets	(3,616)	3,171
Total adjustments included within the (Surplus)/Deficit on the Provision of Services	**(6,548)**	**(3,488)**
Total adjustments	**5,911**	**7,741**

Pensions Adjustments - Group	2024/25 £000	2025/26 £000
Adjustments for Pensions (EFA Note 2)		
Additional items included within the Comphrehensive Income and Expenditure Statement		
Costs recognised in respect of IAS 19 - officers	(24,662)	(39,802)
Costs recognised in respect of IAS 19 - staff	(2,832)	(8,384)
Total adjustments included within the Net Cost of Services	**(27,494)**	**(48,186)**
Additional items included within the Comphrehensive Income and Expenditure Statement		
Costs recognised in respect of IAS 19 - officers	110,932	120,095
Costs recognised in respect of IAS 19 - staff	(243)	(1,900)
Police Officer Pension Grant	(29,674)	(27,640)
Total adjustments included within the (Surplus)/Deficit on the Provision of Services	**81,015**	**90,555**
Total adjustments	**53,521**	**42,369**

Other Adjustments - Group	2024/25 £000	2025/26 £000
Adjustments for other differences (EFA note 3)		
Additional items included within the Comphrehensive Income and Expenditure Statement		
Movement on accumulated absences liability - officers	44	363
Movement on accumulated absences liability - staff	52	(21)
Total adjustments included within the Net Cost of Services	**96**	**342**
Additional items included within the Comphrehensive Income and Expenditure Statement		
Movement on Collection Fund Adjustment Account	591	(1,444)
Total adjustments included within the (Surplus)/Deficit on the Provision of Services	**591**	**(1,444)**
Total adjustments	**687**	**(1,102)**

PFCC

Capital Adjustments - PFCC	2024/25 £000	2025/26 £000
<u>**Adjustments for Capital Purposes (EFA Note 1)**</u>		
Additional items included within the Comphrehensive Income and Expenditure Statement		
Depreciation and revaluations - property	5,024	3,868
Depreciation and revaluations - vehicles and vessels	1,808	2,085
Depreciation and revaluations - plant, equipment, I.T. and intangibles	5,640	5,275
Specific capital grants	(13)	-
Total adjustments included within the Net Cost of Services	**12,459**	**11,228**
Remove items included within the Net expenditure chargeable to the General Reserve Balance		
Minimum revenue provision	(1,894)	(3,037)
Revenue contribution to capital	(1,037)	(3,622)
Additional items included within the Comphrehensive Income and Expenditure Statement		
Net (gain)/loss on disposal of non-current assets	(3,616)	3,171
Total adjustments included within the (Surplus)/Deficit on the Provision of Services	**(6,548)**	**(3,488)**
Total adjustments	**5,911**	**7,741**

Pensions Adjustments - PFCC	2024/25 £000	2025/26 £000
<u>**Adjustments for Pensions (EFA Note 2)**</u>		
Additional items included within the Comphrehensive Income and Expenditure Statement		
Costs recognised in respect of IAS 19	(84)	(153)
Chief constable intra-group adjustment in respect of Police Officer Pension Scheme	29,674	27,640
Total adjustments included within the Net Cost of Services	**29,590**	**27,487**
Additional items included within the Comphrehensive Income and Expenditure Statement		
Costs recognised in respect of IAS 19	(6)	(8)
Police Officer Pension Grant	(29,674)	(27,640)
Total adjustments included within the (Surplus)/Deficit on the Provision of Services	**(29,680)**	**(27,648)**
Total adjustments	**(90)**	**(161)**

Other Adjustments - PFCC	2024/25 £000	2025/26 £000
<u>**Adjustments for other differences (EFA note 3)**</u>		
Additional items included within the Comphrehensive Income and Expenditure Statement		
Movement on accumulated absences liability - staff	2	(11)
Total adjustments included within the Net Cost of Services	**2**	**(11)**
Additional items included within the Comphrehensive Income and Expenditure Statement		
Movement on Collection Fund Adjustment Account	591	(1,444)
Total adjustments included within the (Surplus)/Deficit on the Provision of Services	**591**	**(1,444)**
Total adjustments	**593**	**(1,455)**

12. Intra Group Adjustments

This note provides an explanation for an intra group adjustment within the respective accounts. These adjustments reflect the financial resources consumed by the Chief Constable on behalf of the PFCC. The corresponding recharge to the PFCC accounts includes a further adjustment to ensure the intra-group recharge is calculated on a funding basis rather than accounting regulations. This includes adjustments for IAS 19 pensions costs and movements in respect of 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 2025/26 accounting statements the value of the intra-group adjustment is £423.855m (2024/25, £407.432m). This figure is represented as follows:

- Financial resources consumed 2025/26 - £348.535m (£350.442m in 2024/25)
- Plus funding basis adjustment in respect of IAS 19 - £75.673m (£57.084m addition in 2024/25)
- Less funding basis adjustment in respect of Accumulated Absences - £0.353m (£0.094m deduction in 2024/25)

In respect of outstanding intra group balances at the 31st March 2026, the PFCC recognised a creditor of £1.332m with the Chief Constable, representing employee-related commitments at year-end.

13. Officers' Remuneration

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

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

The PFCC's pay is set by an external organisation known as the Senior Salaries Review Body, which is overseen by the Home Secretary. The pay for senior members of police staff at Chief Officer level is based on Assistant Chief Constable salary levels across the force.

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

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

Senior police officers are defined by the CIPFA Guidance as those at Chief Superintendent rank and above. 2024/25 Officer numbers have been re-stated to include only senior police officers.

PFCC Group

Remuneration Band	2024/25 Police Officers (Restated)	2024/25 Police Staff	2024/25 Total	2025/26 Police Officers	2025/26 Police Staff	2025/26 Total
£50,000 - £54,999	-	118	**118**	-	92	**92**
£55,000 - £59,999	-	53	**53**	-	86	**86**
£60,000 - £64,999	-	20	**20**	-	35	**35**
£65,000 - £69,999	-	14	**14**	-	12	**12**
£70,000 - £74,999	-	6	**6**	-	5	**5**
£75,000 - £79,999	-	2	**2**	-	6	**6**
£80,000 - £84,999	-	3	**3**	-	3	**3**
£85,000 - £89,999	-	3	**3**	-	2	**2**
£90,000 - £94,999	-	1	**1**	-	2	**2**
£95,000 - £99,999	3	2	**5**	-	2	**2**
£100,000 - £104,999	2	1	**3**	3	2	**5**
£105,000 - £109,999	1	-	**1**	3	-	**3**
£110,000 - £114,999	7	1	**8**	1	-	**1**
£115,000 - £119,999	-	-	**-**	5	-	**5**
£120,000 - £124,999	-	-	**-**	-	-	**-**
£125,000 - £129,999	-	-	**-**	-	-	**-**
£130,000 - £134,999	-	-	**-**	-	1	**1**
Total for Group	**13**	**224**	**237**	**12**	**248**	**260**

PFCC

Remuneration Band	2024/25 Police Staff	2025/26 Police Staff
£50,000 - £54,999	5	2
£55,000 - £59,999	2	4
£60,000 - £64,999	1	1
£65,000 - £69,999	1	1
£70,000 - £74,999	1	-
£75,000 - £79,999	-	1
£80,000 - £84,999	-	-
£85,000 - £89,999	-	-
£90,000 - £94,999	-	-
£95,000 - £99,999	-	-
Total for PFCC	**10**	**9**

The numbers above exclude police officers and staff disclosed in the following Senior Officers' Remuneration tables.

The figures above include the following staff who are employed by Essex Police as part of a collaborative arrangement, under which only a proportion of the costs remain with the force. The residual costs are recharged to partnering forces. More detail on these joint arrangements is included in note 44:

- Three members of the Seven Force Procurement team (7FP team) for whom we retain 21.86% of costs
- Sixty-nine members who are employed as part of Essex Police collaborative agreements with Kent Police, for whom we retain 50% of costs

All figures include officers and staff seconded to other police forces, government departments and other public bodies.

Senior Officers' Remuneration note

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

PFCC Group – 2024/25

2024/25	Salary (note 1)	Benefits in Kind (note 2)	Allowances (note 3)	Employers Pension contributions (note 4)	Total Remuneration
	£	£	£	£	£
Chief Constable - BJ Harrington	209,355	1,244	4,960	-	**215,559**
Deputy Chief Constable (note 5)	125,632	1,205	2,250	41,297	**170,384**
Deputy Chief Constable (note 6)	40,251	326	750	14,209	**55,535**
Assistant Chief Constable	127,011	1,081	3,000	44,835	**175,927**
Assistant Chief Constable (note 7)	99,252	977	2,250	35,036	**137,515**
Temporary Assistant Chief Constable (note 8)	35,335	-	3,062	12,298	**50,695**
Temporary Assistant Chief Constable (note 9)	43,200	2,611	1,653	15,250	**62,714**
Temporary Assistant Chief Constable (note 10)	105,868	-	3,783	38,250	**147,901**
Temporary Assistant Chief Constable (note 11)	30,155	214	916	10,633	**41,918**
Chief Finance Officer of the Chief Constable	116,123	-	5,400	23,805	**145,328**
Director of Continuous Improvement & Analysis	127,442	1,160	-	26,126	**154,728**
Director of Essex & Kent Support Services	123,564	1,068	-	25,331	**149,963**
Director of External Affairs, Engagement & Corporate	62,922	1,592	-	14,332	**78,846**
Police, Fire & Crime Commissioner	91,600	-	-	-	**91,600**
Deputy Police, Fire & Crime Commissioner	86,206	-	-	17,672	**103,878**
Chief Executive - Police, Fire and Crime Commissioner	113,150	-	-	23,196	**136,346**
Strategic Head of Performance and Resources for the PFCC	84,111	-	-	17,243	**101,354**
Total for Group	**1,621,178**	**11,477**	**28,023**	**359,513**	**2,020,191**

PFCC – 2024/25

2024/25	Salary (note 1)	Benefits in Kind (note 2)	Allowances (note 3)	Employers Pension Contributions (note 4)	Total Remuneration
	£	£	£	£	£
Police, Fire & Crime Commissioner	91,600	-	-	-	**91,600**
Deputy Police, Fire & Crime Commissioner	86,206	-	-	17,672	**103,878**
Chief Executive - Police, Fire and Crime Commissioner	113,150	-	-	23,196	**136,346**
Strategic Head of Performace and Resources for the PFCC	84,111	-	-	17,243	**101,354**
Total for PFCC	**375,067**	**-**	**-**	**58,111**	**433,178**

1. The salary figures show just salary costs (i.e. they do not include allowances)
2. Benefits in kind represent the monetary value of force-provided vehicles that are untaxable through the payroll system
3. Allowances, where applicable, include housing allowance, south-east allowance, and monthly car allowances where these are paid as a cash alternative or as a reimbursement for a private lease arrangement. These arrangements have been agreed in preference to a force provided lease vehicle which are reflected in the Benefits in Kind figures.
4. Employer pension contributions are an employer cost and are not received by the employee
5. The Deputy Chief Constable was in role until they left on 31st December 2024. Had they been in the Deputy Chief Constable post for the full year, their costs would have been £157,241 plus allowances.

6. The Deputy Chief Constable was promoted into post on 1st January 2025 and the 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 £157,962 plus allowances.
7. The Assistant Chief Constable was in post until 31st December 2024 before promotion to Deputy Chief Constable and the costs shown are up to this point. Had they been in the Assistant Chief Constable post for the full year, their cost would have been £133,191 plus allowances.
8. The Temporary Assistant Chief Constable left on 7th July 2024. Had they been in the Temporary Assistant Chief Constable post for the full year, their costs would have been £133,191 plus allowances.
9. The Temporary Assistant Chief Constable was on secondment to another force until they left the post on 31st July 2024. The costs shown have been recharged to the seconded force. Had they been in post for the full year, their cost would have been £133,191 plus allowances.
10. The Temporary Assistant Chief Constable was promoted into post on 10th May 2024 and the costs shown are from this point to the end of the year. Had they been in the Temporary Assistant Chief Constable post for the full year, their costs would have been £118,213 plus allowances.
11. The Temporary Assistant Chief Constable was promoted into post on 1st January 2025 and the costs shown are from this point to the end of the year. Had they been in the Temporary Assistant Chief Constable post for the full year, their costs would have been £118,213 plus allowances.
12. The Director of External Affairs, Engagement & Corporate Communications was promoted into post on 23rd September 2024 and the costs shown are from this point to the end of the year. Had they been in this post for the full year, their costs would have been £118,213 plus allowances.

Members of the Essex Police Chief Officer Team

In addition to the police officers and police staff shown in the table above, the Essex Police Chief Officer Management Team also included the following shared posts paid via the Kent Police payroll with 50% of their costs recharged to Essex Police during 2024/25:

- Assistant Chief Constable
- Director of Human Resources

Their remuneration is disclosed in full in the Kent Police Statement of Accounts which can be found at the following link www.kent.police.uk/foi-ai/kent-police/what-we-spend/statement-of-accounts

Senior Officers' Remuneration Note

PFCC Group – 2025/26

2025/26	Salary (note 1)	Benefits in Kind (note 2)	Allowances (note 3)	Employers Pension contributions (note 4)	Total Remuneration
	£	£	£	£	£
Chief Constable - BJ Harrington	224,689	1,866	4,960	-	**231,515**
Deputy Chief Constable - R Nolan	168,548	1,953	2,750	59,497	**232,748**
Assistant Chief Constable (note 5)	17,882	191	362	6,312	**24,747**
Assistant Chief Constable	130,516	1,439	2,910	45,966	**180,831**
Assistant Chief Constable	125,279	2,493	2,750	44,200	**174,722**
Assistant Chief Constable (note 6)	91,038	1,583	1,782	32,136	**126,539**
Chief Finance Officer of the Chief Constable (note 7)	58,296	-	2,700	12,318	**73,314**
Chief Finance Officer of the Chief Constable (note 8)	75,751	1,162	-	20,592	**97,505**
Director of Continuous Improvement & Analysis	140,590	1,741	-	29,946	**172,277**
Director of Essex & Kent Support Services (note 9)	136,607	1,602	-	29,097	**167,306**
Director of External Affairs, Engagement & Corporate	102,806	2,895	-	21,947	**127,648**
Police, Fire & Crime Commissioner	94,761	-	-	-	**94,761**
Deputy Police, Fire & Crime Commissioner (note 11)	62,579	-	-	12,789	**75,368**
Deputy Police, Fire & Crime Commissioner (note 12)	12,856	-	-	2,738	**15,594**
Chief Executive - Police, Fire and Crime Commissioner	120,482	-	-	25,663	**146,145**
Strategic Head of Performance and Resources for the PFCC	85,068	-	-	18,709	**103,777**
Total for Group	**1,647,748**	**16,925**	**18,214**	**361,910**	**2,044,797**

PFCC – 2025/26

2025/26	Salary (note 1)	Benefits in Kind (note 2)	Allowances (note 3)	Employers Pension Contributions (note 4)	Total Remuneration
	£	£	£	£	£
Police, Fire & Crime Commissioner	94,761	-	-	-	**94,761**
Deputy Police, Fire & Crime Commissioner (note 11)	62,579	-	-	12,789	**75,368**
Deputy Police, Fire & Crime Commissioner (note 12)	12,856	-	-	2,738	**15,594**
Chief Executive - Police, Fire and Crime Commissioner	120,482	-	-	25,663	**146,145**
Strategic Head of Performace and Resources for the PFCC	85,068	-	-	18,709	**103,777**
Total for PFCC	**375,746**	**-**	**-**	**59,899**	**435,645**

1. The salary figures show just salary costs (i.e. they do not include allowances)
2. Benefits in kind represent the monetary value of force-provided vehicles that are untaxable through the payroll system.
3. Allowances, where applicable, include housing allowance, south-east allowance, and monthly car allowances where these are paid as a cash alternative or as a reimbursement for a private lease arrangement. These arrangements have been agreed in preference to a force provided lease vehicle which are reflected in the Benefits in Kind figures.
4. Employer pension contributions are an employer cost and are not received by the employee
5. The Assistant Chief Constable was in role until they left on 18th May 2025. Had they been in the Assistant Chief Constable post for the full year, their costs would have been £138,844 plus allowances.
6. The Assistant Chief Constable was appointed to the position on 8th August 2025 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 £138,844 plus allowances.

7. The Chief Finance Officer of the Chief Constable was in role until they left on 30th September 2025. Had they been in this post for the full year, their costs would have been £114,743 plus allowances.
8. The Chief Finance Officer of the Chief Constable was promoted into post on 1st October 2025 and had been Interim Chief Finance Officer of the Chief Constable from 25th July 2025. The costs shown are from 25th July 2025 to the end of the year. Had they been in this post for the full year, their costs would have been £101,516 plus allowances.
9. The Director of Essex & Kent Support Services is joint funded by Kent Police and the costs shown represents 100% of those incurred. 50% of these costs have been recharged to Kent.
10. The Director of External Affairs, Engagement & Corporate Communications was in role until they left on 25th January 2026. Had they been in this post for the full year, their costs would have been £127,370 plus allowances.
11. The Deputy Police, Fire & Crime Commissioner was in role until they left on 8th December 2025. Had they been in this post for the full year, their costs would have been £87,931 plus allowances.
12. The Deputy Police, Fire & Crime Commissioner was appointed to the position on 4th February 2026 and the costs shown are from this point to the end of the year. Had they been in post for the full year, their costs would have been £80,131 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 2025/26:

- Assistant Chief Constable
- Director of Human Resources

Their remuneration is disclosed in full in the Kent Police Statement of Accounts which can be found at the following link www.kent.police.uk/foi-ai/kent-police/what-we-spend/statement-of-accounts

14. 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 (CIES) 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 Severance Provision in-year, providing the total value charged to the CIES for the exit packages disclosed.

Exit package cost band	Compulsory Redundancies	Other Departures Agreed	Total Number of Exit Packages	Severance	Pension Strain	Total
	2024/25 Number of Exit Packages			Cost of Exit Packages		
				£	£	£
£0 - £20,000	2	-	2	18,675	-	18,675
£20,001 - £40,000	2	-	2	48,237	22,679	70,916
Total	**4**	**-**	**4**	**66,912**	**22,679**	**89,591**
Other adjustments included in the Comprehensive Income and Expenditure Statement						
Increase/(decrease) to Severance Provision						1,543,284
Contribution to severance and pension strain costs for 7F collaboration						23,976
Total other adjustments included in the Comprehensive Income and Expenditure statement						**1,567,260**
Total charged to the Comprehensive Income and Expenditure Statement						**1,656,851**

Exit package cost band	Compulsory Redundancies	Other Departures Agreed	Total Number of Exit Packages	Severance	Pension Strain	Total
	2025/26 Number of Exit Packages			Cost of Exit Packages		
				£	£	£
£0 - £20,000	13	1	14	147,246	6,701	153,947
£20,001 - £40,000	7	-	7	137,872	57,846	195,718
£40,001 - £60,000	4	-	4	54,760	139,995	194,755
£60,001 - £80,000	3	-	3	87,432	115,812	203,244
£80,001 - £150,000	5	-	5	165,618	416,856	582,474
Over £150,001	3	-	3	174,917	381,511	556,429
Total	**35**	**1**	**36**	**767,846**	**1,118,721**	**1,886,567**
Other adjustments included in the Comprehensive Income and Expenditure Statement						
Increase/(decrease) to Severence provision (see Note 31 to the Accounts)						886,336
Net contribution to severance and pension strain costs for collaborative roles						(107,554)
Adjustments for prior year exit package accruals						604
Total of other adjustments to the Comprehensive Income and Expenditure Statement						**779,386**
Total charged to the Comprehensive Income and Expenditure Statement						**2,665,953**

For the group there were 36 employee contracts terminated in 2025/26 (four employees in 2024/25). These include two collaborative roles for which Essex was the employing force. The full cost of these packages is recognised here within the Exit Package Costs. The contribution received from other forces is included within the other adjustments included in the Comprehensive Income and Expenditure Statement.

In addition, there was a contribution made towards the cost of redundancy for an employee of the Seven Force collaborative team, employed by a partner force. This contribution is recognised here under the other adjustments included in the Comprehensive Income and Expenditure Statement.

A provision for £1.577m was created in 2024/25 in respect of future probable redundancies in 2025/26. £1.445m of exit package costs incurred in 2025/26 have been charged against this provision with the unused balance of £0.132m being returned to the revenue account in year.

A provision for £2.464m has been created in 2025/26 in respect of future probable redundancies in 2026/27.

The total charged to the CIES in 2025/26 is £2.666m (£1.657m in 2024/25).

15. External Audit Costs

	2024/25 PFCC £000	2024/25 Group £000	2025/26 PFCC £000	2025/26 Group £000
External audit costs				
Fees payable to the appointed auditor in respect of external audit services carried out under the agreed audit fee plan for each financial year were as follows:				
2025/26	-	-	199	284
2024/25	190	271	59	85
2023/24	56	80	1	1
2022/23	28	47	-	-
Total	**274**	**398**	**259**	**370**

The above amounts represent fees for the statutory audit of the PFCC and the PFCC Group Financial Statements. No additional fees were incurred for non-audit services.

16. Income from Service Recipients

IFRS 15 requires the PFCC to recognise revenue from its contracts with service recipients. This income is included within fees, charges and other service income within the Comprehensive Income and Expenditure Statement and is detailed in the below table.

	2024/25 £000	2025/26 £000
Credited to Provision of Police Services (inside the scope of IFRS 15)		
Stansted Airport policing	(7,910)	(8,337)
Seconded officers and external funding	(1,405)	(1,789)
Collaborative activity with other forces	(2,130)	(2,691)
National Driver Offender Retraining Scheme (NDORS)	(2,828)	(3,093)
Vehicle seizures	(603)	(631)
Sale of assets	(269)	(237)
Fees and charges	(1,125)	(1,196)
Reimbursements and contributions	(929)	(1,129)
Sub-total	**(17,199)**	**(19,103)**
Credited to Provision of Police Services (outside the scope of IFRS 15)	(3,789)	(3,669)
Total Fees, Charges and Other Service Income	**(20,987)**	**(22,773)**

17. Government Grants and Contributions

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

	2024/25 £000	2025/26 £000
Credited to Taxation and Non Specific Grant Income		
Police Grant	(137,151)	(219,199)
Formula Funding	(68,600)	-
Council Tax Precepts	(166,069)	(179,392)
Council Tax Support Grant	(10,992)	(10,992)
Council Tax Freeze Grant	(2,133)	(2,133)
Pension Top Up Grant	(29,674)	(27,640)
Total	**(414,620)**	**(439,356)**
Credited to Provision of Police Services		
Eastern Region Special Operations Unit (ERSOU) Grants	(5,151)	(5,183)
Home Office Grants		
Police Pension Grant	(10,290)	(9,646)
Officer Pay Award Grant	(3,680)	(2,696)
Police Uplift Programme (PUP) Grant	(12,193)	(10,765)
Neighbourhood Policing Grant	-	(4,523)
Local Partnership Funding	(2,198)	(1,697)
PFCC Grants & Commissioning Partnership Funding	(9,188)	(8,475)
Support to Specific Police Operations	(1,603)	(3,167)
Proceeds of Crime Act Grant	(912)	(1,915)
CRB/DBS Grant	(2,801)	(3,089)
Other Grants	(2,593)	(1,187)
Total	**(50,609)**	**(52,343)**

With effect from 2025/26 Formula Funding has now been formally amalgamated into Police Grant.

18. Impairment of Assets

Paragraph 4.7.4.2(2) of the Code requires disclosure for each material impairment loss or impairment reversal per asset charged to the Surplus or Deficit on the Provision of Services, and to Other Comprehensive Income and Expenditure.

A material impairment has been recognised in relation to A Block at the Force Headquarters in Chelmsford following the identification of a structural defect in September 2025, as was reported in Note 5 (Events After the Reporting Period) of the 2024/25 Statement of Accounts. Subsequent surveys and technical inspections confirmed the nature and extent of the defect, enabling estimated remedial costs to be determined. These estimates have been used in assessing the impairment loss. At the Balance Sheet date, A Block remained as an operational asset and the asset continues to be valued on an Existing Use Value (EUV) basis within Level 2 of the fair value hierarchy. In consultation with external valuers, the valuation inputs have been adjusted to reflect the impact of the identified defect and associated remediation costs.

Noting the above issues, a total impairment of £0.814m has been recognised within Property, Plant and Equipment. The impairment reflects a reduction in the asset's carrying value to its recoverable amount, taking into account the costs required to restore the asset to its intended condition.

19. Leases

The PFCC classifies contracts as leases based on their substance. Contracts and parts of contracts, including those described as contracts for services, are analysed to determine whether they convey the right to control the use of an identified asset, through rights both to obtain substantially all the economic benefits or service potential from that asset and to direct its use.

The Code expands the scope of IFRS 16 Leases to include arrangements with nil consideration, peppercorn or nominal payments, with the associated assets, liabilities, gains and losses being recognised from 1st April 2024 onwards in respect of this new accounting standard, summarised in the following tables.

Essex Police as Lessee

Right-of-use assets

The below table shows the change in the value of right-to-use assets held under leases.

	Land and Buildings £000	Vehicles, Plant and Equipment £000	Total £000
Opening Balance	**7,760**	**287**	**8,047**
Additions during year	631	157	**788**
Disposals	0	(20)	**(20)**
Depreciation and amortisation	(492)	(127)	**(619)**
Balance at 31 March 2026	**7,899**	**297**	**8,196**

Transactions under leases

The PFCC incurred the following expenses and cashflows in relation to leases.

Expenditure charges to the Comprehensive Income and Expenditure Statement	2024/25 £000	2025/26 £000
Interest expense on lease liability	88	118
Minimum lease payments	332	348
Contingent rents variable lease payments	(17)	11
Total	**403**	**477**

It should be noted that transactions in respect of low value items and short-term leases have been omitted from the above disclosure based on materiality.

Maturity analysis of lease liabilities

The lease liabilities are due to be settled over the following time bands (measured at the discounted amounts of expected cash payments).

Maturity analysis of Lease liabilities	Land and Buildings 31 Mar 26 £000	Vehicles, Plant and Equipment 31 Mar 26 £000	Total 31 Mar 26 £000
Not later than one year	286	137	**423**
Later than one year and not later than five years	863	159	**1,022**
Later than five years	1,268	0	**1,268**
Total Undiscounted Liabilities	**2,417**	**296**	**2,713**

The above liabilities are reflected in the Balance Sheet within the following classifications.

Balance Sheet analysis of Lease liabilities	Land and Buildings 31 Mar 26 £000	Vehicles, Plant and Equipment 31 Mar 26 £000	Total 31 Mar 26 £000
Short-term creditors	286	137	**423**
Long-term lease liabilities	2,131	159	**2,290**
Total Undiscounted Liabilities	**2,417**	**296**	**2,713**

Essex Police as Lessor

Transactions under leases

The PFCC made the following gains and losses as a lessor, from property leased out under operating leases.

Operating Leases - Total lease income	31 Mar 25 £000	31 Mar 26 £000
Not later than one year	40	40
Later than one year and not later than five years	158	158
Later than five years	198	158
Total Undiscounted Liabilities	**395**	**356**

20. Property, Plant and Equipment

The following two tables show the movements for 2024/25

	Land and Buildings £000	Plant and Equipment £000	Vehicles £000	Surplus Assets £000	Assets Under Construction £000	Total Property Plant and Equipment £000
Cost or Valuation						
At 1st April 2024	**85,512**	**29,599**	**17,171**	**6,769**	**10**	**139,061**
Adjustments to opening position in accordance with the implementation of IFRS 16	5,928	-	451	-	-	**6,379**
At 1st April 2024 - Adjusted	**91,440**	**29,599**	**17,622**	**6,769**	**10**	**145,439**
Additions	3,487	8,366	3,311	9	871	**16,044**
Revaluation increases/(decreases) recognised in the Revaluation Reserve	1,056	-	-	350	-	**1,406**
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(4,210)	-	-	73	-	**(4,137)**
Derecognition - Disposals	(305)	(2,503)	(1,796)	-	-	**(4,603)**
Asset reclassifications:						
- Within PPE	(513)	(422)	422	521	(8)	**-**
- Held for Sale	-	-	-	(1,346)	-	**(1,346)**
At 31st March 2025	**90,955**	**35,040**	**19,559**	**6,376**	**873**	**152,803**

	Land and Buildings £000	Plant and Equipment £000	Vehicles £000	Surplus Assets £000	Assets Under Construction £000	Total Property Plant and Equipment £000
Accumulated Depreciation and Impairment						
At 1st April 2024	**(1,119)**	**(17,056)**	**(10,313)**	**-**	**-**	**(28,486)**
Adjustments to opening position in accordance with the implementation of IFRS 16	-	-	(59)	-	-	**(59)**
At 1st April 2024 - Adjusted	**(1,119)**	**(17,056)**	**(10,372)**	**-**	**-**	**(28,547)**
Depreciation Charge	(1,682)	(5,470)	(1,809)	(93)	-	**(9,053)**
Depreciation written out to the Revaluation Reserve	381	-	-	104	-	**485**
Depreciation written out to the Surplus/Deficit on the Provision of Services	964	-	-	12	-	**976**
Derecognition - Disposals & Other	-	2,395	1,443	-	-	**3,838**
Asset reclassifications:						
- Within PPE	-	167	(167)	-	-	**-**
At 31st March 2025	**(1,456)**	**(19,964)**	**(10,905)**	**23**	**-**	**(32,302)**
Net Book Value						
At 31st March 2024	**84,395**	**12,543**	**6,858**	**6,769**	**10**	**110,575**
At 31st March 2025	**89,499**	**15,076**	**8,654**	**6,399**	**873**	**120,500**

The following two tables show the movements for 2025/26

	Land and Buildings £000	Plant and Equipment £000	Vehicles £000	Surplus Assets £000	Assets Under Construction £000	Total Property Plant and Equipment £000
Cost or Valuation						
At 1st April 2025	**90,955**	**35,040**	**19,559**	**6,376**	**873**	**152,803**
Additions	3,319	2,359	3,669	-	4,273	**13,620**
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(117)	-	-	229	-	**112**
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(3,414)	-	-	611	-	**(2,803)**
Derecognition - Disposals & Other	(2,293)	(5,960)	(1,575)	23	(2)	**(9,807)**
Asset reclassifications:						
- Within PPE	(1,391)		-	1,978	(587)	**-**
- Held for Sale	-	-	-	(2,725)	-	**(2,725)**
At 31st March 2026	**87,059**	**31,439**	**21,653**	**6,492**	**4,557**	**151,200**

	Land and Buildings £000	Plant and Equipment £000	Vehicles £000	Surplus Assets £000	Assets Under Construction £000	Total Property Plant and Equipment £000
Accumulated Depreciation and Impairment						
At 1st April 2025	**(1,456)**	**(19,964)**	**(10,905)**	**23**	**-**	**(32,302)**
Depreciation Charge	(1,735)	(5,085)	(2,213)	(87)	-	**(9,120)**
Depreciation written out to the Revaluation Reserve	407		-	76	-	**483**
Depreciation written out to the Surplus/Deficit on the Provision of Services	921		-	12	-	**933**
Derecognition - Disposals & Other	156	5,752	1,396	(24)	-	**7,280**
At 31st March 2026	**(1,707)**	**(19,297)**	**(11,722)**	**-**	**-**	**(32,726)**
Net Book Value						
At 31st March 2025	**89,499**	**15,076**	**8,654**	**6,399**	**873**	**120,500**
At 31st March 2026	**85,352**	**12,142**	**9,931**	**6,492**	**4,557**	**118,474**

The additions of £13.620m within the above table include £0.767m of IFRS 16-related increases in respect of right of use assets. A further £0.010m relating to depreciation written out for right of use assets is also included within the above figures, reconciling to the £0.777m impact on the CFR as presented in note 22.

For details of the valuation basis applied for each of the categories in the tables above, refer to accounting policy 2.18 Property, Plant and Equipment.

Land & Buildings - Revaluations

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

A total of 54 of the PFCC's existing land and building assets were revalued as at 31st January 2026 by external professionally qualified valuers, Wilks, Head and Eve, with the engagement led by Guy Harbord MA MRICS IRRV (Hons). This work also included those included within the Assets Held for Sale disclosure (note 27) as well as newly recognised right-of-use assets. As required by the Code and the PFCC's accounting policies, significant components were separately valued in relation to selected property assets.

The below table shows the valuations profile for the property, plant and equipment assets held at the 31st March 2026, as disclosed in note 20. For each land and building asset, a full professional valuation is undertaken at least once every five years, supported by indexation in intervening years.

Property, Plant and Equipment held at 31st March 2026 - valuation profile	Land and buildings £000	Plant and equipment £000	Vehicles £000	Surplus assets £000	Assets under construction £000	Total £000
Carried at historical cost	-	12,142	9,931	-	4,557	**26,630**
Carried at current value based on valuations in the year ending:						
31st March 2026	60,029	-	-	6,492	-	**66,521**
31st March 2025	9,981	-	-	-	-	**9,981**
31st March 2024	1,360	-	-	-	-	**1,360**
31st March 2023	573	-	-	-	-	**573**
31st March 2022	13,409	-	-	-	-	**13,409**
Total	**85,352**	**12,142**	**9,931**	**6,492**	**4,557**	**118,474**

The above table demonstrates that over 50% (£66.521m) of the total land and buildings value held at 31st March 2026 was revalued during this financial year. The remaining assets were either valued in earlier financial years or held at historical cost.

Jointly Controlled Assets

As part of the collaborative arrangements between Essex Police, Kent Police and their collaborative partners in the Seven Force Consortium (7F) a number of assets have been jointly purchased specifically for joint / collaborative operations. The following table sets out jointly controlled assets that were held at 31st March 2026, where the PFCC's proportion is included in the preceding disclosures.

Jointly Controlled Assets with Kent Police and Seven Forces Programme	Total Net Book Value of Joint Assets at 31st March 2026	Percentage Contributed by Essex Police	Essex Police Net Book Value of Joint Assets at 31st March 2026
	£000	%	£000
DNA Clean Room	12	50.0	6
ERSOU - Property Interest	763	13.0	99
SCD - Back Record Conversion	7	50.0	4
ERSOU - Property Interest #2	4,985	9.5	474
Digital Fingermark Imaging and Capture System	25	50.0	13
ACR Laser	14	50.0	7
Ninhydrin Oven	20	50.0	10
Total	**5,826**		**613**

Fair Value Disclosures for Surplus Assets

Details of the PFCC's surplus property assets at 31st March 2026 are as follows:

Recurring Fair Value Measurement	Quoted Prices in Active Markets for Identical Assets (Level 1)	Other Significant Observable inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value as at 31st March 2026
	£000	£000	£000	£000
Surplus Operational Buildings	-	3,802	-	3,802
Surplus Land	-	2,691	-	2,691
Total	-	**6,492**	-	**6,492**

21. Intangible Assets

The PFCC accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets include both purchased licenses and software developed for the PFCC by third parties. All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the PFCC. The useful lives assigned to the major software suites used by the PFCC of five years are Athena, SAP System Licences, Oracle Licences, Digital Interview Recording, Emergency Services Mobile Communications Programme (ESCMP) and Integrated Communication Control System (ICCS) Replacement. None of the carrying values for these intangible assets are deemed individually material to the accounts.

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

	2024/25 Purchased Software Licences £000	2025/26 Purchased Software Licences £000
Gross Book Value at Start of Year	**6,110**	**5,840**
Movement in Year		
Additions	133	362
Disposals and deletions	(403)	(1,047)
Gross Book Value at End of the Year	**5,840**	**5,155**
Accumulated Amortisation at Start of Year	**(5,584)**	**(5,352)**
Movement in Year		
Amortisation on disposals and deletions	403	1,047
Amortisation for the year	(171)	(190)
Accumulated Amortisation at End of the Year	**(5,352)**	**(4,495)**
Net Book Value at End of the Year	**489**	**661**

22. Capital Expenditure and Financing

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

	2024/25 £000	2025/26 £000
Opening Capital Financing Requirement	**26,554**	**37,926**
Capital Investment		
Property, plant and equipment	15,389	12,853
Intangible assets	133	362
Total Capital Investment	**15,521**	**13,215**
Sources of Finance		
Capital receipts	(3,892)	(3,370)
Government grants and contributions	(13)	-
Revenue funding	(1,037)	(3,622)
Total Sources of Finance	**(4,942)**	**(6,992)**
Minimum revenue provision	(1,894)	(3,037)
Net impact of non-current assets recognised in accordance with IFRS 16	2,687	777
Closing Capital Financing Requirement	**37,926**	**41,889**
Explanation of Movements in Year		
Net increase/(decrease) in underlying need to borrow (unsupported by government financial assistance)	11,372	3,963
Increase/(Decrease) in Capital Financing Requirement	**11,372**	**3,963**

The MRP of £3.037m is offsetting the CFR brought forward. A reconciliation to the Balance Sheet in respect of the year-end CFR, is presented in the table below.

	2024/25 £000	2025/26 £000
Closing Capital Financing Requirement (as per above table)	**37,926**	**41,889**
Balance Sheet		
Property, plant and equipment	120,500	118,474
Intangible assets	489	661
Assets held for sale	2,459	2,534
Net assets	**123,448**	**121,669**
Revaluation Reserve	(18,601)	(18,907)
Capital Adjustment Account	(66,921)	(60,872)
Unusable reserves	**(85,521)**	**(79,779)**
Closing Capital Financing Requirement (as per Balance Sheet)	**37,926**	**41,889**

The estimated value of significant commitments under capital contracts totalled £2.687m at 31st March 2026 (£3.683m at 31st March 2025). The PFCC typically assesses these significant commitments as Estates construction projects.

23. Inventories

The PFCC holds the following inventories within its balance sheet. In respect of vehicle parts these are held at historic cost, with the other elements recognised on an average cost basis.

	2024/25 Closing Balance £000	2025/26 Purchases £000	Expensed to CIES £000	Closing Balance £000
Vehicle parts	171	2,011	(1,930)	252
Uniform	1,142	572	(693)	1,021
CS spray, prisoner supplies, general stock	9	13	(10)	12
Total	**1,322**	**2,596**	**(2,633)**	**1,285**

24. Debtors

Long term debtors

The long-term debtors balance of £0.023m at 31st March 2025, relating to pay advances made to police officers, was written off in 2025/26 as the amounts became unrecoverable at the end of service, in line with accounting policy. No further advances are made under this arrangement, and therefore no future balances are expected.

Short term debtors

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

	2024/25 PFCC £000	2024/25 Group £000	2025/26 PFCC £000	2025/26 Group £000
Trade receivables	5,409	5,409	5,224	5,224
Less loss allowance for doubtful debts	(36)	(36)	(47)	(47)
	5,373	**5,373**	**5,177**	**5,177**
Payments in advance	4,889	4,889	6,072	6,072
Income accruals	14,922	14,922	16,409	16,409
Council Tax-related	10,033	10,033	10,689	10,689
VAT-related	3,570	3,570	1,274	1,274
Other debtors	93	93	185	185
	33,507	**33,507**	**34,629**	**34,629**
Closing Balance	**38,880**	**38,880**	**39,806**	**39,806**

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

Short term debtors with service recipients

The above debtors figures include an element of receivables which relate to assets arising from contracts with service recipients, as per IFRS 15. The following disclosure restates these debtors figures to split out this element, showing the opening and closing balances split between contractual and non-contractual assets.

	2024/25 PFCC £000	2024/25 Group £000	2025/26 PFCC £000	2025/26 Group £000
Included within Debtors (inside the scope of IFRS 15)				
Trade receivables	5,373	5,373	5,177	5,177
Income accruals	1,675	1,675	1,231	1,231
	7,048	**7,048**	**6,408**	**6,408**
Included within Debtors (outside the scope of IFRS 15)				
Payments in advance	4,889	4,889	6,072	6,072
Income accruals	13,247	13,247	15,178	15,178
Council Tax-related	10,033	10,033	10,689	10,689
VAT-related	3,570	3,570	1,274	1,274
Other debtors	93	93	185	185
	31,832	**31,832**	**33,398**	**33,398**
Total Debtors	**38,880**	**38,880**	**39,806**	**39,806**

25. Short-Term Investments

The PFCC discloses its year-end short-term investments, which typically have a fixed maturity date of no longer than twelve months from the end of the accounting period. These investments are held where surplus cash balances exist beyond immediate liquidity requirements, typically through fixed-term deposits such as those placed with the Debt Management Office.

At 31st March 2026, there were no such fixed-term short-term investments held.

26. Cash and Cash Equivalents - Debtors

Cash and cash equivalents include balances held in money market funds and call deposit arrangements. These balances are repayable on demand, subject to an insignificant risk of changes in value, and are used to manage the PFCC's day-to-day liquidity requirements and meet short-term cash commitments.

Whilst these balances may be held for short periods depending on cash flow requirements, they remain available on demand throughout and are therefore classified as cash equivalents. This differs from fixed-term investments, which are disclosed in Note 25 Short-Term Investments where applicable.

The cash and cash equivalents disclosed in the balance sheet are classified as follows:

	2024/25 £000	2025/26 £000
Current Assets		
Operational bank accounts	-	852
Short-term deposits		19,500
Petty cash advances	-	57
Closing Balance	**-**	**20,409**

27. Assets Held for Sale

	2024/25 £000	2025/26 £000
Opening Balance	**5,060**	**2,459**
Reclassifications - Property, Plant & Equipment		
Assets newly classified as held for sale	1,346	2,725
Revaluation gains/(losses)		
Revaluation Reserve	0	(14)
Comprehensive Income and Expenditure Statement	(85)	(176)
Asset disposals	(3,861)	(2,459)
Closing Balance	**2,459**	**2,534**

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

- Available for immediate sale
- A sale is highly probable
- The asset is being actively marketed
- Completion of the sale is expected within one year of the date of classification

At 31st March 2026, two assets met the above criteria (31st March 2025, three properties).

28. Cash and Cash Equivalents - Creditors

In accordance with the Code, the PFCC has recognised a creditor balance in respect of Cash and Cash Equivalents, with the applicable balances presented in the table below.

	2024/25 £000	2025/26 £000
Current Liabilities		
Operational bank accounts	(1,665)	-
Funds held on behalf of third parties, in respect of seized monies	(3,461)	(3,379)
Closing Balance	**(5,126)**	**(3,379)**

No balance is presented for operational bank accounts in creditors in 2025/26, as the PFCC's operational banking balances are now presented within debtors (current assets) to reflect gross cash balances held at the Balance Sheet date.

The PFCC has recognised £3.379m of funds held at the Balance Sheet date, relating to seizures of third party monies undertaken during policing activities, in accordance with legal powers. These balances are held in the PFCC's bank account until such a time that the monies are either repaid, confiscated or forfeited following conclusion of the relevant investigation. The PFCC has deemed this balance to be a creditor within Cash and Cash Equivalents until these investigations have been completed and the related liability is discharged.

29. Creditors

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

	2024/25 PFCC £000	2024/25 Group £000	2025/26 PFCC £000	2025/26 Group £000
Trade payables	(15,288)	(15,288)	(15,187)	(15,187)
Expenditure accruals	(8,229)	(8,229)	(13,403)	(13,403)
Receipts in advance	(159)	(159)	(51)	(51)
Council Tax-related	(7,956)	(7,956)	(7,168)	(7,168)
Compensated absences	(54)	(4,026)	(43)	(4,367)
Other employee-related	(1,861)	(1,861)	(1,809)	(1,809)
Other creditors	(3,085)	(3,085)	(3,283)	(3,283)
Closing Balance	**(36,632)**	**(40,604)**	**(40,944)**	**(45,268)**

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

£3.379m of third-party balances have been omitted from the Creditors total for 2025/26 year-end with a corresponding adjustment presented within the Cash and Cash Equivalents – Creditors disclosure (note 28). These adjustments relate to seizures of monies held in the PFCC's bank account at year-end, which are treated as creditors upon receipt. For reporting purposes, both the cash and creditor elements are removed at year-end on the basis the PFCC does not have economic rights to this cash and likewise should not reflect any related creditor if this cash is removed from the Balance Sheet. The previous year comparable amount omitted was £3.461m.

Short term creditors with service recipients

The above creditors figures include an element of payables which relate to liabilities arising from contracts with service recipients, as per IFRS 15. The following disclosure restates these creditors figures to split out this element, showing the opening and closing balances split between contractual and non-contractual liabilities in respect of customer-related obligations only.

	2024/25 PFCC £000	2024/25 Group £000	2025/26 PFCC £000	2025/26 Group £000
Included within Creditors (outside the scope of IFRS 15)				
Other short-term creditors	(36,632)	(40,604)	(40,944)	(45,268)
	(36,632)	**(40,604)**	**(40,944)**	**(45,268)**
Total Creditors	**(36,632)**	**(40,604)**	**(40,944)**	**(45,268)**

30. Short-term Borrowing

Short-term borrowing represents loans repayable within 12 months of the reporting date.

	2024/25 £000	2025/26 £000
Local government bodies	-	(15,000)
Total	**-**	**(15,000)**

31. Provisions

The PFCC maintained three provisions during 2025/26 as follows:

Insurance Provision:

	2024/25 £000	2025/26 £000
Opening Balance	**(5,508)**	**(6,465)**
Additional provisions made in-year	(2,717)	(2,393)
Amounts used in-year	1,760	2,113
Closing Balance	**(6,465)**	**(6,745)**

The PFCC has made a provision of £6.745m for the settlement of outstanding insurance claims that fail to be met under the 'excess' clauses of the PFCC's insurance policies. It is not certain that all valid claims have yet been received by the PFCC at the Balance Sheet date. Estimates of outstanding claim values depends on a number of factors and assumptions around future claim trends and development.

An actuarial review of the appropriateness of the provision is undertaken annually by insurance consultants. 2025/26 saw an increase in actual in-year claims expenditure of £0.353m costed from the provision (equating to £2.113m) but, based on an offsetting £2.393m in respect of the estimated value of additional outstanding claims in progress at the end of the financial year, the net movement on the provision equated to an increase of

£0.280m. This comprised a combination of employer, public and motor liability claims.

Severance Provision:

	2024/25 £000	2025/26 £000
Opening Balance	**(10)**	**(1,577)**
Additional provisions made in-year	(1,567)	(2,464)
Amounts charged to provision in-year	-	1,445
Unused provisions returned to revenue account	-	133
Closing Balance	**(1,577)**	**(2,464)**

For further details of the additional provisions made in year in respect of workforce-related business cases please refer to note 14.

Legal Claims Provision

	2024/25 £000	2025/26 £000
Opening Balance	**(291)**	**(291)**
Additional provisions made in-year	-	-
Amounts used in-year	-	-
Closing Balance	**(291)**	**(291)**

The balance on the Legal Claims Provision relates to the Allard & Ors v Devon and Cornwall Constabulary legal case, for which the PFCC and Chief Constable for Essex Police, along with other PCC's, PFCC's and Chief Constables, has previously recognised a contingent liability. 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.

Following guidance/confirmation received from the NPCC Finance Coordination Committee in 2023/24 an agreement was made in principle that the cost of the undercover claims should now be met nationally via net revenue expenditure (NRE). Recognising the test cases have now concluded and gone in the claimants favour the consensus across all forces is these costs should be reflected within the 2023/24 Statements of Accounts. A subsequent assessment undertaken at both the 2024/25 year-end as well as the 2025/26 year-end has confirmed that this position remains unchanged.

Following an assessment of this updated position against IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, and based on the fact the test cases have shown that there is likely to be a transfer of economic benefit from the PFCC to claimants as claims are made, the PFCC has determined that their share of these costs should be recognised as a provision rather than a contingent liability. This decision acknowledges the fact that of the estimated total cost of claims (including interest) equating to £14m, the PFCC's cost share has been confirmed as £0.291m.

In respect of potential further costs arising from the Allard judgement, including those relating to Covert Human Intelligence Source (CHIS) claims, no contingent liability has been recognised in these accounts. This reflects the assessment that any additional obligation cannot be measured with sufficient certainty and is not considered material for disclosure.

32. Capital Grants & Contributions – Receipts in Advance

The PFCC receives a number of capital grants and contributions, these can only be recognised as income when the applicable conditions attached to them are fully met, and there is confirmation that the monies will not need to be returned to the contributor. There have been no capital grants received in the previous two years for which conditions have not been fully met and therefore no income was held in this account at either 2024/25 or 2025/26 year-end.

33. Cashflow – Operating Activities

The cashflows for operating activities included the following items:

	2024/25 PFCC £000	2024/25 Group £000	2025/26 PFCC £000	2025/26 Group £000
Interest received	1,074	1,074	867	867
Interest paid	(261)	(261)	(217)	(217)
Total	**813**	**813**	**650**	**650**

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

	2024/25 PFCC £000	2024/25 Group £000	2025/26 PFCC £000	2025/26 Group £000
Depreciation	(8,867)	(8,867)	(8,992)	(8,992)
Impairment and valuation changes	(3,246)	(3,246)	(2,046)	(2,046)
Amortisation	(359)	(359)	(190)	(190)
(Increase)/decrease in impairment for bad debts	-	-	-	-
(Increase)/decrease in creditors	(735)	(830)	(4,297)	(4,650)
Increase/(decrease) in debtors	(8,457)	(8,457)	926	926
Increase/(decrease) in inventories	(253)	(253)	(37)	(37)
Movement in pension liability	90	(53,521)	161	(42,369)
Carrying amount of non-current assets (including assets held for sale) sold / derecognised	(4,630)	(4,630)	(6,541)	(6,541)
Other non-cash items charged to the Surplus/Deficit on the Provision of Services	1,765	1,765	(1,190)	(1,190)
Total	**(24,692)**	**(78,398)**	**(22,206)**	**(65,089)**

The Surplus/Deficit on the Provision of Services has been adjusted for the following items that are investing and financing activities (and which are also included in note 34 where applicable):

	2024/25 PFCC £000	2024/25 Group £000	2025/26 PFCC £000	2025/26 Group £000
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	3,957	3,957	3,370	3,370
Any other items for which the cash effects are investing or financing cash flows	13	13	-	-
Total	**3,970**	**3,970**	**3,370**	**3,370**

34. Cashflow – Investing Activities

	2024/25 PFCC £000	2024/25 Group £000	2025/26 PFCC £000	2025/26 Group £000
Purchase of property, plant and equipment, investment property and intangible assets	15,521	15,521	13,288	13,288
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(3,957)	(3,957)	(3,370)	(3,370)
Other receipts from investing activities	(13)	(13)	-	-
Total	**11,551**	**11,551**	**9,918**	**9,918**

35. Cashflow – Financing Activities

	2024/25 PFCC £000	2024/25 Group £000	2025/26 PFCC £000	2025/26 Group £000
Cash receipts of short and long-term borrowing	-	-	(15,000)	(15,000)
Cash payments for the reduction of outstanding liabilities relating to leases and on-Balance-Sheet PFI contracts	334	334	345	345
Net cash flows from investing activities	**334**	**334**	**(14,655)**	**(14,655)**

36. Adjustments between Accounting Basis and Funding Basis under Regulations

The following tables identify the adjustments that have been made to the Total Comprehensive income and Expenditure in the CIES recognised by the PFCC Group in accordance with proper accounting practice, to the resources that are specified by statutory provisions as being available to the PFCC Group to meet future capital and revenue expenditure. These amounts can also be seen within the relevant line in the Movement in Reserves Statements.

PFCC Group - 2024/25	General Reserve	Capital Receipts Reserve	Capital Grants Unapplied Account	**Total Usable Reserves**	Revaluation Reserve	Capital Adjustment Account	Deferred Capital Receipts Reserve	Pensions Reserve- Police Officers	Pensions Reserve- Police Staff	Collection Fund Adjustment Account	Accumulated Absences Account	**Total Unusable Reserves**	**Total All Reserves**
	£000	£000	£000	**£000**	£000	£000	£000	£000	£000	£000	£000	**£000**	**£000**
Adjustments involving the Capital Adjustment Account													
Reversal of items debited or credited to the CIES													
Charges for depreciation of non current assets	(8,867)			**(8,867)**		8,867						**8,867**	-
Amortisation of intangible assets	(359)			**(359)**		359						**359**	-
Revaluations and impairments for Property, Plant & Equipment	(3,246)			**(3,246)**		3,246						**3,246**	-
Write out net asset value debited as part of the gain/loss on disposal to the CIES	(4,630)			**(4,630)**		4,630						**4,630**	-
Recognition of Gains - IFRS 16	4,289			**4,289**		(4,289)						**(4,289)**	-
Net write off of revaluation gains in respect of asset disposals in year				-	2,482	(2,482)						-	-
Insertion of items not debited or credited to the CIES													
Statutory provision for the financing of capital investment	1,894			**1,894**		(1,894)						**(1,894)**	-
Capital Expenditure charged against the General Reserve	1,037			**1,037**		(1,037)						**(1,037)**	-
Adjustments involving the Capital Grants Unapplied Account													
Capital grants and contributions credited to CIES that have been applied to usable reserves	13		(13)	-								-	-
Use of the Capital Grants Unapplied Account to finance new capital expenditure	-		13	**13**		(13)						**(13)**	-
Adjustments involving the Capital Receipts Reserve													
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES	3,957	(3,957)		-								-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	(65)	3,957		**3,892**		(3,892)						**(3,892)**	-
Adjustments involving the Pensions Reserve													
Reversal of items relating to retirement benefits debited or credited to the CIES	(156,344)			**(156,344)**				142,760	13,584			**156,344**	-
Employers' pension contributions and direct payments to pensioners payable in the year	102,823			**102,823**				(86,164)	(16,659)			**(102,823)**	-
Adjustments involving the Collection Fund Adjustment Account													
Amount by which council tax income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements	(591)			**(591)**						591		**591**	-
Adjustments involving the Accumulating Absences Account													
Amounts by which officer remuneration charged to the CIES on an accruals basis is different to remuneration chargeable for the year in accordance with statutory requirements	(96)			**(96)**							96	**96**	-
Total	**(60,184)**	**-**	**-**	**(60,184)**	**2,482**	**3,494**	**-**	**56,596**	**(3,075)**	**591**	**96**	**60,184**	**-**

PFCC - 2024/25	General Reserve	Capital Receipts Reserve	Capital Grants Unapplied Account	**Total Usable Reserves**	Revaluation Reserve	Capital Adjustment Account	Deferred Capital Receipts Reserve	Pensions Reserve-Police Officers	Pensions Reserve-Police Staff	Collection Fund Adjustment Account	Accumulated Absences Account	**Total Unusable Reserves**	**Total All Reserves**
	£000	£000	£000	**£000**	£000	£000	£000	£000	£000	£000	£000	**£000**	**£000**
Adjustments involving the Capital Adjustment Account													
Reversal of items debited or credited to the CIES													
Charges for depreciation of non current assets	(8,867)			**(8,867)**		8,867						**8,867**	-
Amortisation of intangible assets	(359)			**(359)**		359						**359**	-
Revaluation losses on Property, Plant & Equipment	(3,246)			**(3,246)**		3,246						**3,246**	-
Write out net asset value debited as part of the gain/loss on disposal to the CIES	(4,630)			**(4,630)**		4,630						**4,630**	-
Recognition of Gains - IFRS 16	4,289			**4,289**		(4,289)						**(4,289)**	-
Net write off of revaluation gains in respect of asset disposals in year	-			**-**	2,482	(2,482)						**-**	-
Insertion of items not debited or credited to the CIES													
Statutory provision for the financing of capital investment	1,894			**1,894**		(1,894)						**(1,894)**	-
Capital Expenditure charged against the General Reserve	1,037			**1,037**		(1,037)						**(1,037)**	-
Adjustments involving the Capital Grants Unapplied Account													
Capital grants and contributions credited to CIES that have been applied to usable reserves	13		(13)	**-**								**-**	-
Use of the Capital Grants Unapplied Account to finance new capital expenditure			13	**13**		(13)						**(13)**	-
Adjustments involving the Capital Receipts Reserve													
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES	3,957	(3,957)		**-**								**-**	-
Use of the Capital Receipts Reserve to finance new capital expenditure		3,892		**3,892**		(3,892)						**(3,892)**	-
Use of the Capital Receipts Reserve to finance new capital disposal costs	(65)	65		**-**								**-**	-
Adjustments involving the Pensions Reserve													
Reversal of items relating to retirement benefits debited or credited to the CIES	(231)			**(231)**					231			**231**	-
Employers' pension contributions and direct payments to pensioners payable in the year	321			**321**					(321)			**(321)**	-
Adjustments involving the Collection Fund Adjustment Account													
Amount by which council tax income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements	(591)			**(591)**						591		**591**	-
Adjustments involving the Accumulating Absences Account													
Amounts by which officer remuneration charged to the CIES on an accruals basis is different to remuneration chargeable for the year in accordance with statutory requirements	(2)			**(2)**							2	**2**	-
Total	**(6,479)**	**-**	**-**	**(6,479)**	**2,482**	**3,494**	**-**	**-**	**(90)**	**591**	**2**	**6,479**	**-**

PFCC Group - 2025/26	General Reserve	Capital Receipts Reserve	Capital Grants Unapplied Account	**Total Usable Reserves**	Revaluation Reserve	Capital Adjustment Account	Deferred Capital Receipts Reserve	Pensions Reserve-Police Officers	Pensions Reserve-Police Staff	Collection Fund Adjustment Account	Accumulated Absences Account	**Total Unusable Reserves**	**Total All Reserves**
	£000	£000	£000	**£000**	£000	£000	£000	£000	£000	£000	£000	**£000**	**£000**
Adjustments involving the Capital Adjustment Account													
Reversal of items debited or credited to the CIES													
Charges for depreciation of non current assets	(8,992)			**(8,992)**		8,992						**8,992**	-
Amortisation of intangible assets	(190)			**(190)**		190						**190**	-
Revaluations and impairments for Property, Plant & Equipment	(2,046)			**(2,046)**		2,046						**2,046**	-
Write out net asset value debited as part of the gain/loss on disposal to the CIES	(6,541)			**(6,541)**		6,541						**6,541**	-
Recognition of Gains - IFRS 16	-			**-**		-						**-**	-
Net write off of revaluation gains in respect of asset disposals in year				**-**	610	(610)						**-**	-
Insertion of items not debited or credited to the CIES													
Statutory provision for the financing of capital investment	3,037			**3,037**		(3,037)						**(3,037)**	-
Capital Expenditure funded from the Revenue Account	3,622			**3,622**		(3,622)						**(3,622)**	-
Adjustments involving the Capital Grants Unapplied Account													
Capital grants and contributions credited to CIES that have been applied to usable reserves	-		-	**-**								**-**	-
Use of the Capital Grants Unapplied Account to finance new capital expenditure	-		-	**-**		-						**-**	-
Adjustments involving the Capital Receipts Reserve													
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES	3,370	(3,370)		**-**								**-**	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	3,370		**3,370**		(3,370)						**(3,370)**	-
Adjustments involving the Pensions Reserve													
Reversal of items relating to retirement benefits debited or credited to the CIES	(147,094)			**(147,094)**				138,957	8,137			**147,094**	-
Employers' pension contributions and direct payments to pensioners payable in the year	104,725			**104,725**				(86,304)	(18,421)			**(104,725)**	-
Adjustments involving the Collection Fund Adjustment Account													
Amount by which council tax income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements	1,444			**1,444**						(1,444)		**(1,444)**	-
Adjustments involving the Accumulating Absences Account													
Amounts by which officer remuneration charged to the CIES on an accruals basis is different to remuneration chargeable for the year in accordance with statutory requirements	(342)			**(342)**							342	**342**	-
Total	**(49,007)**	**-**	**-**	**(49,007)**	**610**	**7,130**	**-**	**52,653**	**(10,284)**	**(1,444)**	**342**	**49,007**	**-**

PFCC - 2025/26	General Reserve	Capital Receipts Reserve	Capital Grants Unapplied Account	**Total Usable Reserves**	Revaluation Reserve	Capital Adjustment Account	Deferred Capital Receipts Reserve	Pensions Reserve-Police Officers	Pensions Reserve-Police Staff	Collection Fund Adjustment Account	Accumulated Absences Account	**Total Unusable Reserves**	**Total All Reserves**
	£000	£000	£000	**£000**	£000	£000	£000	£000	£000	£000	£000	**£000**	**£000**
Adjustments involving the Capital Adjustment Account													
Reversal of items debited or credited to the CIES													
Charges for depreciation of non current assets	(8,992)			**(8,992)**		8,992						**8,992**	-
Amortisation of intangible assets	(190)			**(190)**		190						**190**	-
Revaluation losses on Property, Plant & Equipment	(2,046)			**(2,046)**		2,046						**2,046**	-
Write out net asset value debited as part of the gain/loss on disposal to the CIES	(6,541)			**(6,541)**		6,541						**6,541**	-
Recognition of Gains - IFRS 16	-			**-**		-						**-**	-
Net write off of revaluation gains in respect of asset disposals in year	-			**-**	610	(610)						**-**	-
Insertion of items not debited or credited to the CIES													
Statutory provision for the financing of capital investment	3,037			**3,037**		(3,037)						**(3,037)**	-
Capital Expenditure charged against the General Reserve	3,622			**3,622**		(3,622)						**(3,622)**	-
Adjustments involving the Capital Grants Unapplied Account													
Capital grants and contributions credited to CIES that have been applied to usable reserves	-		-	**-**								**-**	-
Use of the Capital Grants Unapplied Account to finance new capital expenditure			-	**-**		-						**-**	-
Adjustments involving the Capital Receipts Reserve													
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES	3,370	(3,370)		**-**								**-**	-
Use of the Capital Receipts Reserve to finance new capital expenditure		3,370		**3,370**		(3,370)						**(3,370)**	-
Use of the Capital Receipts Reserve to finance new capital disposal costs	-	-		**-**								**-**	-
Adjustments involving the Pensions Reserve													
Reversal of items relating to retirement benefits debited or credited to the CIES	(186)			**(186)**					186			**186**	-
Employers' pension contributions and direct payments to pensioners payable in the year	347			**347**					(347)			**(347)**	-
Adjustments involving the Collection Fund Adjustment Account													
Amount by which council tax income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements	1,444			**1,444**						(1,444)		**(1,444)**	-
Adjustments involving the Accumulating Absences Account													
Amounts by which officer remuneration charged to the CIES on an accruals basis is different to remuneration chargeable for the year in accordance with statutory requirements	11			**11**							(11)	**(11)**	-
Total	**(6,124)**	**-**	**-**	**(6,124)**	**610**	**7,130**	**-**	**-**	**(161)**	**(1,444)**	**(11)**	**6,124**	**-**

37. Purpose of Earmarked Reserves

The following notes explain the purpose of the earmarked reserves on which there was a movement during, or a balance at the end of, 2025/26:

1) The **PFCC Carry Forward Reserve** represents amounts carried forward from the financial year just ended to the new financial year to meet specific financial commitments, as directly requested/approved by the Police, Fire and Crime Commissioner.
2) The **Chief Constable's Carry Forward Reserve** represents amounts carried forward from the financial year just ended to the new financial year to meet specific financial commitments, as directly requested by the Chief Constable, and approved by the Police, Fire and Crime Commissioner.
3) The **Forfeitures/Drugs Fund Reserve** holds funds transferred to the PFCC from the Misuse of Drugs Act Seizures Fund. These funds are subsequently transferred from the reserve into the Comprehensive Income & Expenditure Statement in order to fund the costs of operations mounted to tackle drug related crime and drug abuse.
4) The **Transformation Reserve** (formerly referred to as Investment in Estates and IT Strategies) was first created in 2015/16 and helps to fund the one-off costs of implementing the Estates and IT Strategies.
5) The **Operation Dagenham Maintenance Reserve** (formerly known as the Leased Property Dilapidation & Maintenance Reserve) funds the cost of minor repairs to a multi-occupancy building jointly owned by the Seven Force Consortium (7F). The reserve represents the Essex Police share of this maintenance reserve.
6) The **Proceeds of Crime Act (POCA) Reserve** holds receipts received through the Asset Recovery Incentive Scheme (ARIS), to fund crime reduction-related expenditure.
7) The **Redundancy and Relocation Reserve** was originally created in 2014/15 and supports the costs associated with strategic change programmes.
8) The **Major Operational Reserve** was initially created in 2016/17 to fund in-year shortfalls on major incidents that are not reimbursed by the Home Office. Generally additional expenditure above 1% of the force's annual budget is reimbursed by the Home Office.
9) The **Legal Claims Reserve** was originally created in 2016/17 to fund one-off costs of future legal claims. This includes expected costs of ongoing legal cases in relation to Allard & Ors and McCloud/Sargeant, where potential liabilities to the PFCC remain uncertain in terms of timing and value.
10) The Policing Education Qualification Framework (PEQF) is a framework for the education of police officers and police staff. The **PEQF Reserve** was initially created in 2019/20 to fund one-off costs for the introduction of this training programme.
11) The **Restricted Grant Reserve** is used for unspent balances of grants received for specific purposes which have yet to be fully utilised.
12) The **Future Capital Funding Reserve** is used as an enabling facility to finance future capital expenditure arising in both new and existing projects.
13) The **Insurance Reserve** was created in 2023/24 to help manage the impact of volatile claim trends on revenue, and to assist with any other one-off related / unforeseen shortfalls.

38. Transfers to/from Earmarked Reserves

This note summarises the amounts set aside from the General Reserve in earmarked reserves to provide financing for future expenditure plans, as well as the amounts posted back from earmarked reserves to meet revenue expenditure commitments in 2025/26. Note 37 provides further details of the purpose of each of the earmarked reserves.

	Balance at 31st March 2025 £000	Transfers Out 2025/26 £000	Transfers In 2025/26 £000	Balance at 31st March 2026 £000
Earmarked Reserves				
PFCC Carry Forward Reserve (1)	5,877	(3,447)	4,563	6,993
Chief Constable's Carry Forward Reserve (2)	725	(30)	55	750
Forfeitures/Drugs Fund Reserve (3)	541	(91)	425	875
Transformation Reserve (4)	787	-	320	1,107
Operation Dagenham Maintenance Reserve (5)	121	-	14	135
POCA Reserve (6)	1,509	(266)	1,133	2,376
Redundancy & Relocation Reserve (7)	315	(315)	-	-
Major Operational Reserve (8)	900	-	600	1,500
Legal Claims Reserve (9)	432	(89)	-	343
PCER (Formally PEQF) Reserve (10)	68	(68)	-	-
Restricted Grant Reserve (11)	49	-	-	49
Future Capital Funding Reserve (12)	100	(3,622)	3,708	186
Insurance Reserve (13)	600	-	200	800
Sub Total	**12,025**	**(7,928)**	**11,018**	**15,114**
Unallocated Reserves				
General Reserve	12,068	(199)	1,818	13,687
Total Specific/General Reserves	**24,092**	**(8,127)**	**12,836**	**28,800**

39. Capital Receipts Reserve

The Capital Receipts Reserve reflects the cash settlements receivable from the sale of non-current assets. This income is used for financing capital expenditure.

	2024/25 £000	2025/26 £000
Opening Balance	-	-
Capital Receipts Received		
In-year receipts	(3,957)	(3,370)
Capital Receipts Applied		
Used for financing capital expenditure	3,892	3,370
Used for financing revenue expenditure	65	-
Closing Balance	-	-

40. Usable Reserves

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

41. Unusable Reserves

The tables on the following pages describe the unusable reserves.

41.1 Revaluation Reserve

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

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

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

	2024/25 £000	2025/26 £000
Opening Balance	**(19,191)**	**(18,601)**
Surplus or deficit on revaluation of non-current assets not posted to the (Surplus)/Deficit on the Provision of Services		
Upward revaluation of assets	(1,864)	(1,387)
Downward revaluation of assets and impairment losses not charged to the (Surplus)/Deficit on the Provision of Services	457	1,291
Depreciation written out on revaluation	(486)	(483)
Amounts written off to the Capital Adjustment Account		
Difference between fair value depreciation and historical cost depreciation	174	216
Accumulated gains on assets sold or scrapped	1,273	395
Amounts written off to the Capital Adjustment Account	1,034	-
Closing Balance	**(18,601)**	**(18,569)**

41.2 Capital Adjustment Account

The Capital Adjustment Account is a reserve used to adjust the accounting items related to non-current assets that have been recognised in the Comprehensive Income and Expenditure Statement. It is used to remove accounting charges and to also ensure that the financing of non-current assets is appropriately levied to the local taxpayer. It shows the extent to which non-current assets have been financed from internal sources. Note 36 provides details of the source of all the transactions posted to this reserve, apart from those involving the Revaluation Reserve.

	2024/25 £000	2025/26 £000
Opening Balance	**(70,416)**	**(66,921)**
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
Net charges for depreciation and impairment of non current assets	8,867	9,120
Revaluation (gains)/losses on Property, Plant and Equipment	3,246	2,046
Amortisation of Intangible Assets	359	190
Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	4,630	4,992
Gains recognised in accordance with the implementation of IFRS 16	(4,289)	-
Adjusting amounts written out of the Revaluation Reserve	(2,481)	(610)
Net written out amount of the cost of non current assets consumed in the year	**(60,084)**	**(51,183)**
Capital financing applied in the year:		
Use of the Capital Receipts Reserve to finance new capital expenditure	(3,892)	(3,370)
Capital Grants and Other Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to Capital Financing	(13)	-
Statutory provision for the financing of Capital Investment charged against the General Reserve	(1,894)	(3,037)
Capital Expenditure charged against the General Reserve	(1,037)	(3,622)
Closing Balance	**(66,921)**	**(61,211)**

41.3 Pensions Reserve

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

The debit balance on the Police Officer Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees compared to the resources the PFCC has set aside to meet them. This is partially offset by a surplus in the LGPS Reserves for Police Staff Pensions. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	2024/25 Group			2025/26 Group		
	Police Officers £000	Police Staff £000	Total £000	Police Officers £000	Police Staff £000	Total £000
Opening Balance	**2,306,487**	**3,248**	**2,309,735**	**2,113,144**	**3,142**	**2,116,286**
Actuarial (gains)/losses on pensions assets and liabilities	(249,939)	(80,918)	**(330,857)**	(45,897)	(6,711)	**(52,608)**
Reversal of items relating to retirement benefits debited to the (Surplus)/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	142,760	13,584	**156,344**	138,957	8,137	**147,094**
Employer's pensions contributions and direct payments to pensioners payable in the year	(86,164)	(16,659)	**(102,823)**	(86,304)	(18,421)	**(104,725)**
Adjustment for IFRIC14 asset ceiling	-	83,887	**83,887**	-	18,972	**18,972**
Closing Balance	**2,113,144**	**3,142**	**2,116,286**	**2,119,900**	**5,119**	**2,125,019**

	2024/25 Police Officers £000	2024/25 PFCC Police Staff £000	2024/25 Total £000	2025/26 Police Officers £000	2025/26 PFCC Police Staff £000	2025/26 Total £000
Opening Balance	-	29	29	-	29	29
Actuarial (gains)/losses on pensions assets and liabilities	-	(925)	**(925)**	-	(481)	**(481)**
Reversal of items relating to retirement benefits debited to the (Surplus)/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	-	231	**231**	-	186	**186**
Employer's pensions contributions and direct payments to pensioners payable in the year	-	(321)	**(321)**	-	(347)	**(347)**
Adjustment for IFRIC 14 asset ceiling	-	1,015	**1,015**	-	704	**704**
Closing Balance	-	29	29	-	91	91

For an explanation of the asset ceiling adjustment in respect of IFRIC 14 please refer to note 46.

41.4 Collection Fund Adjustment Account

The Code requires that council tax income included in the CIES for the year should be prepared on an accruals basis. The cash received from the billing authorities is therefore adjusted for the PFCC's share of the actual opening and closing balances on the Collection Fund. These adjustments are then taken to the Collection Fund Adjustment Account (CFAA) and included as a reconciling item within the Movement in Reserves Statement to ensure that only the statutory amount is credited to the General Reserve.

The Code also requires the PFCC to account for its share of net council tax arrears and prepayments within the Balance Sheet. This is offset by an associated balance that reflects the difference between the net attributable share of cash received by billing authorities from council tax debtors and creditors, and the amounts paid to the PFCC (known as 'net cash'). The applicable values owed to/from billing authorities in respect of council tax, as well as the movement and closing balance on the CFAA at year-end, are shown in the below table.

2025/26	(Surplus) / Deficit Opening Balance £000	Net Arrears £000	Net Prepayments £000	Net Cash £000	(Surplus) / Deficit Closing Balance £000
Basildon	(25)	593	(263)	(204)	(126)
Braintree	(631)	575	(233)	294	(636)
Brentwood	(33)	656	(191)	(199)	(266)
Castle Point	(24)	242	(109)	91	(224)
Chelmsford	529	1,635	(308)	(1,562)	234
Colchester	286	378	(573)	6	189
Epping Forest	0	650	(338)	(149)	(163)
Harlow	(136)	1,104	(192)	(786)	(126)
Maldon	(416)	182	(149)	751	(785)
Rochford	(104)	66	(80)	65	(51)
Southend	(1,000)	596	(487)	921	(1,030)
Tendring	(415)	1,116	(527)	(28)	(561)
Thurrock	25	283	(93)	(412)	222
Uttlesford	(133)	317	(287)	167	(198)
	(2,077)	**8,393**	**(3,830)**	**(1,042)**	**(3,521)**

41.5 Accumulated Absences Account

The Accumulated Absences Account is an unusable reserve which absorbs the differences that would otherwise arise on the General Reserve from accruing for compensated absences earned but not taken in the year e.g. annual leave entitlement carried forward at 31st March. Statutory arrangements require that the impact on the General Reserve is neutralised by transfers to or from the account.

	2024/25 PFCC £000	2024/25 Group £000	2025/26 PFCC £000	2025/26 Group £000
Opening Balance	**53**	**3,930**	**54**	**4,026**
Settlement or cancellation of accrual from previous year	(53)	(3,930)	(54)	(4,026)
Amounts accrued for revised liability value at the end of the current year	54	4,026	43	4,368
Closing Balance	**54**	**4,026**	**43**	**4,368**

The balance on the Accumulated Absences account (and corresponding unusable reserve) has increased compared to the 2024/25 balance due to the impact of the 2025/26 pay award and employer pension contribution rate increases in LGPS, impacting on the hourly rates used in the accrual calculation.

42. Financial Instruments – Overview

Introduction

The following disclosures in respect of financial instruments have been prepared on the basis of the IFRS 9 accounting standard which has been adopted with effect from the 1st April 2018 onwards. For further information on this as well as further detail on financial assets, financial liabilities and the related use of fair values, please see accounting policy 2.25.

Financial Instruments – Balances

Financial Assets

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

Financial Assets	2024/25 £000	2025/26 £000
Cash & Cash Equivalents		
Held at amortised cost:		
Within scope of IFRS 9	-	20,409
Total Cash and Cash Equivalents	**-**	**20,409**
Short Term Debtors		
Held at amortised cost:		
Within scope of IFRS 9	7,084	6,408
Loss allowance for doubtful debts	(36)	(47)
Total Short Term Debtors	**7,048**	**6,361**
Total Financial Assets	**7,048**	**26,770**

All of the above financial assets are classified as short-term and are held at amortised cost. There were no long-term financial assets held at the 31st March 2026. Interest accrued has not been included in any of the above categories based on materiality.

There were no financial assets classified at fair value through other comprehensive income at 31st March 2026. At the year-end, of the £20.409m, the PFCC held £19.500m in money market funds, which are presented within Cash and Cash Equivalents as liquid investments. Due to their short-term and highly liquid nature, the carrying amount of these balances was not materially different from fair value.

Financial instruments held at fair value through profit and loss are typically classified as Level 1 within the fair value hierarchy. These relate to money market funds held by the PFCC, which are part of the liquid investments element within Cash and Cash Equivalents, and which also includes call accounts (the latter of which are valued at amortised cost for the purpose of financial instrument classification).

The debtors lines in the Balance Sheet include £33.398m (2024/25, £31.832m) short-term and £0.000m (2024/25, £0.023m) long-term debtors that do not meet the definition of a financial asset, on the basis they relate to non-exchange transactions.

Financial Liabilities

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

Financial Liabilities	2024/25 £000	2025/26 £000
Cash & Cash Equivalents		
Held at amortised cost:		
Within scope of IFRS 9	(5,126)	(3,379)
Total Cash and Cash Equivalents	**(5,126)**	**(3,379)**
Short Term Creditors		
Held at amortised cost:		
Within scope of IFRS 9	(24,754)	(24,532)
Held at fair value:		
Within scope of IFRS 9	(409)	(423)
Total Short Term Creditors	**(25,163)**	**(24,955)**
Provisions		
Held at amortised cost:		
Within scope of IFRS 9	(6,465)	(6,745)
Total Provisions	**(6,465)**	**(6,745)**
Long-term leases		
Held at fair value:		
Within scope of IFRS 9	(1,945)	(2,290)
Total Long-term leases	**(1,945)**	**(2,290)**
Total Financial Liabilities	**(38,699)**	**(37,369)**

As a result of leasing arrangements being brought onto the Balance Sheet from 2024/25 following the adoption of IFRS 16, lease liabilities have been recognised. These balances are included within financial liabilities disclosed under IFRS 9 and are presented across short and long-term classifications (£0.423m short-term, £2.290m long-term).

The creditors lines on the Balance Sheet include £20.313m (2024/25, £15.441m) of short-term creditors and £2.754m (2024/25, £1.868m) of provisions, that do not meet the definition of a financial liability as they relate to non-exchange transactions.

In addition to the financial liabilities set out above the PFCC also has an internal borrowing requirement of £41.889m (as per note 22). This comprises the opening Capital Financing Requirement of £37.926m, increased by capital expenditure financed by borrowing in 2025/26 and reduced by Minimum Revenue Provision charged during the year.

Fair Values

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

Gains and Losses

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

Gains and Losses	2024/25 £000	2025/26 £000
Financial Assets - Investment Income		
Held at amortised cost:		
Within scope of IFRS 9	(1,074)	(867)
Total Gains	**(1,074)**	**(867)**
Financial Liabilities - Interest Payable		
Held at amortised cost:		
Within scope of IFRS 9	264	217
Total Losses	**264**	**217**
Net (Gain)/Loss recognised within the (Surplus)/Deficit on Provision of Services	**(810)**	**(650)**

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

The PFCC has assessed that there are no anticipated credit losses to recognise in the 2025/26 Statement of Accounts, either in respect of financial assets held at amortised cost or those held at fair value through profit and loss. The economic outlook for the PFCC's financial assets has been taken into account in making this assessment, with consideration to the risk of default, the exposure to that default risk and any estimated loss as a result of the default. Whilst the PFCC accepts the ongoing impact will need to be monitored closely going forward (as described in the measures set out within note 43) there is no evidence that credit losses need to be recognised at the current time, based on the investments held and the counterparties that these monies are held with.

43. Financial Instruments – Risks

The PFCC complies with the CIPFA Code of Practice on Treasury Management and the Prudential Code for Capital Finance in Local Authorities, both revised and updated in 2021.

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

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

The main risks covered are:

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

Credit Risk: Treasury Investments

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

Specific limits are placed on the amount of money that can be invested in fixed-term investments with either UK or non-UK financial institutions (other than the UK government or local authorities), as well as the durations of time for these investments. Specific criteria also applies to Lloyds Bank plc as the PFCC's provider of operational banking arrangements. In addition, the PFCC sets limits for investments in other financial instruments.

The below table overleaf summarises the credit risk exposure during 2025/26 in respect of the PFCC's treasury investment portfolio, by credit rating and remaining time to maturity

Approved counterparty criteria where investments placed during 2025/26

Treasury investment counterparties and limits 2025/26	Maximum time limit	Counterparty limit £	Sector limit £
UK central government (including DMADF facility)	10 years	Unlimited	Unlimited
UK local authorities & other government entities	5 years	£5m	Unlimited
Secured investments - UK (between A and AAA) fixed	1 year	£5m	Unlimited
Secured investments - Non-UK (between A and AAA) fixed term-duration	6 mths	£5m	Unlimited
Lloyds Bank plc (operational bank account) where at least A	1 year	£2m	n/a
Lloyds Bank plc (operational bank account) where below A	Overnight	£1m	n/a
Banks, Building societies and registered providers - UK unsecured (between A and AAA) fixed term duration	1 year	£2m	Unlimited
Banks, Building societies and registered providers - Non-UK unsecured (between A and AAA) fixed term duration	6 mths	£2m	50%
Banks, Building societies and registered providers - unsecured (between A and AAA) with same day access e.g. call accounts	n/a	£5m	Unlimited
Money market funds (minimum AAA rated)	n/a	£5m	Unlimited
Strategic pooled funds	Separate approval to be sought from PFCC office		

There were no significant issues or concerns in respect of credit risk for treasury investments during 2025/26, and the PFCC does not expect any losses from non-performance for these investments in the future. However, treasury management performance will continue to be reviewed during 2026/27, with a need to ensure that appropriate arrangements are in place to manage credit risks arising. This will need to incorporate the potential impact of a money market fund getting into difficulties, potential downgrades of UK banks and building societies, as well as multiple business failure in the UK and the related effect on tax base economic activity. Should any of these issues arise the PFCC's response to this additional risk will be to apply extra prudence when making investments, with a greater focus on counterparty worthiness and reduced durations for investments. This will include discussion and consultation with the PFCC's treasury management advisors.

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

Trade Receivables	2024/25 £000	2025/26 £000
Neither past due or impaired	5,163	3,255
Between 31 and 60 days	106	1,798
Between 61 and 90 days	48	43
Over 90 days	91	128
Total	**5,409**	**5,224**

Loss allowances on trade receivables have been generally calculated by reference to the PFCC's historic experience of default (currently assessed to be materially unchanged from the previous calculation of 0.05%). Following a review of outstanding balances at the 31st March 2026, the loss allowance value has been assessed at £0.047m, representing an increase of £0.012m being applied through the CIES. In respect of the calculation of any further potential bad debts, receivables are deemed to have suffered a significant increase in credit risk where they are 30 or more days past due and they are determined to be credit impaired where they are 90 or more days past due.

Where the value of the loss allowance is not sufficient, trade receivables are written off to the (Surplus)/Deficit on the Provision of Services when they are past due, with a bad debt being recognised. There were no material charges of this nature during 2025/26.

Liquidity Risk

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

The PFCC has ready access to borrowing at favourable rates from the Public Works Loan Board (PWLB) and UK local authorities, and at higher rates from banks and building societies. There is no perceived risk that the PFCC will be unable to raise finance to meet its commitments, however the PFCC is expecting to require longer-term external borrowing to fund its capital programme from 2026/27 onwards. Whilst this was previously expected earlier, slippage in the programme and a more favourable cash resources position has meant that longer-term external borrowing has not yet been required. Further detail in respect of the PFCC's borrowing approach and medium-term financial commitments, as well as the related governance process, are set out in the latest TMS.

Market Risk: Interest Rate Risk

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

- Borrowings at variable rates – the interest expense will rise
- Borrowings at fixed rates – the fair value of the liabilities will fall
- Investments at variable rates – the interest income will rise
- Investments at fixed rates – the fair value of the assets will fall

Investments measured at amortised cost and loans borrowed are not carried at fair value, so changes in their fair value will have no impact on the Comprehensive Income and Expenditure Statement. However, changes in interest payable and interest receivable from variable rate borrowings and investments respectively, will be posted to the (Surplus)/Deficit on the Provision of Services. Monetary movements for investments measured at fair value (where used) will typically be reflected in Other Comprehensive Income.

The TMS aims to mitigate these risks by setting upper limits on net exposures to fixed and variable interest rates. As at 31st March 2026, based on the actual treasury management position, the PFCC held no fixed-rate investments. Investment balances held at the year-end were in liquid money market funds, which are managed as part of short-term cash and liquidity management.

The PFCC manages its exposure to interest rate risk by the use of a specific TM indicator with its TMS and Treasury Management Outturn Report. The figures included in this indicator reflect the potential impact of a rise or decrease in the base rate by 1%, and the potential adverse impact which could arise in each instance. The indicator for interest rate rises is based upon the potential exposure to additional interest payable. The indicator for interest rate reductions is based upon the potential exposure to reduced levels of investment income.

Market Risk: Price Risk

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

Market Risk: Foreign Exchange

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

44. Jointly Controlled Operations and Collaborative Activity

The Group in conjunction with other parties participates in a number of joint operations that involve the use of the assets and resources of the parties rather than the establishment of a separate entity. The Group recognises the assets that it controls and the liabilities that it incurs on its Balance Sheet, with the PFCC/Group share of these set out in note 20. Jointly controlled assets are items of property, plant or equipment that are jointly controlled by the Group and other parties, with the assets being used to obtain benefits for all the parties.

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

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

The Eastern Region Special Operations Unit (ERSOU)

ERSOU was established 1st April 2010 as a joint arrangement originally between six forces, but from 2016/17 it comprises seven forces - Hertfordshire, Cambridgeshire, Essex, Suffolk, Norfolk, Bedfordshire and Kent (the Seven Forces Consortium, hereafter referred to as 7F), to provide one serious and organised crime unit for the eastern region. ERSOU is run by a management board where all forces are equally represented and decisions are made with the unanimous consent of all forces. Therefore, each force’s share of costs are consolidated into their own financial statements.

The ERSOU income and expenditure statement for 2025/26 is shown below:

	2024/25				2025/26			
	Home Office Grant £000	Running Costs £000	Depreciation £000	(Surplus)/ Deficit £000	Home Office Grant £000	Running Costs £000	Depreciation £000	(Surplus)/ Deficit £000
Bedfordshire	(901)	3,867	148	3,114	(1,276)	3,960	110	2,794
Cambridgeshire	(1,137)	4,879	160	3,902	(1,611)	5,006	123	3,518
Essex	(2,215)	6,460	102	4,347	(3,131)	6,559	78	3,506
Hertfordshire	(1,616)	6,932	249	5,565	(2,289)	7,114	187	5,012
Kent	(1,611)	6,300	65	4,754	(1,909)	6,524	55	4,670
Norfolk	(1,278)	5,480	193	4,396	(1,824)	5,664	146	3,986
Suffolk	(985)	4,225	153	3,394	(1,409)	4,378	116	3,085
Total	**(9,743)**	**38,143**	**1,071**	**29,471**	**(13,449)**	**39,205**	**815**	**26,571**

Whilst the £3.506m in the table above is the reported share of ERSOU costs for Essex in 2025/26, the actual costs chargeable to the taxpayer in the year will differ. This is due to timings and adjustments from the previous accounting period, as well as the depreciation element, which is chargeable to the CIES but not the taxpayer. In addition, the CIES includes capital recharges which are not itemised out in the above table.

Other Joint Operations Outside the Scope of IFRS 11

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

Kent Collaborative Agreement

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

The amount received from Kent Police during 2025/26 in respect of contributions to joint departments was £14.923m (2024/25 £17.801m). The amount paid to Kent Police for the year 2025/26 in respect of contributions to joint departments was £16.238m (2024/25 £13.658m).

Athena

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

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

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

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

Planning for the delivery of a replacement Records Management System is being undertaken under the RMS Gen 2 programme. Financial management of RMS Gen 2 operates under the same structure as Athena, with Essex as the lead force for managing all income and expenditure, although only seven forces are participating, with Warwickshire and West Mercia taking decisions to not participate in the replacement programme. The procurement process to select the supplier for RMS Gen 2 is ongoing but has a timeline to be implemented once the current Athena contract expires. The benefits and liabilities of the RMS Gen 2 contract will be shared between the remaining seven forces through a Section 22 RMS Gen 2 Collaborative Service Agreement, specific details of which are still to be determined, but they are likely to be largely in proportion to the net revenue expenditure of the respective forces.

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

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

	2024/25				2025/26			
	Share of Athena System Costs	Recharge of AMO Management Costs	Infrastructure Charge Ongoing	Digital Case File	Share of Athena System Costs	Recharge of AMO Management Costs	Infrastructure Charge Ongoing	Digital Case File
	£000	£000	£000	£000	£000	£000	£000	£000
Essex	703	313	-	116	706	506	-	116
Bedfordshire	270	120	-	45	271	194	-	45
Cambridgeshire	341	152	-	56	342	245	-	56
Hertfordshire	498	222	-	82	500	359	-	82
Kent	756	335	-	124	755	541	-	124
Norfolk	388	173	-	64	390	279	-	64
Suffolk	300	133	-	49	301	215	-	49
Warwickshire	194	64	92	47	165	97	-	40
West Mercia	277	139	136	85	288	219	-	91
Total	**3,727**	**1,651**	**228**	**668**	**3,718**	**2,657**	**-**	**669**

Seven Forces Strategic Collaboration Programme (7FSCP)

This team was originally set up in October 2015 with resources contributed across the Seven Force Consortium (7F) and the costs shared based on net revenue expenditure (NRE). Following the decision at the 7F Summit to move to a 7F Network the 7F Programme Team went through consultation in December 2021 and has been reduced to a small team whose objective is to implement agreed business cases, with funding for these resources approved until autumn 2023. Due to ongoing implementation of the Forensic Case Management system this reduced resource has now been extended for 2024/25.

The 7F Programme and Project teams have now been disbanded with final pay costs incurred in 2025/26.

The 7F Eastern Region Network Team is now established with a separate senior responsible officer (SRO) leading and will be a business as usual (BAU) function.

The initial transition to the 7F Firearms Training Compliance function commenced on 1st April 2018, with key posts all established during the early period. Other costs were incurred to enable the longer-term development of the 7F function (i.e. 7F Chronicle and Airbox/Mosaic) and, for the majority of the period, all of these costs were shared on a NRE apportionment basis by all seven forces. This now also includes 2 FTE for Taser Training.

The Eastern Region Summit approved a full business case (FBC) for a single 7F procurement function in July 2018. The Seven Force Procurement Team (7FP team) was originally allocated a budget based on an initial time period of three years, and the team officially went live in January 2020. This budget has been restated for 2025/26 for pay rises and MRS (Market Rate Supplement) This regional department is now based on a restructured establishment but with a higher vacancy rate applied in 2025/26 of 7.5% to provide for flux in retention and recruitment.

In 2020 the decision was made by the 7F Deputy Chief Constables (DCC) to set up the 7F ESMCP Regional Programme Team with 8 FTE's agreed, and subsequently 2 further FTE's in addition. These posts work across the three emergency services and as such the cost is shared by the three organisations. The police aspect of the funding for these posts was taken from the ESMCP budget underspend. The original 3-year funding period was extended to cover a revised resource structure, which was approved by the 7F DCC's in November 2023. These arrangements were further extended into 2024/25 pending a further annual review of regional support resources required. Funding is now be approved and reviewed on an annual basis with the previous 10 staff no longer necessary to deliver regional ESN due to wider National Programme Support so currently established as 3 posts.

The implementation of the Forensic Case Management System (CMS) began in 2021/22 with costs to be allocated across the five-year life of the project. Due to further delays the hosting costs and licensing for the full system are not yet being incurred at the end of the current accounting period. While Bedfordshire, Cambridgeshire, Hertfordshire, Essex and Kent have gone live with the system in 2025/26, Norfolk and Suffolk are still awaiting to do so and currently planned for June 2026. The original 5-year contract term of the FBC has expired and the project is now in an initial overrun period of 6 months with option for a further 6-month extension before any re-contracting.

	2024/25	2025/26
	Share of Collaboration Costs	
	£000	£000
Bedfordshire	121	118
Cambridgeshire	152	149
Essex	298	304
Hertfordshire	216	299
Kent	316	324
Norfolk	171	239
Suffolk	132	185
Total	**1,406**	**1,618**

45. Related Parties

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

PFCC/Chief Constable

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

Central Government

Central government has effective control over the general operations of the Group. It is responsible for providing the statutory framework within which the Group operates and provides the majority of its funding in the form of general and specific grants. Details of central government funding are identified within the Comprehensive Income and Expenditure Statement, and the grants income analysis (note 17).

Included within this funding 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 46).

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

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

The costs of staff pay and associated costs for the PFCC, Deputy PFCC and any applicable staff relating to their work at Essex County Fire and Rescue Service (ECFRS) are recharged on a direct basis. In addition to this, there is a joint arrangement for collaborative projects which is run by a joint Emergency Services Collaboration Programme Board and Strategic Governance Board. The amount received from ECFRS during 2025/26 was £0.425m. The amount paid to ECFRS during 2025/26 was £0.575m.

Local Government Pension Scheme (LGPS)

The PFCC/Group are members of the Essex Pension Fund, one of over 100 funds in the UK which together comprise the Local Government Pension Scheme (LGPS). This is a statutory defined benefit scheme which is provided for police staff (including PCSO's). The scheme is funded, meaning that there are investment/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 PFCC/Group (as set out in note 46) influence is recognised in respect of both Essex County Council (who run the scheme) and the LGPS entity itself.

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

Material transactions with other public bodies, where not already set out within this disclosure, can be found within note 44 (Joint-Controlled Operations and Collaborative Activity).

Officers

A process to determine any related party transactions arising from relationships that serving senior officers hold, is undertaken at year-end. This process covers Essex-based senior officers as well as those employed by Kent Police which undertake joint roles for both forces. In addition, the independent members of the Joint Audit Committee are also incorporated within this exercise.

The PFCC as a serving councillor for Brentwood Borough Council has a related party relationship with this entity in his role as Commissioner. During 2025/26 the PFCC office has recognised £0.137m of expenditure in respect of premises costs at Brentwood Borough Council, encompassing £0.078m for rental and £0.059m for service charges and electricity. There were no other material transactions arising from this relationship in

2025/26 nor between these entities, except for council tax billing and collection activities which are required by statute.

Based on the declarations of interest received (with responses obtained from all relevant recipients), no other applicable relationships or material transactions have been disclosed which involve the PFCC/Group, during 2025/26.

46. Defined Benefit Pension Schemes

Transactions Relating to Retirement Benefits

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

The charge the PFCC Group is required to make against council tax however, is based on the cash payable in the year, and therefore the real cost of retirement benefits is reversed out of the CIES. The following transactions have been made in the PFCC Group's accounts during the year:

Police Officer Pension Schemes

	Totals 2024/25 £000	2025/26 £000
(Surplus)/Deficit on the Provision of Services		
Provision of Police Services:		
Service cost	31,828	18,862
Financing and Investment Income & Expenditure:		
Net interest on the defined liability	110,932	120,095
Total Post-Employment Benefit charged to the (Surplus)/Deficit on the Provision of Services	**142,760**	**138,957**
Other Comprehensive Income & Expenditure		
Remeasurement of the net defined benefit liability comprising:		
Change in financial assumptions	(317,151)	(92,748)
Change in demographic assumptions	(5,454)	40,413
Experience (gain)/loss on defined benefit obligation	72,666	6,438
Total Other Post-Employment Benefit charged to Other Comprehensive Income & Expenditure	**(249,939)**	**(45,897)**
Total Post-Employment Benefit charged to the Comprehensive Income & Expenditure Statement	**(107,179)**	**93,060**
Movement in Reserves Statement		
Reversal of net charges made to the (Surplus)/Deficit on the Provision of Services for post employment benefits	(142,760)	(138,957)
Actual amount charged against the General Reserve for pensions in the year - retirement benefits payable to retired police officers	86,164	86,304
Movement in Reserves Statement	**(56,596)**	**(52,653)**

Local Government Pension Scheme (LGPS) - Police Staff

	Local Government Pension Scheme			
	2024/25 PFCC £000	2024/25 Group £000	2025/26 PFCC £000	2025/26 Group £000
(Surplus)/Deficit on the Provision of Services				
Net Cost of Provision of Police Services:				
Service cost	234	13,465	192	9,779
Administration expenses	3	362	2	258
	237	**13,827**	**194**	**10,037**
Financing and Investment Income & Expenditure:				
Net interest on the defined liability	(6)	(243)	(8)	(1,900)
Total Post Employment Benefit charged to the (Surplus)/Deficit on the Provision of Services	**231**	**13,584**	**186**	**8,137**
Other Comprehensive Income & Expenditure				
Remeasurement of the net defined benefit liability comprising:				
Return on plan assets in excess of interest	(8)	(873)	(197)	(22,099)
Other actuarial (gains)/losses on assets	-	-	(999)	(349)
Change in financial assumptions	(901)	(77,924)	(236)	(19,441)
Change in demographic assumptions	(8)	(1,079)	97	13,210
Experience (gain)/loss on defined benefit obligation	(8)	(1,042)	854	21,968
Other remeasurements:				
Adjustment for IFRIC 14 asset ceiling	1,015	83,887	704	18,972
Total Other Post-Employment Benefit charged to Other Comprehensive Income & Expenditure	**90**	**2,969**	**223**	**12,261**
Total Post-Employment Benefit charged to the Comprehensive Income & Expenditure Statement	**321**	**16,553**	**409**	**20,398**
Movement in Reserves Statement				
Reversal of net charges made to the (Surplus)/Deficit on the Provision of Services for post-employment benefits	(231)	(13,584)	(186)	(8,137)
Employer's contribution payable to scheme	321	16,659	347	18,421
Movement in Reserves Statement	**90**	**3,075**	**161**	**10,284**

Settlements/Curtailments (Special Events)

In respect of curtailments, there were 19 former employees of the force who became entitled to unreduced early retirement benefits during 2025/26. The capitalised cost of the additional benefits on IAS 19 compliant assumptions is calculated at £0.989m. This figure has been included within the service cost within the CIES, as reflected in the above table.

In respect of settlements, there were no liabilities settled at a cost materially different to their accounting value during 2025/26.

IFRIC 14 – Application of the Asset Ceiling

The PFCC is required to take notice of IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction, following the LGPS moving from a net defined benefit liability to a net defined benefit asset position in 2022/23, and the need to consider whether there is an asset ceiling that would limit the PFCC's ability to recognise this asset.

Where the PFCC has a surplus in a defined benefit plan, it is required to measure the related asset arising at the lower of the surplus in the defined benefit plan and the asset ceiling. The asset ceiling is a specified estimate of the present value of the economic benefit which the employer can realise, either through a) refunds or b) by gaining economic benefit through reductions in future contributions.

The PFCC has discussed these requirements with its actuary and in respect of a) has determined that the PFCC does not have an unconditional right to a refund based on the existing regulations of the LGPS and as such the possibility of economic benefit in this form has been disregarded. For b), two forms of contributions have been identified – primary rate, the cost of future accruals which are paid based on active members, and the secondary rate, typically relating to an employer-specific surplus/deficit. Upon review of these contributions going forward, it has been determined that this represents a de-facto minimum funding requirement, specifically relating to the future primary rate contributions which should be measured over the same period as the service cost, and thus beyond the period of the current contribution schedule. An asset ceiling therefore applies in the form of contributions needing to meet this minimum funding requirement before any economic benefit gained from reductions can be recognised.

Based on an application of these calculations to the PFCC Group's IAS 19 position at the Balance Sheet date, £279.755m has been recognised as an actuarial loss through Other Comprehensive Income and Expenditure, with a £5.119m net defined benefit liability now being recognised. For the PFCC, this equates to a £3.354m actuarial loss, with a £0.091m liability being recognised at the Balance Sheet date.

Pension Assets and Liabilities recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the PFCC Group's obligation in respect of defined benefit plans are:

	Police Officer Pension Scheme	
	2024/25 £000	2025/26 £000
Present value of the defined benefit obligation	(2,113,144)	(2,119,900)
Net liability in Balance Sheet	**(2,113,144)**	**(2,119,900)**

	Local Government Pension Scheme			
	2024/25 PFCC £000	2024/25 Group £000	2025/26 PFCC £000	2025/26 Group £000
Present value of funded obligation	(3,172)	(393,119)	(4,139)	(424,514)
Fair value of scheme assets (bid value)	5,644	637,035	7,402	700,055
Gross asset/(liability)	**2,472**	**243,916**	**3,263**	**275,541**
Adjustment for IFRIC14 asset ceiling	(2,501)	(246,223)	(3,354)	(279,755)
Adjusted Gross asset/(liability)	**(29)**	**(2,307)**	**(91)**	**(4,214)**
Present value of unfunded obligation	-	(835)	-	(905)
Net asset/(liability) in Balance Sheet	**(29)**	**(3,142)**	**(91)**	**(5,119)**

Assets and Liabilities in Relation to Retirement Benefits

The following table reconciles the present values of the liabilities and assets of the Police Officer Pension Scheme:

Liabilities	Police Officer Pension Scheme	
	2024/25 £000	2025/26 £000
Opening Balance	**(2,306,487)**	**(2,113,144)**
Current service cost	(31,828)	(18,862)
Interest cost	(110,932)	(120,095)
Change in financial assumptions	317,151	92,748
Change in demographic assumptions	5,454	(40,413)
Experience gain/loss on defined benefit obligation	(72,666)	(6,438)
Estimated benefits paid net of transfers in	106,153	106,931
Contributions by scheme participants	(19,989)	(20,627)
Closing Balance	**(2,113,144)**	**(2,119,900)**

Assets	Police Officer Pension Scheme	
	2024/25 £000	2025/26 £000
Contributions by employer	86,164	86,304
Contributions by participants	19,989	20,627
Net benefits paid out	(106,153)	(106,931)
Closing Balance	**-**	**-**

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

Liabilities	Local Government Pension Scheme			
	2024/25 PFCC £000	2024/25 Group £000	2025/26 PFCC £000	2025/26 Group £000
Opening Balance	**(3,596)**	**(450,201)**	**(3,172)**	**(393,954)**
Current service cost	(234)	(13,383)	(192)	(8,790)
Past service cost	-	(82)	-	(989)
Interest cost	(180)	(22,002)	(185)	(21,299)
Change in financial assumptions	901	77,924	236	19,441
Change in demographic assumptions	8	1,079	(97)	(13,210)
Experience loss/gain on defined benefit obligation	8	1,042	(854)	(21,968)
Contributions by scheme participants	(117)	(5,335)	(120)	(5,318)
Benefits/transfers paid	38	16,908	245	20,570
Unfunded pension payments	-	96	-	98
Closing Balance	**(3,172)**	**(393,954)**	**(4,139)**	**(425,419)**

Assets	Local Government Pension Scheme			
	2024/25 PFCC £000	2024/25 Group £000	2025/26 PFCC £000	2025/26 Group £000
Opening Balance	**4,983**	**601,632**	**5,644**	**637,035**
Interest on assets	256	29,902	342	37,759
Return on assets less interest	8	873	197	22,099
Other actuarial gains/losses	-	-	999	349
Administration expenses	(3)	(362)	(2)	(258)
Employer contributions including unfunded	321	16,659	347	18,421
Contributions by scheme participants	117	5,335	120	5,318
Benefits paid	(38)	(17,004)	(245)	(20,668)
Closing Balance	**5,644**	**637,035**	**7,402**	**700,055**
Net asset/(liability) at 1st April	**1,387**	**151,431**	**2,472**	**243,081**
Net asset/(liability) at 31st March	**2,472**	**243,081**	**3,263**	**274,636**
IFRIC 14 - Asset Ceiling Adjustments				
Reversal of prior year adjustment	1,416	154,679	2,501	246,223
Application of current year adjustment	(2,501)	(246,223)	(3,354)	(279,755)
Total	**(1,085)**	**(91,544)**	**(853)**	**(33,532)**
Net asset/(liability) at 1st April (as per Balance Sheet)	**(29)**	**(3,248)**	**(29)**	**(3,142)**
Net asset/(liability) at 31st March (as per Balance Sheet)	**(29)**	**(3,142)**	**(91)**	**(5,119)**

Expected return on scheme assets

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

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

	2024/25 PFCC		2024/25 Group		2025/26 PFCC		2025/26 Group	
	£000	%	£000	%	£000	%	£000	%
Equities	3,098	55%	349,764	55%	4,007	54%	379,001	54%
Government bonds	86	2%	9,656	2%	106	1%	10,019	1%
Other bonds	0	0%	0	0%	-	0%	-	0%
Property	456	8%	51,421	8%	669	9%	63,245	9%
Cash/Liquidity	110	2%	12,424	2%	150	2%	14,147	2%
Alternative assets	851	15%	96,020	15%	1,172	16%	110,867	16%
Other managed funds	1,043	18%	117,750	18%	1,298	18%	122,776	18%
Total	**5,644**	**100%**	**637,035**	**100%**	**7,402**	**100%**	**700,055**	**100%**

The liabilities show the underlying commitments that the PFCC has in the long term to pay retirement benefits. The net liability of £2.125bn has a substantial impact upon the net worth of the PFCC as recorded in the Balance Sheet.

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

- The deficit on the 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 Pensions Fund Account, and any shortfall between the value of pensions paid in year and the receipts into the account from employer and employee contributions is funded from top-up grant from the government

The total employer contributions expected to be made to the LGPS in the year to 31st March 2027 are £16.592m for the Group and £0.360m for the PFCC. The expected employer contributions for the Police Officer Pension Scheme in the year to 31st March 2027 is £56.284m.

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

The dates of the last full valuations are:

- Essex County Council Pension Fund: 31st March 2025
- Police Pension Schemes: 31st March 2020

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

The principal assumptions used by the actuaries are as follows:

	Police Officer Pension Scheme			
	2024/25 PFCC	2024/25 Group	2025/26 PFCC	2025/26 Group
Life expectancy from age 65 (police staff) and age 60 (police officers)				
Retiring in 20 years time:				
Male	n/a	22.5	n/a	23.4
Female	n/a	24.8	n/a	25.4
Retiring today:				
Male	n/a	21.2	n/a	21.9
Female	n/a	23.4	n/a	23.8
Rate of Inflation (RPI)	n/a	3.20%	n/a	3.30%
Rate of Inflation (CPI)	n/a	2.90%	n/a	2.90%
Rate of Increase in Salaries	n/a	3.90%	n/a	3.90%
Rate of Increase in Pensions	n/a	2.90%	n/a	2.90%
Discount Rate	n/a	5.80%	n/a	6.10%

	Local Government Pension Scheme			
	2024/25 PFCC	2024/25 Group	2025/26 PFCC	2025/26 Group
Life expectancy from age 65 (police staff) and age 60 (police officers)				
Retiring in 20 years time:				
Male	22.0	22.0	23.5	23.5
Female	24.7	24.7	25.9	25.9
Retiring today:				
Male	20.7	20.7	22.0	22.0
Female	23.3	23.3	24.2	24.2
Rate of Inflation (RPI)	3.05%	3.08%	3.25%	3.25%
Rate of Inflation (CPI)	2.85%	2.85%	2.90%	2.90%
Rate of Increase in Salaries	3.85%	3.85%	3.90%	3.90%
Rate of Increase in Pensions	2.85%	2.85%	2.90%	2.90%
Discount Rate	5.95%	5.90%	6.25%	6.23%

Although the post-retirement mortality assumptions are consistent with those used for the most recent fund valuation, the mortality improvement projection has been updated to use the latest version of the Continuous Mortality Investigation's (CMI) model, which sets out detail in respect of post-retirement mortality assumptions.

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

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

Police Staff	PFCC			Group		
	£000	£000	£000	£000	£000	£000
Adjustment to discount rate	+0.1%	+0.0%	-0.1%	+0.1%	+0.0%	-0.1%
Present value of total obligation	4,052	4,139	4,228	418,613	425,419	432,405
Projected service cost	191	199	207	9,048	9,392	9,747
Adjustment to long term salary increase	+0.1%	+0.0%	-0.1%	+0.1%	+0.0%	-0.1%
Present value of total obligation	4,146	4,139	4,132	425,830	425,419	425,011
Projected service cost	199	199	199	9,392	9,392	9,392
Adjustment to pension increases and deferred revaluation	+0.1%	+0.0%	-0.1%	+0.1%	+0.0%	-0.1%
Present value of total obligation	4,226	4,139	4,089	432,425	425,419	420,249
Projected service cost	207	199	191	9,774	9,392	9,023
Adjustment to mortality age rating assumption	+1 year	None	-1 Year	+1 Year	None	-1 Year
Present value of total obligation	4,236	4,139	4,044	438,762	425,419	412,529
Projected service cost	207	191	192	9,727	9,048	9,066

Police Officers	Police Officer Pension Scheme		
	£000	£000	£000
Adjustment to discount rate	+0.1%	+0.0%	-0.1%
Present value of total obligation	2,090,595	2,119,900	2,149,914
Projected service cost	15,130	16,232	17,373
Adjustment to long term salary increase	+0.1%	+0.0%	-0.1%
Present value of total obligation	2,122,519	2,119,900	2,117,296
Projected service cost	16,232	16,232	16,232
Adjustment to pension increases and deferred revaluation	+0.1%	+0.0%	-0.1%
Present value of total obligation	2,148,210	2,119,900	2,092,270
Projected service cost	17,416	16,232	15,088
Adjustment to mortality age rating assumption	+ 1 Year	None	-1 Year
Present value of total obligation	2,187,799	2,119,900	2,054,253
Projected service cost	17,011	16,232	15,467

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 (1st April 2015 – 31st March 2022). To be eligible members must have been in a pre-2015 scheme at 31st March 2012 and 31st March 2015 and have some element of transitional protection. This choice will be deferred for members until retirement.

Regulations in respect of the McCloud and Sargeant judgements came into force on 1st October 2023, with the process of calculating and discharging the related liabilities to scheme members completed during 2024/25, alongside the recalculation and payment of related scheme contributions. As these regulations may impact the value of the liabilities in respect of accrued benefits, an allowance for the McCloud remedy will have been made within the liabilities disclosed, which is consistent with the method adopted at the last actuarial valuation. These results, including the allowance, have been rolled forward and remeasured to obtain the accounting position as at 31st March 2026.

Based on information provided by the scheme actuary, no material change to the previously estimated allowance have been identified during 2025/26 and no further adjustments in relation to associated future pension liabilities have been included in the financial statements.

The impact of an increase in scheme liabilities arising from the McCloud/Sargeant judgement will be measured through the pension valuation process, which determines employer and employee contribution rates. Any resulting changes to contribution rates will be reflected in future valuation cycles.

Guaranteed Minimum Pension (GMP) Equalisation

As a result of the High Court's Lloyds ruling on the equalisation of GMPs between genders, a number of pension schemes have updated their accounting disclosures to reflect the impact on pension liabilities.

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

The valuation assumptions for GMP adopted are that the fund will pay limited increases for members that reached SPA before 6th April 2016, with the government providing the remainder of the inflationary increase. For members that reach SPA after this date, the fund is assumed to pay the full inflationary increase.

Based on the actuarial assumptions being consistent with the consultation outcome, no further adjustments have been identified as necessary in respect of the value attributed to pension liabilities.

Virgin Media

The Virgin Media case relates to the validity of certain historic amendments to defined benefit pension schemes where appropriate actuarial certification may not have been in place.

The implications for public service pension schemes, including the Local Government Pension Scheme (LGPS), remain under consideration at a national level.

At the reporting date, there remains insufficient information to reliably assess the potential financial impact of this case. Accordingly, no adjustment or provision has been recognised within the financial statements.

Other Pension Developments

Known legal and regulatory developments, including the Goodwin case relating to historic survivor benefits, have been considered as part of the valuation of pension liabilities.

At the reporting date, the potential impact remains uncertain and is not expected to be material. Accordingly, no adjustment has been made to the valuation of pension liabilities.

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

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, lump sums and other benefits to retired officers are made. If the Police Officer Pension Scheme 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 Home Office to the force in the form of a central government top-up grant.

The Fund is not backed by any investment assets, and its outgoings are funded entirely from the receipts identified above. The Fund accounts solely for the benefits payable in the financial year and does not account for benefits payable after the period end. The following table identifies the movements on the Police Officer Pension Fund Account for the year.

Pension Schemes

- 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 1st 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 1st April 2015 unless they had full transitional or tapered protection. These protections ceased with effect from 1st April 2022 when all active members were transferred to the 2015 CARE scheme.

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/Sargeant remedy which was implemented in October 2023 (see note 46).

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

Police Officer Pension Fund Account

The table on the following page showing the movements on the Police Officer Pension Fund for the year does not include liabilities to pay pensions and other benefits after the Balance Sheet date. The liabilities for future retirements benefits are disclosed in note 46.

	2024/25 £000	£000	2025/26 £000	£000
Contributions receivable				
Employer 35.3% of Pensionable Pay	(51,582)		(53,621)	
Serving police officers [Note 1]	(19,995)		(20,627)	
Capital equivalent payment for ill health [Note 2]	(448)		(963)	
Transfers in				
Individual transfers in from other schemes [Note 3]	(239)		(473)	
Total Receipts		**(72,264)**		**(75,684)**
Benefits payable				
Pensions	86,720		89,437	
Commutations and lump sum payments	14,813		13,124	
Annual and lifetime allowance tax payments	164		343	
Lump sum death benefits	-		151	
Payments to and on account of leavers				
Refund of contributions	241		266	
Individual transfers out to other schemes [Note 3]	-		3	
Total Payments		**101,938**		**103,324**
Sub total for the year before transfer from the PFCC of amount equal to the deficit		**29,674**		**27,640**
Transfer of amount from the PFCC equal to the deficit	(29,674)		(27,640)	
Transfer of amount from the PFCC of amount equal to the deficit - Total		**(29,674)**		**(27,640)**
Net Amount Payable for the year		**-**		**-**

Notes to the Police Officer Pension Fund Account

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

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

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

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

Police Officer Pension Fund Asset Statement

This statement shows the assets and liabilities of the three Police Pension Schemes which do not form part of the Police, Fire and Crime Commissioner and the Police, Fire and Crime Commissioner Police Group Statement of Accounts. The amounts included typically relate to pension lump sums and other liabilities due in the financial year being reported, which were not actually paid to the recipient until the following financial year. These liabilities (where applicable) are offset by a corresponding debtor from the Home Office.

	2023/24 £000	2024/25 £000
Current Assets		
Funding to meet Deficit due from Essex Police (Via Home Office grant)	-	-
Current Liabilities		
Unpaid Pension Benefits	-	-
Net Assets	**-**	**-**

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

Annual Governance Statement

1. Executive Summary

1.1 This Annual Governance Statement (AGS) summarises the outcome of the annual review of the effectiveness of governance arrangements operated by the Police, Fire and Crime Commissioner (PFCC) for Essex and Essex Police during the financial year 2025/26. The review has been undertaken jointly by the PFCC and the Chief Constable and has been conducted against the seven principles of good governance set out in the CIPFA / SOLACE Delivering Good Governance in Local Government Framework, as updated by the May 2025 Addendum. The review has been informed by the conclusions of internal and external audit, the findings of external assessments, assurances from the PFCC's and Chief Constable's statutory officers, and the PFCC's ongoing scrutiny programme. The results of the assessment have been reviewed by Essex Police's Chief Officer Group (COG), the PFCC's Senior Management Team (SMT) and the Joint Audit Committee prior to final approval.

Key Conclusions

1.2 The review concludes that the governance framework in place during 2025/26 provided a high level of assurance and operated effectively overall, supporting the achievement of strategic priorities and compliance with statutory responsibilities. Robust arrangements remain in place across both corporations sole to promote ethical behaviour, transparency, sound decision-making, effective financial management and strong risk management.

1.3 Governance arrangements were supported by well-established constitutional frameworks, clear schemes of delegation and consent effective scrutiny by the Police, Fire and Crime Panel and the independent Joint Audit Committee, and risk-based internal audit and statutory external audit arrangements. Performance management, risk management and financial controls remained integral to decision-making throughout the year.

1.4 The review did not identify any significant gaps in the PFCC's or Chief Constable's governance arrangements, and no core arrangements were assessed to be operating ineffectively. No significant governance failures occurred during the year.

Overall Opinion on Governance

1.5 Based on the annual review of the governance framework and the evidence considered, the Police, Fire and Crime Commissioner (PFCC) and the Chief Constable are satisfied that governance arrangements were fit for purpose during 2025/26. Governance arrangements are considered fit for purpose where they operate effectively, comply with statutory and professional requirements, and support the delivery of intended outcomes. The review confirmed that, throughout the year, governance arrangements across both corporations sole operated effectively and provided a high level of assurance in respect of decision-making, accountability, financial management and risk management. This assessment is supported by established constitutional and scrutiny arrangements, effective performance and risk management frameworks, and independent assurance from internal audit, external audit, the Joint Audit Committee and external inspection bodies. Statutory officers provided appropriate challenge and assurance prior to decisions being taken, and financial management arrangements continued to comply with CIPFA standards.

1.6 While no governance framework can eliminate all risk, reasonable assurance was obtained that systems of internal control remained sound during the year. Where weaknesses were identified — primarily through internal audit reviews — these related to specific areas of control design, compliance or organisational capacity rather than fundamental failings in the governance framework. Appropriate management actions have been agreed and are being monitored through established governance arrangements.

Governance Outlook

1.7 The PFCC and the Chief Constable recognise that the governance environment will become increasingly complex over the coming years. In particular, the anticipated implementation of English devolution, local government reorganisation and police landscape reform will require careful management to ensure that accountability, operational independence and effective oversight of policing are maintained.

1.8 In November 2024, the Home Secretary announced a suite of proposed far-reaching reforms to policing, including the introduction of a new Police Performance Unit, a Neighbourhood Policing Guarantee, the establishment of a National Police Service to provide enabling services at a national or regional level, and a review of police force structures with a view to reducing the total number of police forces across England and Wales. It was also announced that the Government intends to abolish the role of Police (Fire) and Crime Commissioners at the end of the current term, with their powers and functions transferring to directly elected mayors where these are in place and co-terminosity exists, or to new Police (Fire) and Crime Boards where these conditions are not met. These proposals, if enacted, will result in significant changes to police accountability arrangements, including the replacement of the Strategic Policing Requirement with new National Strategic Policing Priorities. While there is broad consensus around the benefits of greater coordination in some specialist areas, concerns have been raised nationally about separation of powers, impacts on local accountability and constitutional implications.

1.9 In December 2024, the Government published the long-awaited English Devolution White Paper, setting out its ambition for every part of England to be covered by a Mayoral Strategic Authority. The subsequent English Devolution and Community Empowerment Bill received Royal Assent on 29 April 2026, so is now an Act of Parliament.

1.10 Following the submission of an expression of interest by the Leaders of Southend, Essex and Thurrock Councils in January 2025, Greater Essex was accepted onto the Devolution Priority Programme in February 2025. The Act presumes that, where geographical boundaries align (as is the case across Greater Essex), Police (Fire) and Crime Commissioner functions will transfer to the new mayor.

1.11 It was initially expected that the new Mayoral Strategic Authority for Greater Essex would be established in early 2026, with the first mayoral election scheduled for May 2026, and the transfer of PFCC powers and functions following in April 2027. However, in December 2025, the Government announced that it was postponing the inaugural mayoral election until May 2028. This means that the constituent authorities (Southend, Essex and Thurrock Councils) will now need to consent to a revised Statutory Instrument (SI) which will initially establish a non-mayoral strategic authority for Greater Essex until a mayor is elected in 2028. At the time of writing, it is unknown whether all three constituent authorities will consent to the revised SI. If they do, planning for the transfer of policing governance will continue as previously envisaged, but with the transfer of PFCC functions and powers to the mayor delayed until 2028. If the consent of all three constituent authorities is not obtained, policing governance will instead transfer to a new Police, Fire and Crime Board in 2028 under the Government's current plans. Whichever model is implemented, the governance arrangements for policing will change significantly.

1.12 In parallel, the English Devolution and Community Empowerment Act sets out proposals for the most significant reorganisation of local government in over 50 years. In March 2026, the Government announced that it is minded to reduce the number of local authorities operating across Greater Essex from 15 county, unitary and district / city / borough councils to five unitary authorities, with elections to new shadow authorities planned for 2027 and vesting day expected in 2028. This has the potential to create further operational impacts for policing, including a possible need to realign force structures to new sub-geographic boundaries, with associated cost and complexity.

1.13 While devolution and local government reorganisation present opportunities to strengthen alignment between public safety, place-based leadership and economic prosperity, they also introduce risks. In particular, there is a risk of fragmentation in local authority services critical to policing—such as safeguarding, youth justice and road safety—and pressures on the capacity and capability of Community Safety Partnerships and Resilience teams during a period of sustained organisational change. The concurrent implementation of devolution and local government reform, followed by police reform, also increases the risk that changes to the governance model for policing are not sequenced effectively.

1.14 Taken together, these developments mean that the governance framework will need to remain agile, proportionate and resilient to change. The PFCC and Chief Constable are committed to ensuring that governance arrangements continue to evolve in response to these national and local reforms, while maintaining compliance with statutory responsibilities, safeguarding operational independence and upholding established standards of public sector governance and best practice. Progress in addressing these significant governance issues, including actions carried forward from the previous year, is set out in the sections that follow.

Areas for Improvement and Forward Actions

1.15 While governance arrangements were fit for purpose during 2025/26, the review identified the below areas as key priority areas for 2026/27:

- Continuing to play an active role in planning for local government reorganisation (LGR), as this will pose significant challenges for local authority partners over the coming years. During this period of change, essential services must be maintained and statutory duties across the public sector fulfilled. The preservation of key public safety partnerships operating across the county will be key to this. The Government has also stated that it will issue Section 24 directions after the Structural Change Order is made, specifying a person authorised to give consent on relevant matters and outlining how this authority should be exercised.

- Preparing for governance transition, including the anticipated transfer of PFCC functions to a future Mayoral Strategic Authority or a Police, Fire and Crime Board in 2028.

- The Government's police reform agenda includes major constitutional changes that would increase the Home Secretary's powers to direct policing and, in so doing, reduce operational independence. The PFCC and Chief Constable must therefore continue to respond to national police reform proposals in a way that seeks to safeguard local accountability and effective oversight.

1.16 Progress against these areas will be monitored through existing governance, risk and assurance arrangements and reported through the Joint Audit Committee and other scrutiny bodies as appropriate.

Roger Hirst MBE
(Police, Fire and Crime Commissioner)

BJ Harrington QPM
(Chief Constable)

Pippa Brent-Isherwood
(Chief Executive and Monitoring Officer to the PFCC)

Date of Approval - XXXXXX

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 who has responsibility for the development and maintenance of the governance environment. In preparing this Annual Governance Statement, a joint approach has been adopted by the PFCC and Chief Constable, covering the arrangements in place within both corporations sole.

2.5 The effectiveness of the governance framework and value for money arrangements are also subject to ongoing monitoring by the PFCC’s Chief Finance Officer and Chief Executive and Monitoring Officer. This is informed by the work of the External Auditors and by continuing Internal Audit reviews as well as through the work plans of the PFCC’s Strategic and Performance and Resources Boards. The 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.

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
- Information Sharing Protocol: Police, Fire and Crime Commissioner and Police, Fire and Crime Panel
- 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 2023
- The Strategic Policing Requirement 2023
- 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 Procurement Regulations and Contract Standing Orders
- Anti-Fraud & Bribery Commitment
- 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 or can be obtained from the PFCC, Kelvedon Park, London Road, Rivenhall, Witham CM8 3HB.

4. Our Assessment of Effectiveness

4.1 The Delivering Good Governance in Local Government Framework 2016 and its addendum dated May 2025, covering the annual review of governance and the annual governance statement, set out seven core principles of good governance. The key elements of the governance arrangements put in place by the PFCC and Chief Constable in respect of each of these principles are set out in the sections that follow, along with an assessment of the assurance they give that the arrangements:

- Are adequately aligned to support delivery of the PFCC's priorities (as set out in the Police and Crime Plan) and the achievement of best value / value for money,
- Support and deliver the principles of good governance, and
- Are operating effectively

4.2 The annual review has not just taken account of current demands but has also anticipated future challenges, and the PFCC, Chief Constable and their statutory officers have satisfied themselves both that the governance arrangements in place were sufficient to meet the challenges of 2025/26 and that sufficient governance resilience has been incorporated into the arrangements for future years.

Annual Governance Statement

Key	
	Requires attention – added to AGS action plan
	Development area – added to AGS action plan
	Effective assurance – no action required

Principle	Arrangements to demonstrate principle	Assurance
Principle A – Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	Adoption of Codes of Conduct incorporating the Nolan Principles and the Police Code of Ethics, supported by an Ethics and Integrity Framework setting expectations for conduct, transparency and behaviour. "Be the Change" leadership training is delivered to every Sargeant, Inspector, Chief Inspector and police staff equivalent, focusing on ethical leadership and accountability. The Learning and Development department reports monthly to Heads of Department on compliance with training requirements within their departments, specifically highlighting non-compliance with mandated requirements in order that this can be addressed. Continued non-compliance is escalated up the management chain until compliance is achieved.	The PFCC's Codes of Conduct and Ethics and Integrity Framework set out clear, documented standards of integrity and ethical behaviour applicable to the PFCC and their staff. The framework also sets out expectations in respect of transparency to the public. The national Code of Ethics was updated and re-launched in January 2024, and the Force Plan has been updated to make specific reference to this. The PFCC, Chief Constable and the Police, Fire and Crime Panel's Ethics and Integrity Sub-Committee scrutinise compliance with the PFCC's Ethics and Integrity Framework and with the Police Code of Ethics. No significant breaches of the PFCC's Ethics and Integrity Framework were identified during the year. While the force continued to record a high number of conduct cases, the volume has been consistent with that seen in 2024/25, which represented a reduction from the peak seen in 2023/24. Where the force sees a spike in particular misconduct strands, it establishes tactical working groups to address these. The Codes of Conduct can be found here - Policies & Publications - Essex PFCC The Ethics and Integrity Framework can be viewed here - Ethics & Integrity Framework - Essex PFCC

Principle	Arrangements to demonstrate principle	Assurance
Principle A (Cont.) – Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	Joint Anti-Fraud and Bribery Commitment applying to all employees, contractors and third parties across both organisations.	A formal zero-tolerance Anti-Fraud and Bribery Commitment (most recently reviewed and updated in December 2025) is in place and applies consistently across the PFCC and Essex Police. Each ordinary meeting of the Joint Audit Committee includes a standing agenda item to update, if appropriate, on fraud and debtor write-offs. There have been no reports of any actual or suspected or alleged instances of fraud or fraudulent financial reporting during 2025/26.
	Policies and arrangements covering discipline, standards, whistleblowing and confidential reporting, supported by the Professionalism Strategy, Professionalism Delivery Plan and Supervisory Standards	Documented professionalism and reporting arrangements in the form of a Professionalism Strategy (which was revised and relaunched in November 2025), Professionalism Delivery Plan and a clear set of Supervisory Standards are in place to support integrity, ethical conduct and lawful behaviour. Essex Police has a Reporting Wrongdoing Policy, through which information provided is considered against set criteria. The force's Professionalism Board meets quarterly to consider thematic areas of concern and direct action. Each Command also owns bespoke plans to improve professionalism and culture in their area, which are reported against to each meeting of the Professionalism Delivery Board. 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 (available to view here: Business-Interest-Staff-Declaration-Policy.docx), which ensures that any potential conflicts of interest are managed and mitigated appropriately. The PFCC, Deputy PFCC and other PFCC staff are also required to declare offers of gifts and hospitality, whether these are accepted or not. Disclosable interests and registers of gifts and hospitality (last updated in March 2026) are published here: Disclosable Interests, Expenses, Gifts and Hospitality - Essex PFCC
	Ethics governance structures within Essex Police, including the Ethics Committee (which meets three to four times a year), Integrity and Anti-Corruption Board, Learning the Lessons Board (which meet four times a year) and a Regional Ethics Committee (which meets four times a year).	Established governance forums provide structured consideration of ethical issues and organisational learning, with PFCC involvement. Essex Police's Professional Standards Department (PSD) participates in a Regional Ethics Committee. The Learning the Lessons Board considers common themes featuring in complaints, conduct matters and litigation to explore what more can be done to address 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 ensuring balanced and proportionate responses 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. Essex Police's vetting and counter-corruption arrangements were reviewed by HMICFRS in November 2022.

Principle	Arrangements to demonstrate principle	Assurance
Principle A (Cont.) – Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law		The report, published on 16th June 2023, concluded that Essex Police is "Good" at vetting, IT monitoring and counter-corruption work, with a low appetite for risk in these areas. As part of its inspection, HMICFRS found that the force has a counter-corruption control strategy based on the 4P (pursue, prepare, protect and prevent) approach which clearly sets out the priorities identified in its counter-corruption strategic threat assessment (STA) and how these will be tackled. These arrangements continue to be maintained. In consequence of the murder of Sarah Everard, the Part 1 report of Lady Angiolini's Inquiry was published on 29 February 2024. Several recommendations have been implemented locally. A small number of recommendations remain open at a national level, owned by the College of Policing in collaboration with force vetting and recruitment functions. As at the latest formal update, these recommendations remain subject to national standards and guidance development.
	Complaints handling arrangements, including audit of complaint handling, liaison with the Independent Office for Police Conduct (IOPC), quarterly reporting, publication of outcomes and use of complaints data dashboards.	Formal arrangements exist for the handling, review and oversight of complaints and conduct matters, with transparency and accountability mechanisms in place. During the first three quarters of 2025/26, Essex Police recorded 158 conduct cases. This is consistent with the previous year. The most commonly recorded breach type is discreditable conduct, followed by breaches relating to duties and responsibilities, orders and instructions, and authority, respect and courtesy, although there have been reductions in volumes across all these breach types. There has also been a significant reduction in matters relating to Probationary Constables. The proportion of cases investigated by PSD resulting in there being no case to answer continues to fall, from 72% in 2023/24, to 63% in 2024/25 and 57% in Quarter 3 of 2025/26, indicating that PSD investigations are increasingly focused on genuine areas of concern. Where there was a case to answer during 2025/26, 57.6% of those culpable were dismissed, or would have been had they not already resigned. In addition, 74.6% of those cases that concluded there was no case to answer resulted in the officer being required to undertake the Reflection Practice Review Process (RPRP) or being subject to the Unsatisfactory Performance Procedure (UPP), meaning that only a very small percentage of all conduct cases closed result in no further action being taken. During the first three quarters of 2025/26, Essex Police recorded 1,076 formal complaints under Schedule 3 of the Police Reform Act 2002, with the top three categories of complaints relating to police action following contact, use of force and provision of information. The number of complaints relating to the use of Stop and Search and general professionalism continues to reduce. The highest proportion of complaint outcomes (34.1% in Quarter 3 of 2025/26) continues to be that the service level is found to have been

Principle	Arrangements to demonstrate principle	Assurance
Principle A (Cont.) – Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law		acceptable. The service level is most commonly found not to be acceptable in complaints relating to police action following contact and the provision of information. 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 and PSD, alongside a statistical report produced by the force on complaints, grievances, and disciplinary cases. The audits carried out during 2025/26 generally found comprehensive complaint handling in accordance with force policy, and that the rationale for the complaint handlers' conclusions were well explained to complainants. Where service levels had fallen below the standards expected, apologies were offered, and appropriate learning from complaints was identified – although there were some instances in which further learning was identified by the complaint auditor and shared with the force. The quarterly meeting is used to monitor trends and to scrutinise, support and challenge the approaches taken by PSD. It may also make recommendations for specific issues to be referred to either the Performance and Resources Board or the Strategic Board. 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 IOPC. 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 PSD. The reports presented to those quarterly meetings can be viewed here: Essex Police Conduct & Professional Standards - Essex PFCC. Organisational learning points are shared with the complainant to provide reassurance that their complaint has resulted in improved practice. During the first three quarters of 2025/26, the PFCC's office received 116 valid requests for reviews. The validity of review requests is assessed by the PFCC's office, as the Appropriate Authority, against statutory criteria. During this period, the PFCC's office completed 55 reviews, of which it upheld 17 (30.9%). This is higher than the upheld rate for 2023/24 (11.6%) but lower than for 2024/25 (32.8%). It surpasses both the national average upheld rate (19%) and the average amongst our Most Similar Group (MSG) of forces (15%). During this period, the PFCC's office made 25 recommendations to the force arising from complaint reviews and raised eight organisational learning points. Common themes emerging from complaint reviews include delays in and / or lack of investigative activity, the quality of complaint handlers' decision making, and a lack of supervisory oversight. Complaints against the Chief Constable are considered by the PFCC in liaison with the IOPC where necessary.

Principle	Arrangements to demonstrate principle	Assurance
Principle A (Cont.) – Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law		During 2025/26, the PFCC did not record any complaints against the Chief Constable. Although they received various pieces of correspondence purporting to be complaints against the Chief Constable, none met the criteria for recording and consequently no further action was taken in relation to any of them.
	Discharge of statutory responsibilities for misconduct proceedings, including maintenance of a regional pool of legally qualified and independent persons.	Statutory misconduct arrangements are established and supported through regional collaboration. The six Police and Crime Commissioners of the eastern region (Essex, Bedfordshire, Cambridgeshire, Hertfordshire, Norfolk and Suffolk) have maintained a joint list of Legally Qualified Persons (LQPs) and Independent Panel Members (IPMs) to hear misconduct proceedings since 2014. The Ministry of Defence Police has also recently joined this arrangement. Following implementation of the Police (Conduct) (Amendment) Regulations 2024, legislative changes were implemented during the year and incorporated into misconduct arrangements. Following an Employment Tribunal relating to a Metropolitan Police Service case, Police Appeal Tribunal (PAT) Chairs (who are appointed by the Home Office) are currently refusing to preside over cases due to an ongoing national dispute over indemnity provisions which can only be resolved at national level. At the time of writing, Essex has four cases that are affected by this. The risk is captured and monitored via the PFCC's risk register.
Principle B – Ensuring openness and comprehensive stakeholder engagement	All PFCC decisions are formally recorded and made publicly available unless restricted, and are reported to and scrutinised by the Police, Fire and Crime Panel.	All decisions are formally recorded and published for public access unless restricted. Decisions are reported to and scrutinised by the Police, Fire and Crime Panel, which meets at least four times a year in public. Panel agendas, reports, minutes and webcasts are published here: EssexCmis5 > Committees > Essex Police, Fire and Crime Panel. Where information cannot be shared publicly, clear justification is provided and alternative arrangements, such as confidential briefings, are considered by the Monitoring Officer. Decision report templates require report authors to set out consultation and engagement activity undertaken when making recommendations to the PFCC. A record of decisions can be found here - https://essex.pfcc.police.uk/finance-reporting/decisions

Principle	Arrangements to demonstrate principle	Assurance
Principle B (Cont.)– Ensuring openness and comprehensive stakeholder engagement	The PFCC's Constitution sets out citizens' rights and responsibilities and the PFCC's statutory powers, functions and duties, including arrangements for obtaining public views on policing.	Articles within the Constitution define how the PFCC engages with communities and sets out the framework through which public views are sought and considered in relation to policing. The constitution can be found here - https://essex.pfcc.police.uk/finance-reporting/policies
	The Police and Crime Plan 2024–2028 sets out the PFCC's priorities for policing and was developed following extensive public and stakeholder consultation, supported by a full equality impact assessment.	The Police and Crime Plan was developed following an extensive programme of consultation, including engagement with over 100 partner organisations, workshops involving over 1,000 participants, and a public survey with over 3,000 respondents. A full equality impact assessment was undertaken by the PFCC's Strategic Head of Policy and Public Engagement and appended to the decision report recommending adoption of the Police and Crime Plan to ensure statutory obligations were met. The Police and Crime Plan can be found here - https://essex.pfcc.police.uk/police-and-crime-plan
	Annual public consultation is undertaken on the policing precept, with findings used to inform precept proposals and subject to scrutiny.	An annual public survey is conducted to inform precept-setting. The most recent survey attracted 1,710 responses, compared with 1,579 the previous year. Results from the 2025 consultation informed proposals considered and approved through the Police, Fire and Crime Panel as part of the formal budget-setting process.
	A Communications and Engagement Strategy (2024–2028) is in place for the PFCC, alongside a comprehensive engagement strategy for Essex Police.	The PFCC's Communications and Engagement Strategy, endorsed in January 2025, sets out the planned approach to engagement and communication over the Police and Crime Plan period, supported by complementary arrangements within Essex Police. The PFCC's Engagement Charter can be viewed here - Get Involved - Essex PFCC
	The PFCC holds public meetings in each district and unitary authority area across Essex.	Public meetings are held at least once a year in each of the 14 districts and unitary areas, using a combination of face-to-face and online formats. Notes of meetings, issues raised and subsequent outcomes are published to support transparency. Details of meetings can be accessed here - https://www.essex.pfcc.police.uk/events

Principle	Arrangements to demonstrate principle	Assurance
Principle B (Cont.)– Ensuring openness and comprehensive stakeholder engagement	Regular engagement with Councillors, MPs and themed stakeholder forums supports partnership working and delivery of the Police and Crime Plan.	The PFCC meets regularly with Councillors and MPs. During the year, he attended 14 engagement meetings convened with local Councillors along with 12 MP meetings / briefings. He also convened forums focused on specific issues such as victim support, rural crime and business crime, supporting ongoing engagement with elected representatives and partners.
	Clear contact details and published correspondence, complaints and expressions of dissatisfaction policies set expectations for public contact, supported by media engagement.	Clear contact arrangements are published, supported by correspondence and complaints policies that were reviewed and updated in February 2025. These can be viewed here - Policies & Publications - Essex PFCC Proactive communication is also supported through regular press releases and media interviews.
	A jointly commissioned public confidence and victim satisfaction survey is undertaken and reported through governance and partnership arrangements.	A jointly commissioned longitudinal survey reaches approximately 7,700 people annually. Results are reported on a quarterly basis to the PFCC via the Performance and Resources Board and shared with partners annually through the Safer Essex partnership. The latest results are summarised in section 5 below ("How we have improved our governance arrangements in 2025/26").
	The Police and Crime Plan sets out the PFCC's vision, intended outcomes and performance indicators, along with the resources available to deliver these, and is used as the basis for strategic planning.	The Police and Crime Plan defines clear outcomes for the electoral term, supported by performance indicators and resource information. The Plan provides the framework against which strategic planning and performance monitoring are undertaken. The performance position as at the end of March 2026 is summarised under Principle F below.

Principle	Arrangements to demonstrate principle	Assurance
Principle C – Defining outcomes in terms of sustainable economic, social and environmental benefits	The Essex Police Estate Strategy aims to drive improvements in economy, efficiency, effectiveness and sustainability, supported by a five-year Strategic Estates Plan.	The Estate Strategy establishes clear objectives relating to economic and environmental sustainability. Delivery is supported by a five-year Strategic Estates Plan, providing a planned and structured approach to estate development and management. Oversight of estate-related outcomes is exercised through the Estates Change Board, Strategic Change and Co-ordination Board, the PFCC's Estates Strategic Board and the overarching Strategic Board.
	A joint Environment Strategy with Essex County Fire and Rescue Service supports collaboration to reduce carbon emissions and achieve national greenhouse gas reduction targets.	The Environment Strategy sets out how policing and fire and rescue services work collaboratively, and with other blue-light partners, to reduce environmental impact while achieving cost benefits. An Environmental Strategy Board co-chaired by Essex Police and Essex County Fire and Rescue Service oversees delivery of environmental and sustainability initiatives. Whilst Essex Police's carbon footprint has been reducing year on year, this has been primarily due to estate reduction and asset disposal and buildings refurbishment work. In May 2025, the PFCC agreed a Net Zero Buildings Carbon Reduction Programme supported by capital investment. However, the progress of other initiatives (most notably relating to the expansion of electric vehicle infrastructure and the electrification of the fleet) has slowed because the Government funding settlement specifically excluded funding to support such projects.
	Equality, Diversity and Inclusion Strategies set out the PFCC's and Chief Constable's arrangements for ensuring fair access to services.	The PFCC's Equality, Diversity and Inclusion Strategy can be viewed here: Strategies - Essex PFCC Essex Police's policy can be viewed here: Equality, Diversity and Inclusion at Essex Police | Essex Police An annual report from the PFCC and bi-annual reports from Essex Police set out how they have complied with their Public Sector Equality Duty throughout the year. The PFCC's latest annual report can be viewed here: Policies & Publications - Essex PFCC The latest report from Essex Police can be viewed here: 06.0-Performance-Against-the-Public-Sector-Equality-Duty-PSED-January-26-V1.pdf
	Requests for investment are presented through a business case process requiring consideration of	The business case framework ensures that investment decisions consider a full range of impacts, including cashable and non-cashable benefits, cost avoidance and wider non-financial outcomes. Decisions that require PFCC approval are captured through decision report templates that require the

Principle	Arrangements to demonstrate principle	Assurance
Principle C (Cont.)– Defining outcomes in terms of sustainable economic, social and environmental benefits	strategic, economic, commercial, financial and management cases, including anticipated benefits.	report author to set out proposals, associated benefits and links to future plans. The decisions taken during the year can be viewed here: Decisions - Essex PFCC
	The PFCC's Commissioning Strategy sets out their strategic approach to commissioning	The PFCC's Commissioning Strategy was reviewed and updated during 2025/26, and can be viewed here: Policies & Publications - Essex PFCC
	Procurement exercises determine the Most Advantageous Tender using social value criteria.	Procurement arrangements explicitly incorporate social value considerations, ensuring that economic, social and environmental benefits are considered as part of contract award decisions with a minimum weighting of 10% in evaluation, applying the national TOMs (Themes, Outcomes and Measures) Framework.
	The PFCC's decision making process is set out in the Constitution, including principles of openness, transparency, consultation and the requirement to give reasons for decisions.	The Constitution establishes clear principles governing decision-making, including openness, transparency, consultation with interested parties and the requirement to give reasons and explanations for decisions. Formal decision reports are required for significant decisions, ensuring that risks and alternative options are explicitly considered before decisions are taken and that the rationale for decisions is recorded. Statutory officer approval ensures that legal, financial and resource implications are understood and addressed before decisions are made.

Principle	Arrangements to demonstrate principle	Assurance
Principle D – Determining the interventions necessary to optimise the achievement of the intended outcomes	A clear budget-setting process covering both revenue and capital budgets is approved annually by the PFCC.	The annual budget-setting timetable ensures that financial planning is aligned to strategic objectives and the Medium-Term Financial Strategy. Engagement between the PFCC, Chief Constable and senior officers takes place during the budget-setting process, supported by reports to the Strategic Board and the Police, Fire and Crime Panel at key stages. Scenario planning and sensitivity analysis are undertaken as part of the budget-setting process to identify risks to service delivery and affordability. An internal audit review of the Medium-Term Financial Strategy was undertaken in 2024/25 and provided a substantial assurance opinion.
	The PFCC's Delivery Plan sets out the projects and programmes to be delivered over the medium term	The PFCC's Delivery Plan describes the contributions to be made by the PFCC's Office to the delivery of the PFCC's vision and objectives (as set out in the Police and Crime Plan and the Fire and Rescue Plan) over a two-year time period. Progress in achieving the Delivery Plan is reported to the PFCC's Senior Management Team quarterly, with the opportunity also being taken to review and update the Delivery Plan as required to account for emerging or escalating demands, opportunities and risks.
	The Strategic Change Directorate delivers an annual compliance and review programme to assess data integrity, legislative and policy compliance, risk mitigation and organisational health.	The annual programme of compliance and review activity supports evidence-based decision-making and provides assurance over performance information, compliance and risk management. Findings and recommendations support informed interventions and provide assurance that decision-making is based on reliable and robust information.
	A multi-agency Out of Court Disposals Scrutiny Panel reviews a selection of cases resolved through out-of-court disposals	The Panel provides independent scrutiny of disposal decisions, promotes best practice and identifies organisational learning and potential policy or training needs, supporting transparency and public confidence.
	The Constitution, Schemes of Delegation and Consent, and Financial and Procurement Regulations govern the relationship between the PFCC and the Chief Constable, safeguarding	The constitutional framework clearly defines roles, responsibilities and boundaries, ensuring that operational independence is preserved while enabling the PFCC to fulfil their statutory oversight role. Documented financial and procurement arrangements support effective accountability and are subject to regular review to ensure continued compliance with recognised good practice. The 7Force

Principle	Arrangements to demonstrate principle	Assurance
Principle D (Cont.) – Determining the interventions necessary to optimise the achievement of the intended outcomes	operational independence while enabling effective accountability.	Contract Standing Orders were last reviewed and updated in January 2025. The Schemes of Delegation and Consent and the Financial and Procurement Regulations were also reviewed and updated as required during the year to ensure that they remain fit for purpose, with the last wholesale review having been undertaken in March 2025, followed by amendments to the Scheme of Virements in July 2025 and to the levels of chief officer delegations relating to the award of contracts and the acceptance of gifts and contributions in November 2025 and March 2026 respectively. Collaborative procurement arrangements are in place under Section 22 of the Police Act 1996, including a single set of Contract Standing Orders for the seven eastern region police forces, reviewed and updated in February 2025.
Principle E – Developing the entity's capacity, including the capability of its leadership and the individuals within it	Formal governance arrangements enable the PFCC to hold the Chief Constable to account.	Governance structures and regular formal performance meetings support timely information-sharing, oversight and accountability across the two corporations sole, including monthly Performance and Resources Board meetings, Strategic Board meetings eight times per annum and fortnightly formal performance meetings.
	An Information Sharing Agreement (ISA) governs access by the PFCC to information, officers and staff within Essex Police.	The ISA (included as a schedule to the Constitution) sets out clear arrangements to ensure that the PFCC has access to the information required to discharge statutory functions without fettering operational independence.
	Governance training is provided by the Chief Executive and Monitoring Officer to all new Chief Inspectors and police staff equivalents.	Targeted governance input through the Be the Change programme referenced earlier supports leadership capability and understanding of the PFCC's role and formal governance requirements.
	All officers and staff are subject to an annual Performance Development Review (PDR) and a mid-year review.	The PDR framework supports individual development, recognises contribution and, within the force, informs access to promotion and career development opportunities. Managers receive monthly reports of appraisal due dates and are chased by exception to correct non-compliance.

Principle	Arrangements to demonstrate principle	Assurance
Principle E (Cont.) – Developing the entity's capacity, including the capability of its leadership and the individuals within it	Staff and officers have access to an Employee Assistance Programme (EAP) 24 hours a day, seven days a week	The EAP provides continuous access to counselling, wellbeing, legal and financial support services to support workforce capacity and resilience. There were 195 contacts with the EAP via the app, telephone and email during 2025/26. 151 of those individuals went on to receive counselling / support. Wellbeing arrangements also include the 'Feel Well, Live Well' programme, virtual wellbeing sessions (including leadership-focused modules), Occupational Health and Physiotherapy Services. Trauma Risk Incident Management (TRiM) processes and protocols are in place to support staff, officers and volunteers following potentially traumatic incidents.
	The PFCC is responsible for ensuring a sound system of internal control and risk management arrangements, relying on the Chief Constable to support governance and risk management processes. The system of internal control is designed to manage risk to a reasonable and foreseeable level, providing reasonable assurance through an ongoing process of identifying, prioritising and mitigating risk. Risk management policies and frameworks comply with CIPFA guidance and allocate responsibilities for managing individual risks.	The Risk Appetite Statement is subject to planned biennial review. The June 2024 review resulted in endorsement by the JAC for a further two-year period, providing continuity unless the operating environment changes significantly. Strategic risk registers for both organisations are reported to the JAC at every meeting, ensuring regular independent oversight, following internal governance review. The ordinary JAC meeting agenda includes a standing item for updates on potential fraud and debtor write-offs since the last meeting, supporting transparency and ongoing oversight. A regular programme of "Joint Star Chambers" supports agreement on risk scoring against strategic priorities and identifies further actions to reduce risk. An Internal Audit review of the force's risk management arrangements reported in May 2025 concluded that "the risk management controls were robust, with a comprehensive framework in place. This framework clearly defines risk appetite, methodology, scoring criteria, and processes for managing risks, including joint reporting and strategic management."

Principle	Arrangements to demonstrate principle	Assurance
Principle F – Managing risks and performance through robust internal control and strong public financial management	Regular monitoring of implementation of approved policies, strategies, projects and investments.	Implementation monitoring is scheduled through governance boards to ensure plans remain on target and intended benefits are realised, supported by post-implementation reviews for significant projects. Monthly and quarterly reports to the PFCC's Performance and Resources Board and the PFCC's Annual Report assess how well Essex Police has met the priorities and objectives described in the Police and Crime Plan. The March 2026 performance report recommended a grade of Good for one priority (Drive down antisocial behaviour and crime), Adequate for three priorities (More local, visible and accessible policing; Beat knife crime and drugs gangs and protect young people; and Tackle violence against women and girls and domestic abuse), and Requires Improvement for two priorities (Ensure vulnerable people are protected and Improve road safety and reduce road deaths in Essex to zero). The PFCC's Policy Review Plan, overseen by their Policy Officer, ensures that key policies and strategies are regularly reviewed and updated as necessary to ensure that they remain fit for purpose and compliant with relevant legislation, regulations and best practice. At the time of writing, all key policies and strategies remain current.
	Financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the CFO (2016) for the PFCC and Chief Constable and the CIPFA Financial Management Code.	Financial management is embedded within the governance framework and supports delivery of the Police and Crime Plan through a robust Medium-Term Financial Strategy, annual budget-setting processes and integrated financial planning. Financial decision-making is supported by scenario planning, sensitivity analysis and risk management arrangements designed to manage risk to a reasonable and foreseeable level. One of the challenges we face is that, nationally, Essex is the third lowest funded force (funding from grants and council tax) per head of population and has the third lowest spend per head of population (Source: HMICFRS 2025 Value for Money Profiles). Essex Police has a good track record of delivering cash and efficiency savings to maximise the benefit out of every pound we spend. In 2025/26 £10.921m of cashable savings were delivered with £8.464m of these recurring annually, and we continue with an ambitious savings programme into 2026/27 with £9.487m programmed to be delivered.

Principle	Arrangements to demonstrate principle	Assurance
Principle F (Cont.) – Managing risks and performance through robust internal control and strong public financial management	Internal Audit provides independent assurance.	Roles and responsibilities of the Chief Finance Officers to the PFCC and Chief Constable are clearly defined and operate in accordance with CIPFA professional standards and statutory requirements. Financial implications are considered as part of all significant decision-making, supported by business case and decision-report processes subject to statutory officer scrutiny. Three Internal Audits from the 2025/26 Internal Audit Plan (relating to victim contact and satisfaction and high-risk property management and Anti-Social Behaviour – Policy Compliance) delivered only partial assurance. Across two of the audits, four low, seven medium and three high priority actions have been agreed by management to address the findings. One audit, Anti-Social Behaviour – Policy Compliance is at a draft stage at time of writing and has one low, three medium and one high management action proposed. All other Internal Audits carried out throughout the year provided reasonable or substantial assurance. Internal Audit's draft annual opinions for the PFCC and Chief Constable for 2025/26 concludes the risk management, governance and internal control frameworks are "adequate and effective", while also identifying enhancements to ensure they remains so. Internal audit actions are tracked through a formal process overseen by the force CFO and reported to the JAC quarterly, including the status of closed actions, those requiring further evidence, and those overdue. The Internal Auditors' Follow Up Audit in 2025/26 resulted in 24 of the 25 management actions assessed being closed and concluded that the PFCC and Chief Constable had made reasonable progress in implementing agreed management actions. Internal Audit has direct access to all senior officers and employees, with statutory officers and the JAC having free and confidential access to Internal and External Auditors.
	External Audit provides assurance through the annual letter, commenting on financial aspects of corporate governance, performance management and other reports.	In their most recent Annual Report (for 2024/25), the External Auditors have not identified any risks of significant weakness in the PFCC's and Chief Constable's arrangements for improving economy, efficiency and effectiveness. Nor were any significant weaknesses identified or outstanding recommendations relating to prior years.

Principle	Arrangements to demonstrate principle	Assurance
Principle F (Cont.) – Managing risks and performance through robust internal control and strong public financial management	The independent Joint Audit Committee (JAC) monitors and reviews the effectiveness of risk management and systems of internal control	The JAC meets at least four times a year and undertakes oversight of risk management and internal control. The 2025/26 work plan included briefings and assurance on data protection, Community Safety Partnerships, stop and search, strategic demand management and embedding the updated Code of Ethics procurement activity below £60k in value, Essex Police's approach to insurance (including vehicles), the PFCC's governance structure, the impact of devolution on the PFCC and Essex Police, the PFCC's Anti-Fraud and Anti-Bribery Commitment, the PFCC's commissioning programme and the police reform white paper. It also oversaw the extension of the Internal Audit contract. Papers are published unless restricted here: Joint Audit Committee - Essex PFCC.
	HMICFRS PEEL inspections set out graded judgements across policing effectiveness, efficiency and legitimacy.	The PEEL inspection published in May 2025 reported graded judgements including areas assessed as good (recording data about crime and developing a positive workplace), adequate (use of police powers and public treatment, preventing crime, responding to the public, investigating crime, managing offenders, and leadership and force management), and requiring improvement (protecting vulnerable people), reflecting self-assessment, the Force Management Statement, investment decisions and the change programme. The force's progress in improving its arrangements to protect vulnerable people is reported on a quarterly basis to Essex Police's Chief Officer Group and then on to the PFCC. A joint inspection of Essex Police custody suites carried out by HMICFRS and the Care Quality Commission (CQC) in May to June 2024 did not result in a graded judgement but made one recommendation and highlighted 11 Areas for Improvement (AFIs). At the time of writing, two of these AFIs remain which are being progressed to closure. As set out earlier in this document, Essex Police's vetting and counter-corruption arrangements were also reviewed by HMICFRS in November 2022. The report, published on 16th June 2023, concluded that Essex Police is "Good" at vetting, IT monitoring and counter-corruption work, with a low appetite for risk in these areas. An HMICFRS inspection of serious and organised crime (regional covering both the Eastern Region Special Operations Unit (ERSOU) and Essex Police) reported in May 2023 found both ERSOU and Essex Police to be good at tackling serious and organised crime include findings and Areas for Improvement, with regional AFIs met and closed pending final verification.

Principle	Arrangements to demonstrate principle	Assurance
Principle F (Cont.) – Managing risks and performance through robust internal control and strong public financial management		HMICFRS Reports for Policing and Crime can be found here: https://essex.pfcc.police.uk/finance-reporting/policing-crime-performance/hmicfrs-reports https://hmicfrs.justiceinspectorates.gov.uk/police-forces/essex/ Progress against AFIs is monitored through Essex Police's Chief Officer Group and quarterly through the PFCC's Performance and Resources Scrutiny Board.
	Data protection arrangements include policies, data asset registers, information sharing agreements and data processing contracts. Breaches are handled in line with ICO requirements.	The PFCC has Data Protection, Records Retention and Disposal and Access to Information Policies which are available to view here: Policies & Publications - Essex PFCC. The PFCC's Data Protection Officer carries out regular dip sampling of compliance against these policies which informs an ongoing Data Protection Action Plan. Progress against the Data Protection Action Plan is reported quarterly to the PFCC's Senior Management Team, with reporting during 2025/26 not highlighting any significant issues. Information management delivery within Essex Police is overseen through the Information Management and Technology Plan (IMTP) and an Information Management Board, with mandatory training compliance reporting and a requirement for initial training completion before full system access is granted.
	Relevant data about the PFCC's office and Essex Police is published in accordance with the Publication Protocol, alongside approved decision reports.	Publication arrangements ensure that information relating to the PFCC and the force is made publicly available through the PFCC and Essex Police websites. This includes disclosable interests of the PFCC, Deputy and staff, and information required under the Elected Local Policing Bodies (Specified Information) Orders. For the PFCC, this information can be found here: Transparency - Essex PFCC

Principle	Arrangements to demonstrate principle	Assurance
Principle G – Implementing good practices in transparency, reporting and audit to deliver effective accountability	The performance framework for monitoring delivery of the Police and Crime Plan is maintained and refined by the PFCC and Chief Constable	Monthly and quarterly reporting to the Performance and Resources Board provides regular oversight of operational and performance information, with reports also published on the PFCC's website to support transparency. Six-monthly reporting to the Police, Fire and Crime Panel provides independent scrutiny of performance and delivery against the Plan, with reports published on Essex County Council's website. Annual reporting of regional working and collaborative arrangements supports continued oversight. Six-monthly reporting to the Police, Fire and Crime Panel provides independent scrutiny of performance and delivery against the Plan, with reports published on Essex County Council's website.
	The PFCC's Annual Report provides an overview of performance and delivery of Police and Crime Plan priorities and is aligned to the Statement of Accounts.	The Annual Report provides a comprehensive account of progress, performance and financial position, is presented to stakeholders and aligned with audited financial statements. An accessible summary of the Annual Governance Statement is included. The latest Annual Report can be viewed here: Annual Report for Policing & Crime - Essex PFCC
	Financial and Procurement Regulations set out governance arrangements for partnership working, collaboration, regional working and consortia, including requirements for risk assessment, project appraisal and exit strategies.	The Regulations define responsibilities and principles applying to joint working arrangements, ensuring that governance, accountability and control requirements are clearly articulated. The Financial and Procurement Regulations can be viewed here: Policies & Publications - Essex PFCC
	The Joint Audit Committee (JAC) makes recommendations on the provision, appointment and performance of Internal Audit and	The JAC provides independent oversight of internal audit arrangements, ensuring that audit coverage is risk-based, consistent with professional standards and aligned to the assurance needs of both corporations sole.

Principle	Arrangements to demonstrate principle	Assurance
Principle G (Cont.) – Implementing good practices in transparency, reporting and audit to deliver effective accountability	approves the internal audit strategy and annual plan. The Auditor Panel makes recommendations on the provision of External Audit services.	Internal audit reports and management responses are subject to independent scrutiny by JAC, supporting effective accountability and assurance over governance, risk management and internal control. The JAC also receives regular updates and the annual audit letter from the External Auditor and monitors the implementation of recommendations made by them.

5. How we have improved our governance arrangements in 2025/26

Title	Action	Expected Delivery	Position as at 31st March 2026
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.	Seek to maintain and increase the number of Special Constables throughout 2025/26.	As at 31st March 2026, there were 221 Specials in post, which is a reduction of 25 (10%) when compared to 31st March 2025. Officer application numbers remained strong, with a total of 2,636 for 2025/26. This is a monthly average of 220, which is marginally lower than during 2024/25 but higher than the three years prior to that.
		Continue to prioritise the achievement of the approved recruitment plan and to enhance applications from ethnic minority and female candidates.	The total proportion of applications from ethnic minority candidates during 2025/26 was 19.01%. This is higher than the proportion in each of the previous six financial years. Of the total 299 joiners in 2025/26, a total of 17 were from an ethnic minority (5.69%). This is higher than the proportion of ethnic minority joiners in 2024/25 (4.51%). Of the total 299 joiners in 2025/26, 123 were female (41.14%). With regards to force level officer representation, there was a marginal increase in the ethnic minority headcount to 156 (4.09%) as at 31st March 2026 compared with 154 (4.04%) as at 31st March 2025. With regards to force level female officer representation, there has been an increase in headcount to 1,496 as at 31st March 2026. The current proportion of 39.21% (compared with 38.51% 12 months earlier) represents the highest ever on record.
		Ensure the force maintains the required Neighbourhood Policing numbers at key milestones.	With regards to Neighbourhood Policing, the force was required to achieve a total FTE of 322.255. This requirement was achieved each month from July 2025 to March 2026. As at 31st March 2026, the strength FTE was 337.75, which is 15.50 over the requirement.

Title	Action	Expected Delivery	Position as at 31st March 2026
Demand Management (Cont.)		Deliver the nine priority workstreams of the Continuous Improvement Programme for 2025/26, 1) volume crime investigation improvement, 2) officer establishment post moves, 3) increasing the capability and capacity of Local Policing Teams, 4) Neighbourhood Policing Review, 5) custody change, 6) Contact Management change programme, 7) operational change (Operation Soteria), 8) operational change (volume crime recording), 9) reasonable lines of enquiry, and productivity building).	The Continuous Improvement Plan was introduced in June 2024 as a new approach to managing change, incorporating the major change programme. The RAG ratings for each of the nine priority workstreams were as follows at the end of the financial year: 1) Volume crime investigation improvement – Green on time, cost and non-cashable benefits. 2) Officer establishment post moves – Amber on time and Green on savings and non-cashable benefits. 3) Increasing the capability and capacity of Local Policing Teams – Amber on time, Green on cost and non-cashable benefits with savings not yet determined. 4) Neighbourhood Policing Review – Green on all measures. 5) Custody change – Green on all measures. 6) Contact Management change programme – Green on all measures. 7) Operational change (Operation Soteria) – Green on all measures. 8) Operational change (volume crime investigations) – this workstream was closed in September 25 having delivered improvements in the efficiency of recording and allocating volume crime. 9) Productivity Building – this workstream was closed in October 2025 due to the remaining work overlapping with existing workstreams.

Title	Action	Expected Delivery	Position as at 31st March 2026
Demand Management (Cont.)		Deliver the 2025/26 Efficiency and Savings Plan, consisting of £2.019m one-off cashable savings, £7.986m recurring in-year cashable savings and £8.553m recurring full-year cashable savings, plus £0.033m one-off non-cashable savings and £3.354m recurring in-year and full-year non-cashable savings.	In 2025/26 (provisional outturn) the one-off cashable savings target was overachieved by £0.438m, the in-year recurring cashable savings target was over-achieved by £0.604m and the full year recurring cashable savings target was achieved. All non-cashable savings targets were achieved.
Budget / funding position	The budget setting position has become increasingly difficult due to the funding formula and low levels of council tax, which places greater pressure on operational delivery and achieving the Force Plan.	The force has a strategic risk recorded which reflects the current position ahead of the Comprehensive Spending Review which is anticipated to be announced in June 2025. The force continues to work to a budget setting timetable which incorporates workshops to address savings and the budget requirement and strategic planning meetings.	A balanced budget was achieved for 2026/27. The first year of the Comprehensive Spending Review (announced in the Summer of 2025) delivered 3.8% increase in Home Office grant income, along with precept flexibility for 2026/27. This alongside the launch of the Affordable Futures Programme and the associated cashable savings delivered a balanced position for 2026/27 and an improved outlook for 2027/28 with a forecast deficit of £1.4m at the time of writing.
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 2025/26, with reduced disparities in confidence and satisfaction between victims and non-victims.	There has been no statistically significant change in victim confidence in Essex Police, which has decreased by -2.93 % to 54.35% for the 12 months to December 2025 compared to the previous 12 months. There has been a statistically significant decrease in non-victim confidence in Essex Police, which has fallen by -5.41% to 72.10% in the 12 months to December 2025 compared to the previous 12 months. The disparity between victim and non-victim confidence has increased by -2.48 percentage points to 17.75% in the 12 months to December 2025 compared to the previous 12 months.

Title	Action	Expected Delivery	Position as at 31st March 2026
Devolution and local government re-organisation	Continue to liaise with local authority partners, the Home Office and MHCLG to ensure a smooth and successful transfer of the PFCC's functions and powers into the new governance arrangements, which realises the opportunities and potential benefits of aligning public safety functions with the other proposed areas of competence for the new Mayoral Strategic Authority.		The English Devolution and Community Empowerment Bill has now gained Royal Assent, and the Government announced in March 2026 that it is minded to replace the 15 existing county, unitary and district / city / borough councils operating across Greater Essex with five unitary authorities. The PFCC and Chief Constable continue to be well represented in conversations and workstreams relation to devolution and local government reorganisation (LGR). A Devolution Project Manager is now in place. The PFCC's Chief Executive and Monitoring Officer is chairing a countywide Public Safety Task and Finish Group as part of the devolution programme management arrangements and is co-chairing a countywide LGR workstream on system collaboration. A Community Safety Partnerships Prospectus is in development.
Police Landscape Reform	Respond in due course to the police reform white paper, and subsequent bill, so that the PFCC and Essex Police effectively influence the final proposals		The police reform white paper has now been published, and the PFCC and Chief Constable are responding actively to various consultations and calls for evidence relating to this and the associated Police Leadership Commission. Both have met with Lord Bernard Hogan-Howe regarding the independent review of police force structures. The Police Reform Bill is expected to be laid in Parliament before the Summer recess.
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 further estate sharing between Essex Police and the Essex County Fire and Rescue Service in Harwich and Dovercourt, with a target completion date of May 2027	Progressing on programme. Construction contract awarded in June 2025. Installation of furniture, fittings and equipment expected to be complete by end of May 2026.

6. Forward look on governance for 2026/27

Title	Action	Expected Delivery
Devolution and local government re-organisation	Continue to liaise with local authority partners, the Home Office and MHCLG to ensure a smooth and successful transfer of the PFCC's functions and powers into the new governance arrangements in 2028.	The transfer of governance realises the opportunities and potential benefits of aligning public safety functions with the other proposed areas of competence for the new Mayoral Strategic Authority, or of the member authorities of a new Police, Fire and Crime Board.
Police Landscape Reform	The Government's police reform agenda includes major constitutional changes that would increase the Home Secretary's powers to direct policing and, in so doing, reduce operational independence. The PFCC and Chief Constable must therefore continue to respond to national police reform proposals in a way that seeks to safeguard local accountability and effective oversight.	The PFCC and Essex Police effectively influence the final proposals.

Glossary of Terms

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

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

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

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

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

ANPR – Automatic Number Plate Recognition

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

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

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

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

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

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

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

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

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

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

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

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

Glossary of Terms

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

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

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

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

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

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.

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

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

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

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

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

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

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

ECFRS – Essex County Fire and Rescue Service

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

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

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

Glossary of Terms

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

JAC – Joint Audit Committee

LCTS – Local Council Tax Support

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

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

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

NCTPHQ – National Counter Terrorism Policing Headquarters

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

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

NPCC – National Police Chiefs' Council.

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

Outturn – The actual amount spent in the financial year.

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

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

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

PFCC – Police Fire and Crime Commissioner.

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

Precept – The income which the PFCC requires Essex billing authorities to raise from council tax on its behalf.

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.

Glossary of Terms

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

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

Prudential Borrowing – Shortfall in funding available to finance capital expenditure in the year that it is incurred after applying capital receipts, capital grants and contributions and direct revenue financing. Prudential Borrowing increases the Capital Financing Requirement (CFR) which, as defined by the Prudential Code, is a measure of the underlying need to borrow for capital purposes, although this does not necessarily result in a need to take out external loans if in a positive net cashflow position.

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

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

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

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

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

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

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

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

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

Settlement – An irrevocable action that relieves the employer of a primary responsibility for an obligation and eliminates significant risks relating to these obligations as well as any assets used to impact the settlement.

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

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

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

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

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

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

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

Further Information

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

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

Telephone 01245 452615
E-mail: corporate.accounting@essex.police.uk

In addition, members of the public have a statutory right to inspect the accounts before the audit is completed. The accounts are available for inspection on the PFCC website (as per the website address below). The audit of the accounts has been formally concluded and this is reflected in the independent auditor's report.

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