

The Police and Crime Commissioner for Sussex and Group

SUMMARY Statement of Accounts 2014 - 15



Sussex
Police & Crime
Commissioner



Introduction

The Statement of Accounts comprise a set of Group accounts reflecting the consolidated accounts of the Police and Crime Commissioner for Sussex and its subsidiary the Chief Constable of Sussex. The full Statement of Accounts set out the Police and Crime Commissioner (PCC) and the Chief Constable financial standing and performance for the year ended 31 March 2015.

This document provides a summary of the PCC Group Accounts for the financial year ended 31st March 2015. The figures supporting this summary were drawn from the full set of accounts and compiled having regard to proper accounting practice but to provide simplified and more meaningful information, some figures have been combined and modified. Pension liabilities have been excluded from the Balance Sheet to provide a clearer picture of the underlying financial position as these liabilities will be met from government funding and future pension contributions. On the Income and Expenditure Account, capital adjustments and pension adjustments (IAS19) have been consolidated to simplify the statements.

The accounts are subject to detailed review by an independent external auditor. The Auditor provides assurance that the accounts provide a true and fair view of financial position, are prepared correctly, that proper accounting practices have been followed and that arrangements have been made for securing economy, efficiency and effectiveness in the use of resources. This summary has not been the subject of a separate audit.

The full sets of accounts were audited by EY (Ernst & Young LLP) who have issued an unqualified audit opinion. This means that in the Auditor's view the accounts fairly present the financial position of the Police and Crime Commissioner for Sussex Group.

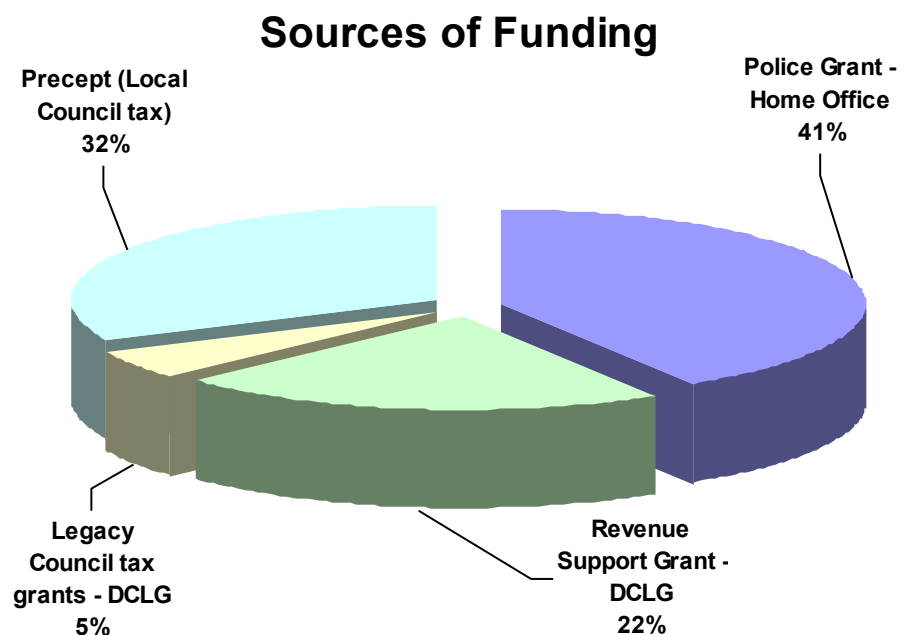
The Statement of Accounts

The full Statement of Accounts show how the Police and Crime Commissioner has applied funding to provide policing services to over one and a half million people across East Sussex, West Sussex and Brighton and Hove.

The purpose of this summary of the accounts is to provide an overview of revenue and capital activities for the year. It is intended to be an understandable guide to the activities, highlighting the financial position, major influences affecting income and expenditure and our financial needs and reserves.

Sources of Funding

The majority of police funding comes from central government in the form of core policing grants from the Home Office and Department for Communities and Local Government. These grants are aggregated and distributed using a single national formula. The remainder of funded is from council tax, specific government grants and other sources of locally generated income. Overall, Government funding provides 68% whilst local council tax provides 32%.



Financial Summary

The net revenue budget equates to the total core government funding and council tax. In addition we receive specific grants and local income. Revenue expenditure is generally spent on day-to-day expenditure and. Actual expenditure was lower than the approved budget for the year.

The surplus of £7.2m was due to the delivery of a higher level of savings (reductions in costs) and lower expenditure on police officers and police staff than we planned.

Revenue Performance

The Income and Expenditure Account presents the cost of running policing services between April 2014 and March 2015, identifies where the money came from to finance those costs and also shows the financial position at the year-end, a deficit of £114m.

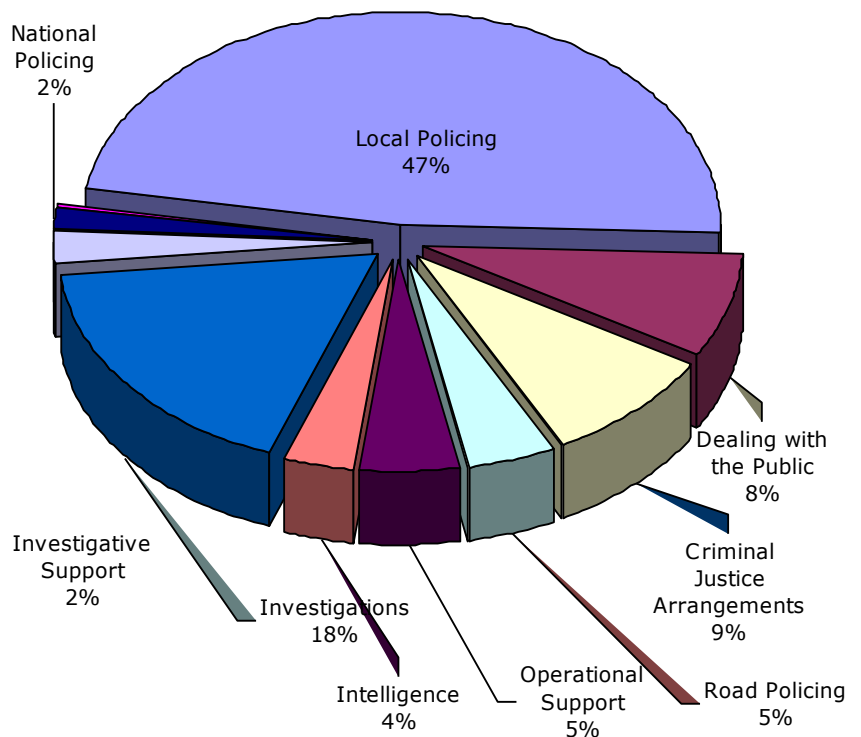
Reconciliation to the Statement of Accounts

There are a number of adjustments made to the actual spend to ensure compliance with accounting regulations. The table below shows the movement from the budget surplus to the deficit shown in the statement of accounts.

PCC Group Revenue Budget Performance

| By Cost Heading | Budget | Actual Spend | Variance Over/ (Under) |
|--|----------------|----------------|------------------------|
| | £000 | £000 | £000 |
| Employee Costs | 225,864 | 225,710 | (154) |
| Buildings and Premises | 11,087 | 10,514 | (573) |
| Transport | 5,405 | 5,560 | 155 |
| IT & Communications | 10,022 | 10,514 | 492 |
| Operational Expenses | 10,151 | 8,943 | (1,208) |
| Custody Contract | 11,343 | 9,688 | (1,655) |
| Business Expenses | 6,347 | 6,408 | 61 |
| Additional Savings | 2,368 | 0 | (2,368) |
| Gross Expenditure | 282,587 | 277,337 | (5,250) |
| Total Income and grants | (30,727) | (32,741) | (2,014) |
| Chief Constables Budget | 251,860 | 244,595 | (7,263) |
| Office of PCC | 1,403 | 1,374 | (29) |
| Community Safety | 1,825 | 1,634 | (191) |
| Victim Support & Restorative Justice -Exp | 1,399 | 1,416 | 17 |
| Victim Support & Restorative Justice - Grant | (1,399) | (1,399) | 0 |
| Use of Reserves | (2,040) | (1,294) | 746 |
| Financial year end adjustments | 2,317 | 1,875 | (442) |
| Total Police Fund | 255,365 | 248,203 | (7,162) |

How the Money was spent



| | 2014-15 GROUP |
|--|----------------|
| Revenue budget actual spend | 248,203 |
| <i>Reserve and Provision transfers</i> | |
| Use of Reserves | 369 |
| year end accounting adjustments | (20) |
| <i>Accounting adjustments</i> | |
| Depreciation/amortisation/indexation | 9,124 |
| IAS19 Pension adjustments | 37,193 |
| Investment programme expenditure classified as revenue | 9,232 |
| <i>below Cost of Services</i> | |
| Police computing Levy | (1,114) |
| Interest payable and receivable | (1,166) |
| Investment property change in fair value and income receivable | 78 |
| Adjusted Net Cost of Policing | 301,899 |
| Other Operating Income | (155) |
| Financing and Investment Income and Expenditure | 105,267 |
| Taxation and Non-Specific Grant Income | (293,899) |
| Deficit shown in the Accounts | 113,112 |

Capital Expenditure

In addition to this, expenditure incurred on capital projects for items such as property, IT and vehicles. This was £4.7m less than planned due to delays in a number of major projects.

The original capital expenditure budget for 2014-15 was £28.8m. This budget was changed during the year due to reflect approved changes in the planned delivery of individual schemes or projects. The final approved amount available to spend was £21.9m. Expenditure for the year was £17.2m.

Balance Sheet

In simple terms, the Balance Sheet sets out what the PCC owns (Assets) and owes (liabilities). The Balance Sheet shows the value of the assets and liabilities recognised by the Police and Crime Commissioner. The net assets of the Police and Crime Commissioner (assets less liabilities) are matched by the reserves held by the Police and Crime Commissioner.

Reserves

Reserves are a key part of budget setting and financial planning. The reserves policy is approved annually by the PCC and sets targets and parameters for the level and use of reserves.

Usable Reserve Balances

| | Balance at 31 March 2015 £000 | Balance at 31 March 2014 £000 | Movement £000 |
|---------------------------------|----------------------------------|----------------------------------|------------------|
| General Reserve | 10,807 | 9,807 | 1,000 |
| Earmarked Reserves: | | | |
| Insurance | 1,875 | 1,256 | 619 |
| Operational | 2,450 | 2,450 | 0 |
| Capital and Investments | 33,141 | 40,590 | (7,449) |
| PFI Contract | 12,794 | 12,794 | 0 |
| Asset Seizures | 262 | 516 | (254) |
| Delegated Budget Holder | 7,350 | 4,286 | 3,064 |
| Sussex Safer Roads Partnership | 2,003 | 1,656 | 347 |
| Earmarked Reserves | 59,875 | 63,548 | (3,673) |
| Capital Receipts | 7,895 | 5,966 | 1,931 |
| Capital Grants Unapplied | 0 | 0 | 0 |
| Total | 78,577 | 79,321 | (744) |

Total usable reserves as at 31 March 2015 amounted to £78.6m. This included earmarked and the General Reserve. The balance includes the approved transfer of the residual 2014-15 revenue surplus to reserves to fund the future capital programme and cost of investments to deliver improvements in services as part of the Force's Local Policing programme and savings programme. The General Reserve stands at £10.8m or 4.4% of the 2015-16 net budget compared to a target set in the PCC Reserves Policy of 4%.

Capital Expenditure

| | Budget £m | Actual Spend £m | Over/ (under) £m |
|-------------------------|--------------|--------------------|------------------------|
| IT Strategy | 6.1 | 4.8 | (1.3) |
| Estates Strategy | 6.7 | 4.2 | (2.5) |
| Fleet Strategy | 2.8 | 2.9 | 0.1 |
| Other Capital | 5.2 | 4.7 | (0.5) |
| Other Specific Projects | 1.1 | 0.6 | (0.5) |
| Total | 21.9 | 17.2 | (4.7) |

Balance Sheet

| | 31 March 2015 £000 |
|------------------------------------|-----------------------|
| Property, Plant & Equipment | 153,531 |
| Investment Property | 1,222 |
| Intangible Assets | 6,386 |
| Long Term Debtors | 90 |
| Long Term Assets | 161,229 |
| Short Term Investments | 65,160 |
| Assets Held for Sale | 2,400 |
| Inventories | 1,114 |
| Short Term Debtors | 24,484 |
| Cash and Cash Equivalents | 16,962 |
| Current Assets | 110,120 |
| Short Term Creditors | (20,931) |
| Provisions | (4,775) |
| Current Liabilities | (25,706) |
| Long Term Creditors | (694) |
| Long Term Borrowing | (20,824) |
| Capital Grants Receipts in Advance | (948) |
| Long Term Liabilities | (22,466) |
| Net Assets | 223,177 |
| Financed by | |
| Usable Reserves | 78,577 |
| Unusable Reserves (inc capital) | 144,600 |
| Total Reserves | 223,177 |

The summary Balance Sheet above excludes pension liabilities of £2.9bn. This changes the net assets shown above to net liabilities of £2.7bn. The pension liability will be met from future pension contributions and government funding



**Sussex
Police & Crime
Commissioner**

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You can find this Statement of Accounts online at
www.sussex-pcc.gov.uk and **sussex.police.uk**