

# **The Police and Crime Commissioner for Sussex and The Chief Constable of Sussex Group**

## **SUMMARY Statement of Accounts 2017/18**



**Sussex  
Police & Crime  
Commissioner**



**Sussex Police**

## 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 2018.

This document provides a summary of the PCC Group Accounts for the financial year ended 31 March 2018. 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.

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) with 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.

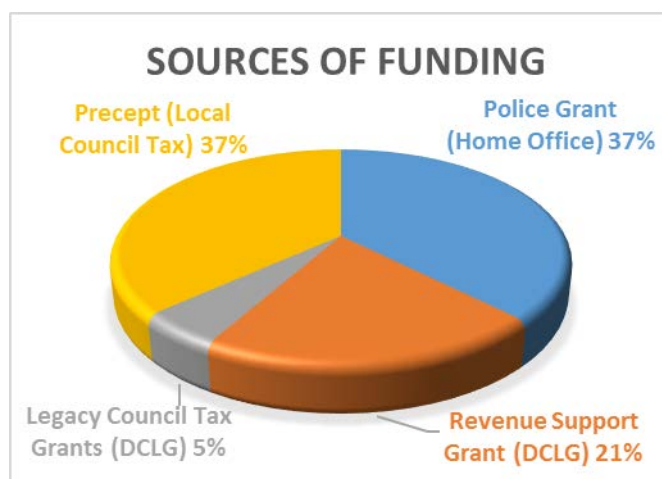
## The Statement of Accounts

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 63% whilst local council tax provides 37%.



## 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. Actual expenditure was lower than the approved budget for the year.

The surplus of £3.8m was primarily due to over-achieved savings and additional income for the year.

## Revenue Performance

The Income and Expenditure Account presents the cost of running policing services between April 2017 and March 2018, identifies where the money came from to finance those costs and shows the financial position at the year-end, a deficit of £132m on the provision of services.

## 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 movement from the budget surplus to the deficit shown in the statement of accounts

	2017/18 GROUP £000
Revenue budget actual spend	253,205
Final transfer adjustments agreed in the Outturn report	10,551
<b>Total Net Expenditure for the year</b>	<b>263,756</b>
Income from Home Office Grant and Local Taxation	(256,966)
<b>Final deficit for the year after all outturn adjustments</b>	<b>6,790</b>
<b>Financial year end accounting reclassifications:</b>	
Loan impairment disclosure adjustment	(10)
Finance Lease reclassification	22
Grants & contributions reclassified	130
Capital reclassified as revenue	123
<b>Final Adjusted Deficit for the year per Financial Statements</b>	<b>7,055</b>
Accounting regulation adjustments per Note 5 of the Group Accounts	86,035
<b>Deficit shown in the Accounts</b>	<b>93,090</b>
(Surplus) on revaluation of fixed assets	(11,412)
Re-measurements of the net defined benefit liability/(asset)	50,525
<b>Total Income and Expenditure</b>	<b>132,203</b>

Cost Heading	Actual Spend £000	Budget £000	Variance Over/(Under)
Employee Costs	228,114	220,752	7,362
Premises	11,006	11,970	(964)
Transport	4,335	4,302	33
Supplies & Services	40,351	42,512	(2,161)
Third Party Payments	9,433	8,081	1,352
Savings	0	5,494	(5,494)
<b>Gross Expenditure</b>	<b>293,239</b>	<b>293,111</b>	<b>128</b>
Total Income and grants	(47,010)	(44,585)	(2,425)
<b>Chief Constables Budget</b>	<b>246,229</b>	<b>248,526</b>	<b>(2,297)</b>
Office of PCC	1,349	1,408	(59)
Community Safety	1,695	1,809	(114)
Treasury Management and Capital Financing Budgets	2,573	3,036	(463)
Transfers to Reserves	1,359	2,187	(828)
<b>Total Police Fund</b>	<b>253,205</b>	<b>256,966</b>	<b>(3,761)</b>



## Capital Project Expenditure

Expenditure was incurred on capital projects for items such as property, IT and vehicles in addition to new digital schemes. This amounted to £3.342m less than planned due to variances on a number of major projects.

The original capital expenditure budget for 2017/18 was £18.463m. This budget was changed during the year to reflect approved changes in the planned delivery of individual schemes or projects. The final approved amount available to spend was £26.142m.

Total expenditure for the year was £22.800m of which £12,249m met the accounting policy criteria for capital assets and £10,551m was reclassified as revenue to the Comprehensive Income and Expenditure account.

## Balance Sheet

In simple terms, the Balance Sheet sets out what the Group owns (Assets) and owes (Liabilities). The Balance Sheet shows the value of the assets and liabilities recognised by the PCC and Group. The other long term liabilities category on the Balance Sheet includes £3.067 billion of pension liability. The pension liability will be met from future pension contributions and government funding. The net liabilities of the Group (assets less liabilities) are matched by the total usable and unusable reserves held by the Group.

## Reserves

### Usable Reserve Balances

	Balance 31 March 2018 £000	Balance 31 March 2017 £000	Movement £000
<b>General Reserve</b>	<b>10,807</b>	<b>10,807</b>	<b>0</b>
<b>Earmarked Reserves:</b>			
Insurance	4,289	4,102	187
Operational	0	2,450	(2,450)
Local Policing Transition Support	17,000	0	17,000
Capital and Investments	9,440	18,681	(9,241)
PFI Contract	2,494	12,794	(10,300)
Asset Seizures	573	396	177
Delegated Budget Holder	6,800	8,995	(2,195)
Sussex Safer Roads Partnership	2,854	3,087	(233)
<b>Total Earmarked Reserves</b>	<b>43,450</b>	<b>50,505</b>	<b>(7,055)</b>
<b>Capital Receipts</b>	<b>1,895</b>	<b>0</b>	<b>(1,895)</b>
<b>Total Usable Reserves</b>	<b>54,257</b>	<b>63,207</b>	<b>(8,950)</b>

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. Total usable reserves as at 31 March 2018 amounted to £54.257m. This included earmarked reserves and the general reserve. The balance includes the approved transfer of the residual 2017/18 revenue surplus to reserves. The General Reserve stands at £10.8m or 4% of the 2017/18 net budget compared to a target set in the PCC Reserves Policy of 4%.

## Capital Project Expenditure

	Actual Spend	Revised Budget	Over/ (under)
	£m	£m	£m
IT Strategy	2.585	3.807	(1.222)
Estates Strategy	7.800	7.868	(0.068)
Fleet Strategy	4.482	4.408	0.074
Emergency Services Network	0.425	2.355	(1.930)
Video Enabled Justice	0.217	0.283	(0.066)
Digital Policing	3.487	4.155	(0.668)
Operational Investments	3.804	3.266	0.538
<b>Total</b>	<b>22.800</b>	<b>26.142</b>	<b>(3.342)</b>

## Balance Sheet

	31 March 2018 £000
Property, Plant & Equipment	172,463
Investment Property	1,469
Intangible Assets	3,094
Long Term Debtors	2
<b>Long Term Assets</b>	<b>177,028</b>
Short Term Investments	45,213
Assets Held for Sale	514
Inventories	947
Short Term Debtors	35,214
Cash and Cash Equivalents	10,637
<b>Current Assets</b>	<b>92,525</b>
Short Term Borrowing	(41)
Short Term Creditors	(32,434)
Provisions	(3,150)
<b>Current Liabilities</b>	<b>(35,625)</b>
Long Term Borrowing	(4,500)
Other Long Term Liabilities	(3,081,762)
Capital Grants Receipts in Advance	(1,152)
<b>Long Term Liabilities</b>	<b>(3,087,414)</b>
<b>Net Liabilities</b>	<b>(2,853,486)</b>
<b>Financed by</b>	
Usable Reserves	(54,257)
Unusable Reserves	2,907,743
<b>Total Reserves</b>	<b>2,853,486</b>



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Police & Crime  
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[www.sussex-pcc.gov.uk](http://www.sussex-pcc.gov.uk)

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You can find this Statement of Accounts online at  
**[www.sussex-pcc.gov.uk](http://www.sussex-pcc.gov.uk)** and **[sussex.police.uk](http://sussex.police.uk)**