

The Police and Crime Commissioner for Sussex and Group

DRAFT Statement of Accounts 2020/21



Sussex
Police & Crime
Commissioner



Sussex Police

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Police and Crime Commissioner for Sussex

Mrs Katy Bourne

Police & Crime Commissioner
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Officers of the Police and Crime Commissioner for Sussex from 1 April 2020

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Preface

Katy Bourne – Police & Crime Commissioner for Sussex

I am one of the 40 elected Police and Crime Commissioners across England and Wales. I was re-elected to serve a third term as Sussex PCC in May 2021 to continue to articulate the public's policing priorities and concerns and ensure the Chief Constable provides effective and efficient policing across the county.

As well as holding the Chief Constable and the force to account for local policing issues, one of my key duties is to ensure Sussex Police also meets its strategic policing requirements, including a co-ordinated response to serious and organised crime and terrorism.

I also work with community safety and criminal justice partners to make sure there is a coherent approach to preventing and reducing crime.



2020 saw the established world order challenged by the health and economic consequences of the COVID-19 pandemic. With our everyday routines stopped and our movements curtailed, police forces were faced with a sensitive balancing act to enforce emergency health legislation whilst retaining the consent and support of members of the public.

Sussex Police deserve our thanks and praise for the way they adapted and responded. The residents of Sussex should also be recognised for their supportive response, with their acknowledgement and appreciation for the policing approach of 'Four Es' – engaging, explaining and encouraging compliance [with COVID-19 regulations] and enforcement only being used as a last resort.

As lead members of the Local Resilience Forum, Sussex Police were at the forefront of the combined multi-agency response whilst also dealing with the increases in lockdown-driven domestic abuse and cyber-enabled crime, including stalking and fraud.

We started 2020 with great plans to continue rebuilding neighbourhood policing and launching enforcement units to target roving criminals, as well as recruiting 129 police officers as part of the Government's [Operation] Uplift programme to recruit 20,000 extra officers over three years. There was broad public support for my proposal to raise more funds from the police element of council tax to pay for 50 extra police officers and 85 specialist staff.

However, social distancing restrictions meant that the Force had to rapidly adapt its recruitment and training programmes in order to stay safe. Despite the hurdles this raised, Sussex Police successfully recruited an additional 270 police officers and staff during 2020/21. Of those, 52 were funded by the precept increase and this meant that the Tactical and Specialist Enforcement Units could be launched; a dedicated Rural Crime Team created; additional officers for the Roads Policing Unit; and also extra officers to improve investigatory capacity. A further 85 specialist staff were also recruited to support police officers funded by the precept increase.

In June last year, I was delighted to appoint Jo Shiner as the first woman to lead Sussex Police as Chief Constable. With a command team that also includes four female officers, Sussex Police is showing that gender is no obstacle to the highest ranks in policing. The Force is also making every effort to attract more recruits from diverse backgrounds to improve the representation of Black, Asian and Minority Ethnic individuals across the workforce as part of ongoing recruitment intakes.

The public told me that they wanted a visible policing presence and the ability to be able to report crimes and concerns more efficiently and effectively. Although the Force had made online reporting more accessible, the waiting times for the non-emergency 101 number were still too high, often deterring people from calling and leading to abandoned calls and a general lack of confidence. I am delighted that, through major investment and a concerted effort, waiting times reduced further to three minutes and 25 seconds in 2020/21. This represents a notable achievement in comparison to the waiting times of 14 minutes and 16 seconds demonstrated in 2018/19.

After a rise in fatal stabbings in London and urban areas, my office secured nearly £2m from Government to tackle serious violence and knife crime and for multi-agency prevention programmes. 'Surge funding' of £870k provided nearly 3,000 extra policing days last year for street-focused operations to take knives and violent offenders off the streets. The Sussex Violence Reduction Partnership received an additional £880k for youth intervention and education programmes across the year too.

I also invested £700k into our own Early Intervention Youth Programme – REBOOT – which diverted more than 400 young people away from crime last year. I am delighted to report that following its success, the programme has now been transferred and embedded within Sussex Police to deliver moving forward. In addition, my office secured £965k from the Safer Streets Fund to target acquisitive crime in two areas of the county, working on designing-out crime opportunities through lighting, CCTV and physical security measures, including alley-gating.

The Safer Sussex Business Partnership I launched last year has driven some Sussex-specific improvements in how the police respond to business crime as well as assisting businesses to help themselves and each other. A 'One Touch' crime reporting system has been piloted with 22 Co-Op stores, and an intelligence and crime reporting app – DISC – is being used by small and rural businesses across the Wealden district. To highlight the abuse and assaults experienced by frontline retail workers were experiencing, my office also created the 'Keeping Christmas Kind' campaign that was shared by PCC offices and business groups throughout England and Wales.

In 2020/21, I secured and was allocated £3.7m in funding to help 41,000 victims of crime referred to the services that were commissioned and quality assured through my office. Victim Support contacted 23,000 of these victims to offer them support following referrals to Safe:Space Sussex – our online directory for support services. Victims of domestic abuse, rape and sexual violence and stalking and harassment also had access to specialist providers in order to receive enhanced support.

Our Estates programme is working to reduce energy consumption and waste through greener photovoltaic electricity generation and energy efficient lighting solutions. Our Fleet programme aims to decrease emissions and the use of fossil fuels, with electric vehicles already in use and hydrogen fuelled transport being trialled.

Last year saw the successful completion of the Video Enabled Justice (VEJ) Programme that delivered Video Remand Hearings across Sussex, Surrey, Kent, Norfolk, and Suffolk for Her Majesty's Courts and Tribunals Service. Remote hearings meant that detainees, defence, prosecution, witnesses and court staff could all work safely and remotely during the pandemic.

The VEJ Programme also installed safe consultation video booths in custody suites across the Sussex and Surrey Police estate that were used 1,432 times by defence solicitors and detainees. Further work by the team enabled police witnesses to provide evidence by 'Live Link' video, contributing towards the saving of thousands of hours of police officer time.

I am delighted that my Video Enabled Policing (VEP) Programme – working with the Police Digital Service – will take this to the next level across all police forces as part of the National Enabling Programme in a ground-breaking initiative to minimise officer travelling and waiting time to give evidence in court.

My ongoing engagement and consultation with members of the public is essential to ensure that I know exactly where Sussex Police need to focus their attention. The social distancing requirements and stay at home messaging in place for most of 2020/21 meant that, like many organisations, we used video and online channels to reach out to and hear from residents and their local representatives.

We held 32 focus groups across the year – representing 350,000 residents – as well as roundtables and video call-ins about rural crime, anti-social behaviour and road safety. In April 2020, we added a sentiment meter on our website that asked people to rate feelings of safety and confidence, before developing this further and adding a 'Policing Challenge' game in autumn to better

understand public priorities.

I use the feedback and data from my extensive engagement programme and from correspondence and telephone surgeries to inform the questions I put to the Chief Constable in my monthly webcast Performance & Accountability Meetings. Transparency and accountability are two key aspects of the Police & Crime Commissioner role and it has been more important than ever to discharge these effectively in light of the additional policing powers given to the Force during these unprecedented times.

As we look forward to the year ahead, with the challenges for society and the economy opening up again, I will be scrutinising police performance and testing public confidence more robustly than ever.

I would like to thank the members of staff in my office for their professionalism and selfless dedication to the people of Sussex as well as all the partners and volunteers who have stepped forward and stepped up over the past year. I would also like to thank the magnificent residents of Sussex for their patience and self-control during very difficult times.

I remain committed to delivering for all Sussex residents and making sure your concerns and ideas are heard and articulated. I look forward to continuing to build on our collective achievements over the next year and developing my effective working relationship with the Force further still to make Sussex an even safer place to live and work for all.

Thank you for helping me and Sussex Police to keep us all Safer in Sussex.

Katy Bourne OBE
Sussex Police & Crime Commissioner

Narrative Report

Introduction

The Statement of Accounts presents the Commissioner's and Group's (including the Chief Constable) financial performance for the year ended 31 March 2021, presents their overall financial position at the end of that period and the cost of services provided. When read in conjunction with the Commissioner's Annual Report, the Statement provides an insight into the activities of the Commissioner and the Force during the year.

The narrative and financial summary that follow provide an overview of the accounting arrangements and a guide to the most significant matters in the financial statements.



The Statement of Accounts

The primary statutory duty and electoral mandate of the Police and Crime Commissioner (PCC) is to ensure an efficient and

effective police force in Sussex, and to hold the Chief Constable to account on behalf of the public for the exercise of operational policing duties under the Police Act 1996. These are the seventh statutory accounts to be prepared under the arrangements introduced under the Police Reform and Social Responsibility Act 2011.

Under the provisions of the Act, the PCC and Chief Constable are created as two separate corporations sole. For financial reporting purposes, the Chief Constable is a subsidiary of the PCC by virtue of the powers the PCC has to govern the financial and operating policies of the Chief Constable.

All the financial transactions incurred during 2020/21 for policing in Sussex have been recognised and recorded within this Statement of Accounts, which sets out the overall financial position of the PCC and the PCC's Group (the Group) for the year ended 31 March 2021. The Group position reflects the consolidated accounts of the Commissioner and her subsidiary, the Chief Constable. Separate statutory single entity accounts are prepared for the Chief Constable.

The statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) Based Code of Practice on Local Authority Accounting in the United Kingdom (the Code), developed by the CIPFA/LASAAC Board (Chartered Institute of Public Finance & the Local Authority Scotland Accounts Advisory Committee) and approved by the Financial Reporting Advisory Board (FRAB). The Code constitutes proper accounting practice.

Relationship between the Police and Crime Commissioner and the Chief Constable

The PCC is responsible for the finances of the whole Group and controls all assets, liabilities and reserves. The PCC receives all income and funding and makes all payments for the Group from the overall Police Fund. The Chief Constable of Sussex fulfils his functions under the Act within an annual budget (set by The Police and Crime Commissioner for Sussex in consultation with the Chief Constable). A scheme of delegation is in operation between the two bodies determining their respective responsibilities, as well as local arrangements in respect of the use of the PCC's assets and staff.

Under paragraph 6 of Schedule 1 to the Police Reform and Social Responsibility Act 2011, the PCC is required to appoint a person to be responsible for the proper administration of the Commissioner's financial affairs, referred to in these accounts as the PCC's Chief Finance Officer. Under paragraph 4 of Schedule 2 and paragraph 1 of Schedule 4 to the Police Reform and Social Responsibility Act 2011, the Chief Constable is also required to appoint a person to be responsible for the proper administration of the Chief Constable's financial affairs, referred to as the Chief Constable's Chief Finance Officer. The Executive Director of Commercial and Finance Services Surrey Police and Sussex Police fulfils the role of Chief Finance Officer for the Chief Constable of Sussex.

Responsibilities of the Police and Crime Commissioner:

- Provides a link between the police and the community.
- Sets out the strategic policing and crime priorities and objectives through the publication of a Police and Crime Plan.
- Approves the annual accounts in accordance with the statutory timetable.
- Prepares and publishes an annual report on progress in the delivery of the Police and Crime Plan.
- Sets out the Force's budget and community safety grants.
- Sets the policing and crime precept.
- Oversees community safety, the reduction of crime and value for money in policing.
- Commissions victims' and witness services, including restorative justice.
- Appoints a Chief Finance Officer.
- Appoints the Chief Constable (and dismissal when necessary).
- Holds the Chief Constable to account for the performance of the force, including that of police officers and civilian staff under their direction and control.
- Receives all income from grants, precept and charges.
- Has the responsibility for all borrowing, investment and assets.

Responsibilities of the Chief Constable:

- Responsible for maintaining the Queen's peace and for the direction and control of the Force.
- Accountable to the law for the exercise of police powers.
- Accountable to the Commissioner for the delivery of efficient and effective policing, and the management of resources and expenditure by the police force.
- Operationally independent of the Commissioner but must have regard to the Commissioner's Police and Crime Plan.
- Approve the annual accounts in accordance with the Chief Finance Officers' timetable.
- May not borrow money.
- Appoints a Chief Finance Officer (Executive Director of Commercial and Financial Services Surrey Police and Sussex Police).

Responsibilities of the PCC's Chief Finance Officer:

- To draw up the timetable for final accounts preparation, in consultation with the Executive Director of Commercial and Financial Services Surrey Police and Sussex Police and external auditor.
- Ensure receipt and scrutiny of the annual Statements of Accounts of the Chief Constable.
- To secure production, sign and date the PCC for Sussex and Group's statements of accounts, stating that they present a true and fair view of the financial position at the accounting date and the income and expenditure for the financial year just ended.
- To publish the approved and audited accounts each year, in accordance with the statutory timetable.

Joint Responsibilities of the PCC's Chief Finance Officer and CC's Executive Director of Commercial and Financial Services Surrey Police and Sussex Police

- To select suitable accounting policies and apply them consistently.
- To make reasonable and prudent judgements and estimates.
- To comply with the Code of Practice on Local Authority Accounting.

Responsibilities of the Chief Constable's Executive Director of Commercial and Financial Services Surrey Police and Sussex Police

- To comply with accounting guidance provided by the PCC's Chief Finance Officer and supply him with appropriate information upon request within a reasonable timescale.
- Production of the annual Statement of Accounts for the Chief Constable, ensuring that it presents a true and fair view of financial performance.
- Provision of information to the PCC's Chief Finance Officer as required to enable production of group accounts.

Accounting arrangements between the Commissioner and the Chief Constable

Each Public Body has a statutory responsibility to prepare its own accounts to present fairly its operations during the year. They must be prepared in accordance with proper practices as set out in the Code of Practice on Local Authority Accounting in the United Kingdom (the Code). The Statements of Accounts comprise separate statements for the PCC, the Chief Constable as well as group accounts covering both entities.

The Statement of Accounts sets out the overall financial position of the Sussex Police Group for the year ending 31 March 2021. The Group position 'Sussex Police' reflects the consolidated accounts of 'The Police and Crime Commissioner for Sussex' and its subsidiary 'The Chief Constable of Sussex'. Where the Group position differs from the individual Police and Crime Commissioner for Sussex or the Chief Constable of Sussex position, this is made clear in the statements and notes. Separate statutory accounts are prepared for the Chief Constable of Sussex.

The Statement of Accounts for 2020/21 is prepared in accordance with the Chartered Institute of Public Finance, the Accountancy (CIPFA) Code of Practice on Local Authority Accounting 2020/21 and specific CIPFA police accounting guidance.

The Accounts reflect the current legislative framework as well as the local arrangements operating in practice. Key elements of this framework include:

- The Police Reform and Social Responsibility Act 2011;
- The Home Office Financial Management Code of Practice for the Police Service of England and Wales 2012 (revised July 2018);
- Scheme of Consent between the Police and Crime Commissioner and the Chief Constable;
- Financial Regulations of the Police and Crime Commissioner for Sussex and Chief Constable Group;
- Contract Regulations of the Police and Crime Commissioner for Sussex and Chief Constable Group;
- Local Audit and Accountability Act 2014; and
- Accounts and Audit (England) Regulations 2015.

Introduction - A Year of Opportunities and Achievements Despite a Pandemic

2020 saw the established world order challenged by the health and economic consequences of the COVID-19 pandemic. With our everyday routines stopped and our movements curtailed, police forces were faced with a sensitive balancing act to enforce emergency health legislation whilst retaining the consent and support of members of the public.

The financial impact of COVID-19 on the police fund and Sussex Police during 2020/21 was mitigated to some extent by the specific one-off grant funding that was made available by the Government. A total of £6.6m was received by the PCC and transferred to the Chief Constable to fund additional expenditure incurred by Sussex Police, income that was lost and to contribute to additional operational policing requirements including policing of Gatwick Airport. Victim Services were provided with additional resources via Ministry of Justice grants of £0.843m and these were distributed to support Domestic and Sexual Abuse services. A further grant of £0.298m from NHS England was also received and distributed. Additional support was

provided to suppliers through the prompt payment of invoices and, the case of forensic service providers, top up payments to make up for the reduced number of forensic submissions. The Chief Constable also joined with other forces to secure a national stock of Personal Protective Equipment (PPE) to ensure police officers and staff were not impacted by international shortages that were being experienced at the start of the pandemic.

However, we started the 2020/21 financial year with a clear and continuing investment strategy, the revised Medium Term Financial Strategy, supported by increased resources and our continuing commitment to reduce crime, meet the needs of victims of crime and make Sussex Safer.

After a rise in fatal stabbings in London and urban areas, the PCC secured nearly £2m from Government to tackle serious violence and knife crime and for multi-agency prevention programmes. 'Surge funding' of £870k provided nearly 3,000 extra policing days last year for street-focused operations to take knives and violent offenders off the streets. The Sussex Violence Reduction Partnership received an additional £880k for youth intervention and education programmes across the year too.

The PCC also invested £700k into the Sussex Early Intervention Youth Programme – REBOOT – which diverted more than 400 young people away from crime last year. Following its success, the programme has now been transferred and embedded within Sussex Police to deliver moving forward. In addition, my office secured £965k from the Safer Streets Fund to target acquisitive crime in two areas of the county, working on designing-out crime opportunities through lighting, CCTV and physical security measures, including alley-gating.

We started 2020 with great plans to continue rebuilding neighbourhood policing and launching enforcement units to target roving criminals, as well as recruiting 129 police officers as part of the Government's [Operation] Uplift programme to recruit 20,000 extra officers over three years. There was broad public support for the PCC's proposal to raise more funds from the police element of council tax to pay for 50 extra police officers and 85 specialist staff. The Chief Constable exceeded the original targets and recruited an additional 270 posts by 31 March 2021.

The successful completion of the Video Enabled Justice (VEJ) Programme that delivered Video Remand Hearings across Sussex, Surrey, Kent, Norfolk, and Suffolk for Her Majesty's Courts and Tribunals Service. Remote hearings meant that detainees, defence, prosecution, witnesses and court staff could all work safely and remotely during the pandemic.

The VEJ Programme also installed safe consultation video booths in custody suites across the Sussex and Surrey Police estate that were used 1,432 times by defence solicitors and detainees. Further work by the team enabled police witnesses to provide evidence by 'Live Link' video, contributing towards the saving of thousands of hours of police officer time.

In 2020/21, £3.7m in funding was secured and allocated to help 41,000 victims of crime referred to the services that were commissioned and quality assured through my office. Victim Support contacted 23,000 of these victims to offer them support following referrals to Safe:Space Sussex – our online directory for support services. Victims of domestic abuse, rape and sexual violence and stalking and harassment also had access to specialist providers in order to receive enhanced support.

In 2016 the three forces (Surrey, Sussex and Thames Valley) took a decision to work collaboratively to jointly develop a new Enterprise Resource Planning (ERP) system to improve the way they do business and help improve efficiency. This programme was known as Equip. The ERP system aimed to replace back-office systems currently used across all three forces with new systems that are able to interact seamlessly with each other, reducing the need for duplication of information and thereby resulting in a more efficient way of working. This aimed to free up staff time to focus on preventing and detecting crime, protecting vulnerable people and keeping our communities safe. Following a competitive tender process, the forces have been working in partnership with KPMG on the programme since 2016.

In December 2020 the Chief Constables agreed that the ERP product developed by KPMG should be transferred to the three forces to mitigate against future financial risk. Following recommendation by the three force Chief Constables, approval was granted by the three PCCs. The forces have worked closely with KPMG to achieve the transfer of the ERP Software, Documentation and Licenced assets.

We ended the financial year for the police fund with a £0.5m revenue over spend, General Reserves maintained at 4% of the net revenue budget including a £1m contribution to bring them to a total of £12.4m. The Capital budget overspent by £1.8m. External borrowing consisting of short-term loans were taken out to finance £8m of capital expenditure in-line with the treasury strategy. These short-term loans will be repaid and replaced by longer term loans during 2021/22.

The pension liability continues to dominate the balance sheet and shows the underlying commitment that the Group has in the long run to pay post-retirement benefits. The total liability of £3,377m (£2,815m in 2019/20) has a substantial impact on the net worth of the Group as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Group remains healthy.

The deficit on the funded schemes will be made good by contributions over the remaining working life of employees, i.e. before payments fall due, as assessed by the scheme actuaries.

Financial Context 2020/21

Resources - Police Grant Settlement 2020/21

The police financial settlement for 2020/21 was announced by the Minister for Policing and the Fire Service on 22nd January 2020.

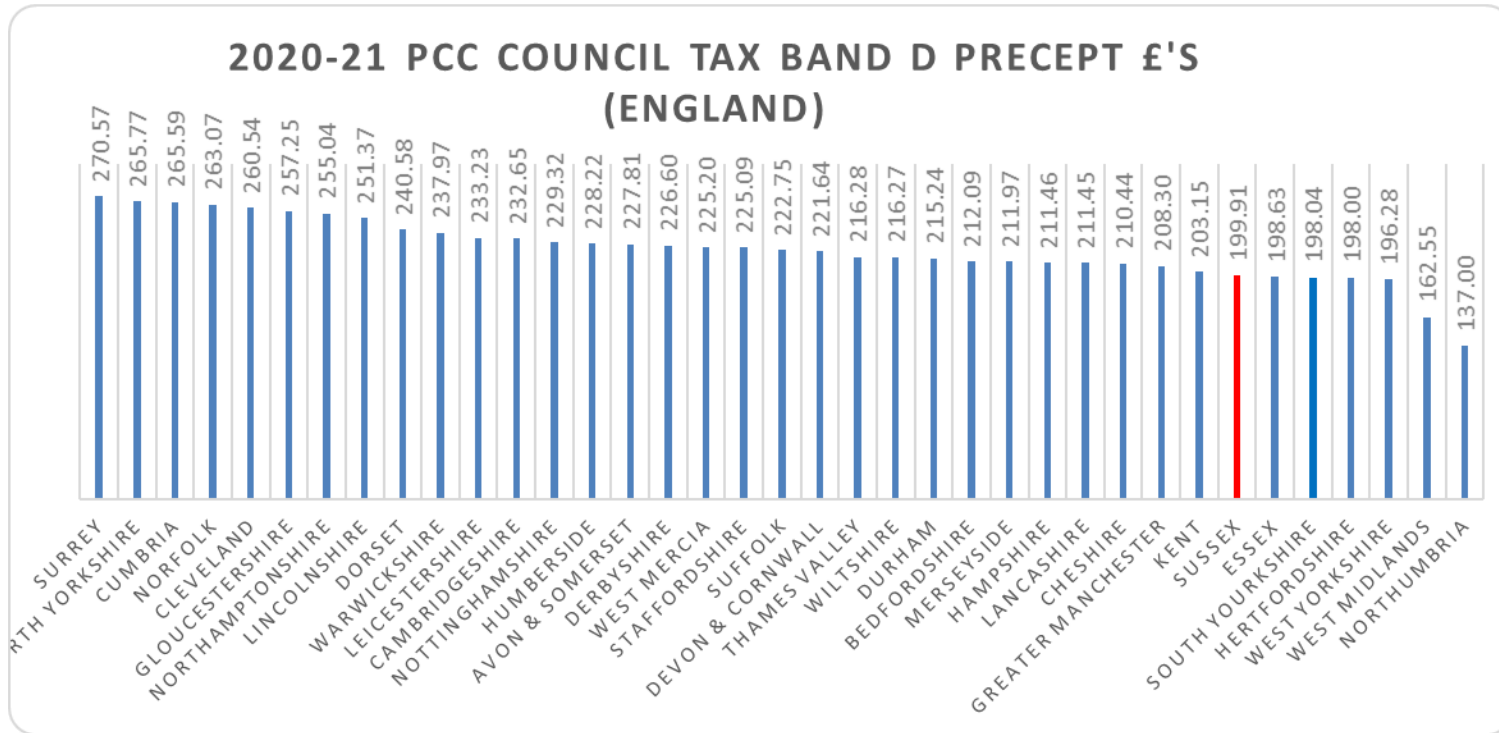
For Sussex, implications of the settlement were as follows:

- Police core revenue and formula funding grants increased by 7.5% with legacy council tax grants maintained.
- Operation Uplift Grant included in core grant, £8.4m plus ring fenced Operation Uplift performance Grant of £3.6m.
- Assumed 2% of grant allocation to meet inflation.
- Option to increase precept by £10
- The £10 Band D increase would generate £7.6m for investment in local policing.
- Capital grant has decreased from 2019/20 to £0.200m (previously £0.925m).
- Regional Organised Crime Unit (ROCU) budgets protected for another year with a national review to be undertaken.

The PCC approved a precept increase of £10 for 2020/21 taking the Band D charge to £199.91, see table below.

| Year | Band D Council Tax | Change £ | Change % |
|-------------|-------------------------------|---------------------|---------------------|
| 2020/21 | £199.91 | £10.00 | 5.3% |

This precept compared with other PCC council tax Band charges as follows:



The table below shows the funding of the net budget by national and local tax funds.

| 2019/20 £m | 2019/20 Proportion % | | 2020/21 £m | 2020/21 £m | Proportion % |
|----------------|----------------------------|---|---------------|----------------|-----------------|
| 293.041 | | Total Revenue Expenditure | | 308.852 | |
| 5.501 | | Less Appropriations (to) / from Reserves | | (1.000) | |
| 287.540 | | Net Budget Requirement | | 309.852 | |
| | | Less | | | |
| | | Main Policing Grant | 109.991 | | |
| | | Revenue Support Policing Grant | 54.180 | | |
| | | Council Tax Legacy Freeze Grant | 3.062 | | |
| | | Council Tax Local Support Grant | 10.140 | | |
| | | Operation Uplift Performance Grant | 3.611 | | |
| | | Pensions Grant | 2.697 | | |
| 168.638 | 59% | Total Policing Grant | | 183.681 | 59% |
| 118.902 | | Balance to be raised locally | | 126.171 | |
| 0.593 | | Less net surplus on collection funds | | 0.235 | |
| 118.309 | 41% | Council Tax Requirement | | 125.935 | 41% |

Full details of the investment requirement can be found in Section 14 of the MTFS 2020/21 – 2023/24.

The next section explains the use of the revenue budget and funding for 2020/21.

Revenue Budget Expenditure and Income Summary

Revenue expenditure represents the day to day running costs of providing the PCC's services and the costs of policing. It includes expenses such as employee pay, vehicle and premises running costs, communications, insurances and the cost of borrowing. The budget delegated to the Chief Constable to enable the discharge of the activities under her direction and control is known as 'The Operational Delivery Budget'.

The PCC approved a net original revenue budget of £309.852m for 2020/21 and delegated £298.597m to the Chief Constable for 2020/21 to enable the discharge of the activities under her direction and control. This is referred to as the 'Operational Delivery Budget' within this report.

Revenue Outturn 2020/21

Throughout 2020/21 the revenue budget has been subject to regular monitoring. PCC controlled budgets are also regularly consolidated with the Chief Constable's budgets to consider the group position which is published on the PCC's website as part of governance and transparency arrangements. These regular updates include a review of budgets and spending forecasts for both revenue and capital expenditure and also include consideration of certain other key financial items such as capital control limits.

The revenue outturn for 2020/21 resulted in overspend of £0.515m million as set out in the following table:

Net Revenue Budget Outturn 2020/21

| | To 31 March 2021 | | | |
|---|------------------|----------------|------------|-------------|
| | Actual | Budget | Variance | |
| | £000 | £000 | £000 | % |
| Operational Delivery Budget | 297,076 | 298,597 | (1,521) | (0.5%) |
| Office of the PCC | 1,484 | 1,517 | (33) | (2.1%) |
| Community Safety | 1,632 | 1,700 | (68) | (4.0%) |
| Victim Support, Restorative Justice | 212 | 613 | (401) | (65.4%) |
| Reboot | 596 | 710 | (114) | (16.0%) |
| Video Enabled Justice | 377 | 461 | (84) | (18.2%) |
| Other OPCC Financing Budgets including reserves transfers | 8,990 | 6,254 | 2,736 | 43.8% |
| Total Police Fund | 310,367 | 309,852 | 515 | 0.2% |

1.1 The revenue outturn 2020/21 in summary is as follows:

- £0.5m (0.2%) overspend on the revenue budget of £309.9m;
- £1.5m (0.5%) underspent on the Operational Delivery Budget delegated to the Chief Constable. This underspend includes £1.3m of income relating to Covid-19 that was transferred to an earmarked reserve via the OPCC Financing and Reserves (see below);

- £0.03m of the underspend on the budgets of the Office of the Police and Crime Commissioner;
- £0.7m of the underspend on the budgets of the Community Safety, Victim Support, Restorative Justice, Reboot and Video Enabled Project;
- £2.8m net overspend on Financing and Reserves including revenue to capital contributions and a transfer to an earmarked reserve in relation to Covid-19 income for £1.3m (see Operational Delivery Budget above)
- £1.0m budgeted transfer to General Reserves
- General Reserves maintained at 4%

A further breakdown can be found in Note 25 – Segmental Analysis of Income and Expenditure.

Chief Constable Operational Delivery Revenue Budget Outturn 2020/21

A total of £297.1m was spent against the budget of £298.6m delegated to the Chief Constable for 2020/21 to enable the discharge of the activities under his direction and control.

Operational Delivery Budget Outturn 2020/21

| Category | CC Outturn | | |
|---------------------------------|----------------|----------------|------------------|
| | Actual £000 | Budget £000 | Variance £000 |
| Employees | 281,536 | 277,447 | 4,089 |
| Premises | 10,841 | 11,585 | (744) |
| Transport | 10,674 | 9,595 | 1,079 |
| Supplies & Services | 42,864 | 40,375 | 2,489 |
| Capital Financing and Reporting | 434 | 879 | (445) |
| Total Expenditure | 346,349 | 339,881 | 6,468 |
| Grants & Income | (49,273) | (41,284) | (7,989) |
| Total Net Expenditure | 297,076 | 298,597 | (1,521) |

Total costs for the response to the Covid-19 pandemic are summarised in the following table:

| Expenditure & Income | Covid-19 Costs £ |
|---------------------------------|-----------------------------|
| National PPE | 2,275 |
| Local PPE | 587 |
| Other Local Costs | 4,643 |
| Total Costs | 7,505 |
| Income | (6,665) |
| Net Expenditure | 951 |
| | |
| Total PPE cost | 2,862 |

An analysis of the use of and the outputs of the Chief Constables Operational Delivery budget can be found in the Chief Constable's 2020/21 Accounts.

Police & Crime Commissioner Revenue Budget Outturn 2020/21

The outturn compared to the budget for the PCC resulted in underspend of £0.700m as shown in the table below.

PCC Revenue Outturn 2020/21

| | Actual | | | Budget | Variance | |
|-------------------------------------|-----------------------------|------------------------|---------------------|---------------------|---------------------|------------------|
| | Expenditure £000 | Income £000 | Net £000 | Net £000 | Net £000 | Net % |
| Office of the PCC | 1,497 | (13) | 1,484 | 1,517 | (33) | -2.18% |
| Community Safety | 2,530 | (897) | 1,633 | 1,700 | (67) | -3.94% |
| Victim Support, Restorative Justice | 3,837 | (3,625) | 212 | 613 | (401) | -65.42% |
| Reboot | 596 | 0 | 596 | 710 | (114) | -16.06% |
| Video Enabled Justice | 3,359 | (2,983) | 376 | 461 | (85) | -18.44% |
| Total | 11,819 | (7,518) | 4,301 | 5,001 | (700) | -14.00% |

OPCC Budget

The budget for the Office of the Police and Crime Commissioner (OPCC) includes the costs of running the office including PCC, staff salaries and office costs to cover the statutory functions of scrutiny, internal and external audit, performance management, community engagements, independent custody visiting scheme, financial management, legal services, bank and treasury costs and complaints handling. Underspend of £0.033m arose over a number of budget lines but consisted in the main in travel and subsistence budgets as a result of working from home during the pandemic and other small variations. £0.236m of the underspend will be carried forward to 2020/21 with the balance of £0.463m returned to reserves.

Independent Custody Visiting Scheme: Improvements Made – The PCC continued to oversee an established and effective Independent Custody Visiting (ICV) Scheme. The Scheme has 35 dedicated volunteers who, prior to the national lockdown, were visiting the detainees in each of the five police custody centres in Sussex: Brighton, Crawley, Eastbourne, Hastings and Worthing.

The social distancing restrictions resulted in the Scheme having to adapt its approach to provide the ICVs with a remote way of safeguarding those individuals detained in police custody. The volunteers committed to providing continued scrutiny of the custody environment through online audits completed at a range of times during a 24-hour period, in line with the requirements of physical visits, with audit reports submitted to the ICV Scheme Manager for review and action as appropriate.

The safeguarding and welfare of detainees has also been pursued through ad-hoc inspections of custody records to ensure that a complete overview of the custody environment is maintained during the pandemic. The ability for ICVs to return to physical visits in Sussex is anticipated to recommence in 2021/22, once it is recognised to be safe for detainees, volunteers, police officers and staff.

Throughout the year, the custody estate in Sussex has undergone significant refurbishments – as part of Operation Fanfare – in order to allow for essential upgrades to be completed in line with HMICFRS requirements. This investment resulted in each of the custody blocks being closed for a period of 8 weeks, on a rotational basis. The ICVs responded to the additional demand placed on the remaining custody blocks by increasing the number of remote visits carried out. This approach ensured continuity of detainee welfare at a time when Sussex Police was already under increased pressure from the unprecedented demands of the pandemic.

In May 2019, the ICV Scheme successfully achieved the highest possible 'Platinum' status for its Quality Assurance Framework awarded by the Independent Custody Visiting Association – one of only two schemes in England and Wales to achieve this status. Due to the impact of the pandemic, the re-accreditation process planned for last year was deferred to 2021/22.

A number of positive changes to detainee care were introduced by the ICV scheme during 2020/21, including: implementing a wider range of reading materials (including low literacy material) in all custody suites (and a quarantine system to manage this process); introducing decaffeinated drinks to assist with calming anxiety and stress; investing in distraction packs for each custody suite; increasing the range of self-care items for detainees (including deodorant wipes, under garments and other personal items) and promoting the availability of 'easy read' guides about the police custody experience for all detainees.

Community Safety

Community Safety Partnerships. In 2020/21, the PCC protected community safety funding in Sussex for the 8th year running and allocated £1.215m to Brighton & Hove City Council, East Sussex County Council and West Sussex County Council and each of the 12 District and Borough Community Safety Partnerships (CSPs).

Many of the CSPs continued to explore opportunities to work more collaboratively across 2020/21 and it is evident that strong relationships exist with wider partnership members and the local communities. The PCC continues to fully support the CSPs to respond dynamically to emerging threats and issues in line with their strategic objectives and implement local activity as required.

Safer in Sussex Community Fund: Further Grants Allocated – The PCC allocated £138,420 from the Safer in Sussex Community Fund (SiSCF) in 2020/21 to support 48 local projects across Sussex to tackle crime and improve community safety.

The SiSCF provides financial support (grant awards up to £5,000) to a diverse range of local organisations and community projects that aim to reduce crime and improve community safety.

Safer Streets Fund: Extra Funding Secured – The PCC successfully secured £965,366 of extra funding for St Leonards, Hastings and the Redoubt area of Eastbourne.

During 2020/21, £25m was made available to PCCs in England and Wales to bid for through the Safer Streets Fund. PCCs were asked to work with partners to design and deliver local crime prevention plans with the outcome of reducing acquisitive crimes through situational prevention. The objectives of the fund were to:

- ✓ Reduce acquisitive crime in areas that receive funding – making residents safer and reducing demand on the police to focus on more complex crimes.

- ✓ Build evidence about the impact of targeted investment in situational prevention in high crime areas to strengthen the case for future investment, both at a local and national level.
- ✓ Grow local capability to undertake data-driven problem-solving and capture evidence and practical learning about how best to implement interventions to prevent crime.

The PCC has worked closely with partners in these areas to develop and deliver local crime plans including community engagement, improvements to residential and business security, greater provision of closed-circuit television and enhancements to local imaging.

Anti-Social Behaviour: Tackling Through Mediation – Last year, the PCC conducted a formal procurement process for the consistent provision of mediation services in Sussex. The Sussex Mediation Alliance (SMA) was successful in securing the £210,000 contract to provide mediation services over the next three years from 1 April 2020. The SMA is made up of four service providers: Brighton & Hove Independent Mediation Service; Hastings and Rother Mediation Services; Mediation Plus and West Sussex Mediation Service.

In 2020/21, the SMA received 200 referrals directly from Sussex Police for resolution through mediation to prevent the conflict from escalating any further, distributed across Sussex as follows: 35 in Brighton & Hove, 77 in East Sussex and 88 in West Sussex. Anti-social behaviour was the most common type of dispute and accounted for 84 cases (and 42%), followed by neighbour disputes (47 cases and 24%) and property disputes (42 cases and 21%). A total of 76 of these referrals resulted in successful mediations and face-to-face actions, whilst a further 75 received support over the telephone – reducing the demand placed upon Sussex Police.

Victims and Restorative Justice

Victims and RJ partly is funded by a Ministry of Justice Grant. The PCC has a statutory responsibility to provide victim support services in Sussex and continued to commission a range of services to support victims throughout the county.

In 2020/21, a total of 40,921 victims were referred to these commissioned support services in Sussex, with 10,969 individuals representing new cases (not known to the service already) and requiring one-to-one support. Of those individuals supported during the year, 5,187 victims received a single incidence of support, with a further 9,605 receiving ongoing emotional support and, in some cases, advocacy through associated criminal justice system processes.

As one of the commissioned support services, Victim Support hold the contract for providing multi-crime support in Sussex. In 2020/21, Victim Support contacted 23,306 of the aforementioned victims of crime to offer them support following referrals,

with 1,567 victims receiving single incidences of support and 1,499 individuals receiving ongoing emotional support. Each of the other victims were referred to local specialist service providers to receive enhanced support, including domestic abuse, stalking and sexual violence. A further 7,688 individuals remain in receipt of ongoing support.

In addition, the PCC funds Victim Support to deliver services to support victims of fraud and hate crime in Sussex. The Sussex Fraud Case Workers supported 669 victims over the last 12 months, many of whom had experienced substantial financial loss and have additional needs – such as physical frailties and adult social care issues – which make them more vulnerable to becoming repeat victims. Last year, Sussex Police received 286 reports of ‘romance fraud’ – with victims deceived into sending money to criminals who go to significant lengths to gain their trust and convince them that they are in a genuine relationship – representing a 68% increase from 2019/20.

During 2020/21, the hate crime service was expanded across Sussex to provide a consistent service throughout the county. The service supported 983 victims in Sussex targeted because of a prejudice towards their disability, gender identity, race or ethnicity, religion or belief and/or sexual orientation.

An additional budget of £0.513m was also allocated in 2020/21, with this figure comprising £0.283m from Operation Uplift funding for the creation of a Victims Hub and £0.230m from the core police budget to provide support to areas experiencing increased demand on services.

The Victims & RJ budget is underspent by £0.400m. The Victims budget is underspent by £0.353m with the majority relating to delays with the creation of the Victims Hub. Previously it was anticipated that delays with staff recruitment would result in an underspend of £0.212m, however this has increased to £0.283m. The remaining underspend relates to funding which had been allocated for capacity building and training which has not yet been utilised as the courses are now taking place in 2021/22.

COVID Victim Services. Ministry of Justice grants of £0.843m were received and distributed to support Domestic and Sexual Abuse. A further grant of £0.298m from NHS England was received and distributed.

The Commissioning Team were also been successful in obtaining £0.402m from the Home Office for the Domestic Abuse Perpetrator Fund.

£0.185m Drive Project funding accrued from 2019/20 has been deferred to 2021/22.

Income of £0.150m has been received in relation to the Pan Sussex Needs Assessment for the three local authorities. This

income is deferred into 2021/22.

Funding Network: Assured Service Quality – The PCC continued to invest in funding projects to support some of the most vulnerable victims as part of an ongoing commitment to develop a diverse landscape of support services in Sussex.

During 2020/21, more than £1m was invested into these support services. This comprised of more than £0.400m provided to specialist support services – through a competitive funding tranche – together with an additional £0.650m made available to specialist commissioned services.

The Safe:Space Sussex Funding Network was launched in 2017/18 and continues to grow and develop. There are currently 33 'approved' providers of specialist support services within the Funding Network who have each been able to demonstrate the high levels of quality standards and assurance required. Further information about the Funding Network can be viewed through the following link: <https://www.sussex-pcc.gov.uk/get-involved/apply-for-funding/>

Rape, Sexual Violence and Exploitation: Funding Support – During 2020/21, the PCC continued to invest in a number of organisations throughout Sussex to assist victims and survivors with their recoveries from rape, sexual violence and exploitation:

Lifecentre – This service provides counselling support for victims of any age or gender who have experienced rape, sexual violence or abuse – whether non-recent or current. In 2020/21, 638 victims and survivors were provided with counselling support by Lifecentre, of whom 55% reported feeling healthier and better able to manage their existing relationships and 50% had increased hope for the future following the conclusion of their intervention.

ManKind Initiative – The service provides men who have suffered from rape or sexual abuse with the opportunity to receive advice, guidance and counselling. It is still recognised that far fewer men report these offences or seek help and support, in comparison to women. In 2020/21, ManKind Initiative supported 117 men in Sussex, with the majority requiring support for abuse suffered as children.

Survivors' Network – This provider supports survivors of sexual violence and abuse in Sussex through a number of different projects. During 2020/21, a Children's Independent Sexual Violence Advisor (CISVA) ensured that 172 children, young people and their families were able to receive counselling support throughout police investigations, court appearances and beyond to assist them in their recoveries – representing an increase of 161% from the previous year.

Streetlight – This charity supports women who are sexually exploited through prostitution. With the use of an outreach worker, the charity’s activity has contributed to an increase in the number of women engaging positively with police interventions and operations into suspected exploitation, thereby increasing the likelihood of a successful prosecution. During 2020/21, Streetlight supported 368 women in Sussex, including a number of women trafficked into the county from overseas.

Vulnerable Victims and Witnesses: Four Remote Witness Suites – The PCC continued to seek to reduce the risk of vulnerable victims and witnesses travelling long distances to give evidence at court and improve the overall experience of vulnerable victims and witnesses in the criminal justice system.

Last year, an additional remote witness suite was introduced in Sussex to enable more vulnerable victims and witnesses to give evidence through secure ‘Live-Link’ video facilities without the need to physically attend court. There are now four of these facilities established throughout Sussex to ensure appropriate support is provided to vulnerable victims and witnesses who may otherwise find the experience of attending court intimidating. The four Live Link suites supported 86 trials during 2020/21: 24 Central Sussex, 33 East Sussex and 29 West Sussex.

Throughout the year, the Video Enabled Justice Programme Team worked closely with Sussex Police to ensure that the remote witness suites remained COVID-19-secure, in line with Government guidance. This important work ensured the continuation of summary and crown court trials during a period of significant challenge for the system.

The PCC remains committed to ensuring victims and witnesses have the most positive experience of the criminal justice system and supported 118 young people attending court this year, either as victims of crime or witnesses to it, through the Young Witness Service.

Violence Reduction Programme

Serious Violence: Tackling Knife Crime and Reducing Violence – The PCC was successful in securing funding worth more than £2.45m during 2020/21 to tackle serious violence in Sussex, as follows:

£870,960 in Serious Violence ‘Surge’ Funding: Secured – The PCC successfully secured further funding of £0.871m from the Serious Violence Fund to tackle serious violence and knife crime in Sussex for the second year running.

The surge funding was used to enhance the operational policing response to incidents of violence across the county, after Sussex was one of 18 police force areas in England and Wales identified as having an increased risk of serious violence. These

funds supported proactive police deployments, insight work to understand better the root causes of the problems relating to serious violence in Sussex and increased support for investigations activity to ensure crime reports were progressed to positive outcomes, with all activities recorded as part of 'Operation Safety'.

During 2020/21, this surge activity in Sussex resulted in the delivery of an additional 2,983 days of policing (equivalent to 23,864 hours) and 3,784 different police operations. This activity demonstrated the following outcomes:

- Operation Safety engagement vehicle deployed 40 times – both within local communities and schools, colleges and other educational establishments for lessons.
- 4,378 knives surrendered through the sustained provision of amnesty bins.
- 243 uniformed and plain clothed proactive police patrols to 'hotspot' locations resulted in: 758 stop and searches, 1,647 intelligence logs submitted, 332 arrests and the seizure of 322 weapons.
- 404 separate premises were visited to carry out test purchases – with advice offered to retailers and enforcement activity as required.
- 70 knife sweeps of public places were completed with 88 weapons found and seized.

Early Intervention Youth Programme – REBOOT – The PCC invested £0.710m to sustain REBOOT – the Early Intervention Youth Programme during 2020/21. The programme aims to divert away from crime young people at risk of becoming involved in serious violence, through the utilisation of strength-based approaches.

The programme engages positively with those aged between 10-17 years of age who are at risk of committing serious violence, and those who have already come to the attention of the police through anti-social behaviour and low-level criminality.

REBOOT is a five-stage supportive, behavioural intervention model with escalating stages should any of the young people continue to find themselves 'at risk'. It also offers one-to-one strength-based coaching focussing positively on the interests and lives of young people, rather than what is negative and absent.

During 2020/21, REBOOT received 711 referrals, of which 421 young people (59%) were accepted onto the programme and progressed through the five stages, as follows:

Stage 1: 421 young people (100%) received a letter home, hand delivered by a PCSO.

Stage 2: 97 young people (23%) were visited by a Prevention Youth Officer and offered further support, including a referral to coaching and/or a mental health nurse.

Stage 3: One young person (<1%) signed an Acceptable Behaviour Contract.

Stage 4: One young person (<1%) was referred to the Youth Offending Service.

Stage 5: One young person (<1%) received a civil injunction through the courts.

Despite the COVID-19 restrictions, REBOOT continued to accept an average of 15 children and young people onto the programme each week throughout the year. Those deemed unsuitable to participate in the programme had committed crimes relating to serious violence and were dealt with robustly through existing criminal justice processes.

In 2020/21, the PCC secured a further £78,000 in funding from the Youth Endowment Fund to expand the remit of the REBOOT programme further – to support families to understand why their child or young person may be ‘acting up’ – through ‘Teen Aid’ run by Changing Chances.

A cohort of 35 families took part in the course which focussed on learning about the teenage brain using a range of practical tools and visual props. Following completion of the course, all participating families reported that they felt more in control, knowing the best ways to manage the challenging behaviours of their child and how to support them towards improved life changes. Families also reported a reduction in stress and increased positivity about the future.

Violence Reduction Unit – The PCC secured a further £880,000 from the Home Office to maintain and support a Violence Reduction Partnership (VRP) and Violence Reduction Units (VRUs) in Sussex. These monies were passed to the Chief Constable.

The Sussex VRP was established in July 2019 to bring together specialists from police, local government, health, probation services and community organisations to tackle serious violence and the underlying causes of violent crime. The VRP provides a range of activities to tackle serious violence in Sussex including: interventions with young people in schools, colleges and other educational establishments through Outreach; provisions of training to parents and professionals; and more intensive work with families and young people involved in serious violence.

During 2020/21, these activities included a number of interventions commissioned through the VRUs in Brighton & Hove, East Sussex and West Sussex. Examples of this work included: detached city-wide youth work; supporting, signposting and diverting young people away from serious violence; working with Youth Justice Service staff to reduce school exclusions; provision of mentoring services for young people; collaborative projects that aim to build community engagement in solutions to serious violence, and specific support for young people leaving care.

Despite the additional challenges of the COVID-19 restrictions in place, the funded interventions still engaged with approximately 3,000 young people and families across Sussex, through a combination of online and face-to-face contact. Outcomes included reductions in school exclusions and criminality in targeted educational settings, increased support for young people struggling with mental health and emotional issues – as a result of the lockdown restrictions – and reductions in offending for some of the most vulnerable and high-risk individuals.

Video-Enabled Justice Programme

Over the last four years, the PCC led the Video-Enabled Justice (VEJ) Programme on behalf of criminal justice partners.

Following the outbreak of COVID-19, the VEJ Programme supported Her Majesty's Courts and Tribunals Service by implementing Video Remand Hearings (VRHs) across the five police force areas of Sussex, Surrey, Kent, Norfolk and Suffolk.

The introduction of VRHs enabled detainees held in police custody – and refused bail – to undertake first hearings without physical attendance in the courtroom. It also meant that prosecution, defence, probation, youth offending teams and interpreters could discharge their responsibilities in court from the safety of their own homes, supported by the technical solution of the programme.

The installation of 'safe consultation video booths' in police custody centres in Sussex and Surrey provided another alternative to face-to-face contact during the pandemic. These booths – funded by the respective PCCs – facilitated VRHs and private legal consultations between defence solicitors and detainees, both before and after hearings. There were 1,432 VRHs facilitated in Sussex between 21 April and 23 October 2020.

In response to the pandemic, the VEJ Programme was also funded by the Home Office to develop and deploy its technical solution to facilitate interviews under the Police and Criminal Evidence Act 1984 remotely by video across each of the five police force areas. The provision of this unique and sustainable solution supported the needs of the police service and enabled interpreters and defence solicitors to join interviews remotely and safely – responding directly to concerns expressed regarding the risks associated with continued attendance in police custody suites during the pandemic.

During 2020/21, the VEJ Programme maintained and streamlined the practice of police witnesses giving evidence remotely by Live Link video in summary trials at Magistrates' Courts across Sussex, Surrey, Kent, Norfolk and Suffolk. This approach negated the requirement for these witnesses to physically attend court and ensured that, where trials did not proceed on the day or when pleas were changed to guilty, automatically-generated notifications were sent to police officers and witnesses to prevent

unnecessary travel to court. In this way, officers could be redeployed to operational duties almost immediately, contributing to further efficiency savings.

Other OPCC Financing Budgets Revenue Outturn 2020/21

The PCC is also responsible for other resources relating to the corporation sole as follows. A summary of the outturn position is set out below.

| | Full Year | | |
|--|--------------|---------------|--------------|
| | Forecast | Annual Budget | Variance |
| | £000s | £000s | £000s |
| Transfer To/(From) General Reserve | 1,000 | 1,000 | 0 |
| Transfer To/(From) Delegated Budget Holder Reserve | 809 | (437) | 1,246 |
| Transfer To/(From) Capital & Investment Reserve | 1,920 | 977 | 943 |
| Transfer To/(From) SSRP Reserve | 145 | 0 | 145 |
| Transfer To/(From) POCA Reserve | (217) | 0 | (217) |
| Total Transfers to/(from) Reserves | 3,657 | 1,540 | 2,117 |
| Contribution to Capital Financing | 4,724 | 4,241 | 480 |
| MRP, PFI and leases | 547 | 620 | (73) |
| Total Capital Financing | 5,271 | 4,861 | 407 |
| Long Term Loan Interest Payments | 201 | 201 | 0 |
| Short Term Loan Interest Payments | 1 | 0 | 1 |
| Investment Interest Receipts | (66) | (143) | 77 |
| Heritable Bank Dividend | (76) | 0 | (76) |
| Total Treasury Management | 60 | 58 | 2 |
| Total Financial Provisions | 5,331 | 4,919 | 409 |
| Total Financial Provisions and Reserves | 8,988 | 6,459 | 2,526 |

Transfers to/from Reserves

Financial provisions and reserve transfers include the revenue and financing costs of the capital programme, interest receivable on cash balances, pay and price contingency and transfers to and from reserves included within the balanced budget plans.

The apparent overspend variance of £2.526m can largely be attributed to transfers to reserves in relation to contributions for capital, which are offset by underspends elsewhere within the Chief Constable's statement of accounts and £1.246m in relation to Covid-19 enforcement income which will be released in 2021/22. Minimum Revenue Provision was lower than expected as internal borrowing was not required in year. Interest receipts were lower than budget due to less cash being invested and much lower interest rates, this was offset slightly by reversal of impairment for the Heritable bank investment due to receipt of a final dividend amount.

Capital Financing

The capital financing budget includes costs of servicing the £4.5m loan balance outstanding with the Public Works Loan Board - interest payments and repayment of the loan via the statutory Minimum Revenue Provision (MRP) - and the annual revenue budget set aside to support capital and investment projects.

Reserves

The PCC must retain adequate reserves so that unexpected budget pressures can be met without having a detrimental impact on normal day to day operational activities.

The PCC's policy on reserves is based on a thorough understanding of the organisation's needs and risks. Part of this process is to give a clear explanation of the existing and proposed use of reserves. The detailed reserves policy can be found in the Medium Term Financial Strategy and the balances held can be found below and in [Note 7](#) to the accounts.

Total usable reserves as at 31 March 2021 amounted to £21.1m. This includes general reserves of £12.4m, which is 4% of the 2020/21 net budget, plus £8.7m of other reserves earmarked for specific purposes and future commitments. The summary of the reserves at 31 March 2021 is shown in the following table:

| | Balance at 31-Mar-20 | Transfers In | Transfers Out | Balance at 31-Mar-21 |
|-----------------------------------|---------------------------------|-------------------------|--------------------------|---------------------------------|
| | £000 | 2020-21 £000 | 2020-21 £000 | £000 |
| General Fund | (11,379) | (166,161) | 165,161 | (12,379) |
| Earmarked Reserves: | | | | |
| Insurance | (4,311) | 0 | 1,549 | (2,762) |
| Local Policing Transition Support | (1,764) | 0 | 1,764 | 0 |
| Capital & Investment | 0 | (7,069) | 6,657 | (412) |
| Asset Seizures | (583) | 0 | 217 | (366) |
| Delegated Budget Holder | (666) | (2,238) | 437 | (2,467) |
| Sussex Safer Roads Partnership | (2,633) | (291) | 227 | (2,697) |
| Earmarked Reserves | (9,957) | (9,598) | 10,851 | (8,704) |
| Capital Receipts | 0 | (1,665) | 1,665 | 0 |
| Total Usable Reserves | (21,336) | (177,424) | 177,677 | (21,083) |

From the Comprehensive Income and Expenditure Statement (CIES), the deficit on the provision of services for the Police and Crime Commissioner Group for 2020/21 is £62.12 million.

Reconciling the Comprehensive Income and Expenditure Statement (CIES) with the Use of Reserves.

The CIES shows the income and expenditure on the Group's services in the year in accordance with international Financial Reporting Standards as adopted by the Code. However, the amount chargeable to council tax and the General Fund is limited by statutory requirements and requires a number of adjustments. The statutory adjustments largely relate to arrangements for funding capital expenditure or the timing with which some items are charged to council tax. The reserves of the Group represent its net worth; the usable reserves show the resources currently available to spend on services. The Expenditure and Funding Analysis (EFA) note to the accounts shows the adjustments to arrive at the movement in the usable reserves and is summarised in the following table.

| | 2020/21 Outturn £000 |
|---|-------------------------------------|
| Net Cost of Services (per EFA) | 349,062 |
| Other operating expenditure (per CIES) | 873 |
| Financing and investment income and expenditure (per CIES) | 65,957 |
| Taxation and non-specific grant income (per CIES) | (353,773) |
| (Surplus) or Deficit on Provision of Services (per CIES) | 62,119 |
| Adjustment between accounting basis and funding basis under Regulations | (61,868) |
| Net (increase)/decrease to Earmarked Reserves (per EFA) | 251 |

Capital & Investment Programme Expenditure

In addition to spending on day-to-day activities, the Commissioner incurs expenditure on the acquisition of fixed assets that will be used in providing services beyond the current accounting period; or expenditure that adds value to an existing fixed asset, such as buildings, technology and communications and other major items of plant and equipment.

Under the terms of the funding arrangement between the Commissioner and the Chief Constable, all non-current assets are under the control of the Commissioner. Details of capital expenditure and funding in relation to the acquisition and enhancement of assets, which amounted to £14.985m in 2020/21 are shown in the financial statements of the Commissioner. The total capital and investment programme expenditure during the year was £18.414, however, only £14.985m of that met the accounting criteria to be capitalised in the accounts in respect of assets to be included on the asset register.

The Chief Constable CIES receives a charge for the use of operational assets based on capital charges.

The capital and investment budget for 2020/21 was approved by the PCC in February 2020 at £15.8m. During the year agreed budget virements have been processed as set out in the table below, resulting in a revised capital budget of £16.522m.

The final outturn for the capital & investment programme for the year is an over-spend of £1.858 million.

Capital and Investment Budget Outturn 2020/21

| | Actual | Revised Budget | Variance over/ (under)spend | |
|-------------------------|---------------|----------------|-----------------------------|------------|
| | £m | £m | £m | % |
| IT Strategy | 3.363 | 4.845 | (1.482) | (31%) |
| Fleet Strategy | 5.412 | 6.142 | (0.730) | (12%) |
| PFI Schemes | 1.413 | 2.454 | (1.041) | (42%) |
| Operational Investments | 7.050 | 2.038 | 5.012 | 246% |
| Estates Strategy | 1.174 | 1.075 | 0.099 | 9% |
| Total | 18.412 | 16.554 | 1.858 | 11% |

The IT strategy programme has continued to focus on upgrading desktop technology and Windows desk top and server software, updating networks and network storage. It has also expended resources to prepare for the new mobile communication system too.

The Fleet strategy has expenditure of £5.4m covering the on-going fleet replacement programme as well as ANPR and Telematics installations in vehicles.

PFI Schemes. The PFI funded custody estate in Sussex located in Eastbourne, Brighton, Worthing and Chichester underwent significant refurbishments – as part of Operation Fanfare – to allow for essential upgrades to be completed in line with HMICFRS requirements.

Operational Investments

Operations - £0.870m spent to purchase equipment including £0.346m for Tasers, the response to COVID-19 and digital forensics equipment.

The Enterprise Resource Planning (ERP) Capital assets were purchased for transfer of ERP software, documentation and licenced assets as the Equip project came to a close.

Estates Strategy

The Estates Strategy 2018/23 is a key element of the capital programme and aims to ensure that the property used for policing is in the right place, is fit for purpose and is efficient. The PCC closely scrutinised the revisions made to the Estates Strategy in 2020/21 through a regular Estates Board to ensure that it continued to provide a working environment fit for 21st century policing, was cost effective and demonstrated an accessible community footprint. Where the estate is under-used, the PCC continues to examine options for sharing with partners and disposal for redevelopment.

Throughout the year, the custody estate in Sussex underwent significant refurbishments – as part of Operation Fanfare – to allow for essential upgrades to be completed in line with HMICFRS requirements. This investment resulted in each of the custody blocks being closed for a period of 8 weeks, on a rotational basis. The costs of refurbishing Crawley custody are included here as it is a PCC owned site. The refurbishment of Hastings Custody was completed in 2019/20 so now the whole custody estates both owned and PFI funded have been refurbished.

Other delivery highlights in 2020/21 included: refurbishments to Burgess Hill and Crawley Police Stations and the sale and disposal of [former] Lancing Police Station.

The following table sets out how the final expenditure under the Capital & Investment Programme was financed:

| Source of Funding | Revenue Sources £m | Capital Sources £m | Total Financing £m | Total Financing % |
|---------------------------|-------------------------------|-------------------------------|-------------------------------|------------------------------|
| Home Office Capital Grant | 0 | 0.243 | 0.243 | 1% |
| Other Grants and Income | 0 | 1.1 | 1.1 | 6% |
| Capital Receipts | 0 | 1.652 | 1.652 | 9% |
| Revenue Funding | 3.428 | 0 | 3.428 | 19% |
| Reserves | 0 | 3.846 | 3.846 | 21% |
| Borrowing | 0 | 8.142 | 8.142 | 44% |
| Total | 3.428 | 14.984 | 18.412 | 100% |

Revenue costs of capital & investment programme projects:

The capital programme budget includes the total costs of each project. Actual expenditure incurred therefore comprise elements of capital and revenue expenditure. Expenditure is assessed at year end as part of the annual accounts process to ensure we account for expenditure in line with approved asset accounting policy. A strict definition is used to assess whether expenditure on the capital programme complies with capital expenditure regulations. In general, one-off small value items and spend that does not add to the value of an asset, is charged to the revenue accounts. As part of the final accounts process, capital programme expenditure of £3.4m has been assessed as expenditure which cannot be capitalised. This expenditure has been charged to the Operational Delivery revenue account 2020/21 funded from reserves and other revenue funding and is reflected in the revenue account.

Balance Sheet

The balance sheet shows the value of the recognised assets and liabilities. The net liabilities (assets less liabilities) are matched by the total usable and unusable reserves.

Group Balance Sheet

| | 31-Mar-20 £m | 31-Mar-21 £m | Movement £m |
|------------------------|-----------------|-----------------|----------------|
| Long Term Assets | 182 | 189 | 7 |
| Current Assets | 66 | 67 | 1 |
| Current Liabilities | (43) | (55) | (12) |
| Long Term Liabilities | (2,834) | (3,395) | (561) |
| Net Liabilities | (2,629) | (3,194) | (565) |
| Financed by | | | |
| Usable Reserves | (21) | (21) | 0 |
| Unusable Reserves | 2,650 | 3,215 | 565 |
| Total Reserves | 2,629 | 3,194 | 565 |

Movement between years:

The movement between years was £565m. This is predominantly due to the decrease in the long term pension liability of £561m. The increase of £7m purchase of assets, revaluations and depreciation of Plant, Property and Equipment (PPE) and Intangible Assets.

Employee Pension Schemes:

The Group operates separate pension schemes for Police Officers and Police Staff. Although benefits will not actually be payable until an employee retires, the Group is required to disclose this future commitment based on the full cost calculated based on the time employees become eligible to retire. This future net liability and annual current cost are calculated by an independent actuary in accordance with accounting standards (IAS19).

The total long term pension liability increased by £561m to £3,377m and has a substantial impact on the net worth of the Group. This is the main constituent of the total Net Liabilities on the Balance Sheet.

Retirement benefits (pensions) are offered to employees as part of the terms and conditions of employment. Employees can choose to opt out of the scheme at any time. Although benefits will not be payable until employees retire, the Group has a commitment to account for these at the time that employees earn their future entitlement.

Pensions are accounted for in accordance with International Accounting Standard 19 (IAS19). This standard is based on a principle that an organisation should account for its retirement benefits when it is committed to giving them, even if the actual payment of those benefits will be many years into the future. The net overall impact of IAS19 accounting entries is neutral in the accounts. The pension liability, which is disclosed on the Balance Sheet, (balanced by the Pension Reserve) shows the underlying commitment that the PCC and Chief Constable have in the long run to pay retirement benefits. Recognition of the total liability has a substantial impact on the net worth as recorded in the Balance Sheet of the Group.

Police officers can be members of either the Police Pension Scheme (1987), the Police Pension Scheme (2006) or the Police Pension Scheme (2015), known collectively as the Police Pension Scheme. This is a wholly unfunded scheme for which the Chief Constable is Scheme Manager. The Chief Constable makes contributions to the Pension Fund based on a percentage of officers' pensionable salaries. The regulations governing funding arrangements require that if the Pension Fund does not have sufficient funds to meet the cost of pensions in any year the amount required to meet the deficit must be transferred from the Police Fund to the Pension Fund. The annual deficit of the Police Pensions Account is funded by the Home Office Pension's Top-up Grant. The difference between the deficit on the Pension Account and the amount funded by the Pensions Top-up Grant is met from the Police Operating Account.

Police staff and OPCC staff can be members of the West Sussex Pension Scheme, a Local Government Pension Scheme administered by West Sussex County Council. The Chief Constable and PCC make employer contributions on the basis of an

agreed percentage of employees' pensionable salaries to the West Sussex Pension Fund. Employer contributions are based on an independent actuarial valuation of the fund which is carried out every three years. The Chief Constable also has to meet the pension costs of employees who have left employment due to ill health or where early retirements have been agreed, and also makes additional contributions to make good the shortfall in the pension fund, known as deficiency payments.

Under provisions within the Police Reform and Social Responsibility Act 2011, both the PCC and Chief Constable are employers.

The PCC Group is required to maintain a pensions reserve on the Balance Sheet for officers and staff. The reserve is termed 'unusable' as it is not cash backed but contains book entries to recognise the estimated liability that the Employer is committed to provide in the future, for service completed up to the balance sheet date. The pension liability is valued using an actuarial valuation and can fluctuate dependent on external factors and changes in actuarial assumptions.

The pension liability shows the underlying commitment that the Group has in the long run to pay post-retirement benefits. The total liability of £3,377m (£2,815m in 2019/20) has a substantial impact on the net worth of the Group as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Group remains healthy.

The deficit on the funded schemes will be made good by contributions over the remaining working life of employees, i.e. before payments fall due, as assessed by the scheme actuaries.

Governance

The accounts are subject to detailed independent 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.

The Accounts and Audit (England) Regulations 2015 require that the Annual Governance Statement (AGS) accompany the Statement of Accounts rather than be included in the Statement of Accounts. The separate AGS statements for the PCC and the Chief Constable highlight the internal control environment, comment on its effectiveness and identify issues for future work. The AGS documents are available separately on the websites of the Police and Crime Commissioner for Sussex www.sussex-pcc.gov.uk and the Chief Constable of Sussex www.sussex.police.uk.

Value for Money

Financial control involves the existence of a control structure which ensures that all resources are used as efficiently and effectively as possible to attain the Chief Constable's and PCC's overall objectives and targets. Internal financial control systems are in place to minimize the risk of loss, unlawful expenditure or poor value for money, and to maximize the use of those assets and resources.

The financial management and performance reporting framework follows national and/or professional best practice and includes a range of its key elements are set out below:

- Financial Regulations establish the principles of financial control. They are designed to ensure that the PCC conducts its financial affairs in a way which complies with statutory provision and reflects best professional practice. Contract Standing Orders set out the rules to be followed in respect of contracts for the supply of goods and services.
- Responsibility and accountability for resources rest with managers who are responsible for service provision.
- The PCC has adopted the CIPFA Code of Practice on Treasury Management requiring the PCC to consider, approve and publish an annual treasury management strategy including an annual investment strategy.
- In accordance with the Prudential Code and proper accounting practice the Chief Constable and PCC produce a Medium Term Financial Strategy (MTFS), capital programme and prudential indicators. These are reviewed on an on-going basis and form the core of resource planning, setting the precept level, the annual revenue budget, use of reserves and capital programme.
- The MTFS includes provision for inflation, known commitments and other expenditure items which the Chief Constable has identified as necessary to deliver both national and local policing priorities.
- The annual revenue budget provides an estimate of the annual income and expenditure requirements for the PCC and police service and sets out the financial implications of the PCC's policies. It provides Chief Officers with the authority to incur expenditure and a basis on which to monitor the financial performance of the PCC.
- The PCC is required to present precept proposals to the Police and Crime Panel for their consideration prior to finalising the budget and precept.

- Capital expenditure is an important element in the development of the PCC's service since it represents major investment in new and improved assets. The PCC approves a four year capital programme each year with the MTFs and monitors its implementation and funding closely at management meetings.
- The PCC approved a balanced budget for 2020/21 with a £10 increase in the council tax precept. Further savings have been identified to balance the budget for the next four years.
- Monthly financial performance reports and quarterly group budget monitoring reports are presented to the Chief Constable's and PCC's and are published as 'key decisions'.
- Performance reports are presented and discussed with the PCC regularly and reviewed at the public Performance and Accountability meetings which are webcast.
- The PCC receives reports from HMIC and will act on recommendations as required.
- The Internal Audit Service is required to objectively examine, evaluate and report upon the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of the PCC and Chief Constable's resources. This is achieved through the delivery of a risk based annual audit plan which is monitored by the independent Joint Audit Committee on a quarterly basis. The Chief Internal Auditor also prepares an annual report based on the work of the Internal Audit Service which provides an independent and objective opinion on the internal control, governance and risk environments of the PCC and Chief Constable based on the work undertaken by the Internal Audit Service throughout 2020/21.
- The Joint Audit Committee (JAC) provides a non-executive independent assurance to the PCC and Chief Constable and helps to ensure efficient, effective and adequate assurance arrangements are in place. Their [Terms of Reference](#) set out their role in full.

Delivery of the Police and Crime Plan

The Commissioner has a statutory duty to set the policing and crime objectives for their police force area through a Police & Crime Plan.

The Police & Crime Plan sets out the strategic policing direction for our county with objectives for how policing services will be delivered in Sussex up to 2021.

The Commissioner has identified the following four policing and crime objectives:

- Strengthen local policing.
- Work with local communities and partners to keep Sussex safe.
- Protect our vulnerable and help victims cope and recover from crime and abuse.
- Improve access to justice for victims and witnesses.

The aims and outcomes underpinning each of these objectives have been carefully developed to ensure they accurately reflect the policing, crime and community safety issues which members of the public have told me are most important.

The plan can be found at this link [Sussex Police and Crime Plan](#)

The Commissioners' Annual Report includes further details of the progress against the policing and crime objectives and provides supporting information. The draft annual review presented to the Police and Crime Panel at the end of June 2019 and published at the same time as the Statements of Accounts.

Collaboration

The majority of services within the Support Services functions are collaborated including; Procurement, Insurance, Transport, People Services, Information & Communication Technology, and Finance. Further work is ongoing to develop a Shared Business Service Centre and Enterprise Resource Planning (ERP). Note 26 – Collaboration Arrangements sets out the extent of collaboration between Sussex and Surrey Police.

Surrey Police and Sussex Police are leading on a new project to address the risk posed by the seizure and retention of crypto currency, involving cyber-crime and insurance teams. Facilities teams are trialing the use of tablet devices for recording

compliance checks across the police estate. Insurance and transport teams have implemented a new electronic Driver Management System for recording driver records.

Sussex Police also works closely with regional and national partners in order to share best practice and realise efficiencies. Examples include SEROCU which focuses on cross border organised and Blue Light which seeks to procurement savings by purchasing jointly.

Significant Write Offs, Provisions and Contingent Liabilities

Write Offs:

Income is recognised when it is due and not when it is paid, so from time to time we need to consider, following debt recovery action, whether certain unpaid debts will be settled. There are a variety of reasons why debts may not be settled, for example, where businesses cease to trade and liquidation is insufficient to clear debts or in cases of bankruptcy.

During the 2020/21 year, total debts of £936 were authorized for write off in relation to 7 customer balances.

Contingent Liabilities:

A contingent asset or liability is defined as a possible receipt (asset) or obligation to pay out (liability) based on a past event, but for which confirmation of the receipt / payment is uncertain as it depends on a future event. For example: pending legal claims. Unlike provisions, contingents do not result in an accounting entry as they are uncertain and cannot be reliably estimated, however a disclosure is made in the statements.

Disclosure has been made in the statements regarding three contingent liabilities, relating to the Police Regulations On-call Payments and uncertainty around some forensic services.

During any financial year we will receive a number of legal and other claims in relation to employment, insurance and other issues. Many of these are subject to legal process and therefore the possibility of a future obligation is uncertain. The accounting rules classify such possible obligations as 'contingent liabilities'. They 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 reliably. No specific charges are made to the accounts.

There are a number of claims that have been received from current and former officers in relation to overtime, a group claim relating to the police pension scheme and a potential obligation in respect of Injury Pensions. These are classified as contingent liabilities and are detailed in [Note 35](#) to the Group Accounts.

Treasury Management

The PCC is responsible for Treasury Management functions; the banking, loans and investments. Investment interest is generated from cash holdings during the year. The level of cash holdings reflects the overall amount of cash backed reserves and timing of major cash inflows (grant and precept income) and cash outflows (salaries, pensions and other payments) during the year. Investments are placed in accordance with the Treasury Management Strategy and provide income based on risk and return on investment. A full report on 2020/21 investment performance is published as a key decision.

Treasury management activities are monitored daily to the approved indicator limits that are set in accordance with The Prudential Code for Capital Finance in Local Authorities. For 2020/21 neither the indicators of the Authorised Limit for External Debt of £46 million, nor the Operational Boundary for External Debt of £31 million were breached and the profile of debt maturity was maintained within the agreed limits.

Investment interest is generated from cash holdings during the year. The level of cash holdings reflects the overall amount of cash backed reserves and timing of major cash inflows (grant and precept income) and cash outflows (salaries, pensions and other payments) during the year. Investments are placed in accordance with the Treasury Management Strategy and provide income based on risk and return on investment.

The key highlights were:

- £27.0m of investments were held as at 31 March 2021.
- £0.066m interest was received during the year, which was £0.434m less than budget.
- Gross investment return of 0.19% was achieved against the 0.71% originally anticipated and compared to LIBID of 0.05%. This translates to a weighted average return of 0.07% which compares against a benchmark group of 15 other local authorities achieving 0.27% and a benchmark group of 13 other policing bodies with a weighted average rate of return of 0.13%.
- The Bank of England base rate has remained at 0.10% since 11 March 2020 as a result of the continuing uncertainty pertaining to the coronavirus pandemic.
- No new PWLB borrowing was taken, maintaining the loan balance at £4.5m.

- Short term borrowing of £10m was taken in March 2021 in advance of long term loan decisions to support the capital programme financing.
- The CFR has increased, hence the need for the short term borrowing, but this and the other Prudential Indicators are within approved limits.

In October 2008, the Icelandic banks Landsbanki, Kaupthing and Glitnir collapsed and the UK subsidiaries of the banks, Heritable, Kaupthing Singer and Friedlander went into administration. The PCC for Sussex (previously Sussex Police Authority) had £6.8m deposited in Heritable, with varying maturity dates and interest rates. The financial year to 31 March 2021 a final dividend payment was received in the sum of £75,773 leaving an unrecoverable impairment of £17,276 which was written off during the year and brings the matter to a close.

Financial Standing

Going Concern

Financial statements are prepared on the assumption that the Police and Crime Commissioner and Chief Constable Group is a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the normal course of operations.

The key accounting concept of a going concern assumes that an organisation, its functions and services will continue in operational existence for the foreseeable future. Where this is not the case, particular care will be needed in the valuation of assets. An inability to apply the going concern concept can have a fundamental impact on the financial statements.

The Local Government Accounting Code makes it clear that government changes should not be seen as having a detrimental impact on the PCC or Chief Constable continuing as a going concern. Even though assets could be taken from the PCC, with perhaps no compensation, the continued use of the property for the public benefit means that the PCC does not need to consider the restriction on her own ability to make use of the property from the going concern perspective.

Unusable reserves on the balance sheet includes the large negative IAS19 pension reserve which is mainly due to the police pension scheme being an unfunded scheme i.e. with no fund assets to offset future liabilities when existing police officers have all retired. The statutory arrangements for funding the liability mean that the Commissioner's financial position remains sound. This liability is mitigated as follows:

- The deficit on the Local Government Scheme will be made good by increased employer and employee contributions over the remaining working life of employees (before payments fall due), as assessed by the scheme actuary; and
- Funding is only required to be raised to cover police officer pensions when the pensions are actually paid as and when they become payable

Further details on going concern are included in Note 2 Going Concern.

Introduction - Enterprise Resource Planning Solution (Equip):

In 2016 the three forces (Surrey, Sussex and Thames Valley) took a decision to work collaboratively to jointly develop a new Enterprise Resource Planning (ERP) system to improve the way they do business and help improve efficiency. This programme was known as Equip. The ERP system aimed to replace back-office systems currently used across all three forces with new systems that are able to interact seamlessly with each other, reducing the need for duplication of information and thereby resulting in a more efficient way of working. This aimed to free up staff time to focus on preventing and detecting crime, protecting vulnerable people and keeping our communities safe. Following a competitive tender process, the forces have been working in partnership with KPMG on the programme since 2016.

In December 2020 the Chief Constables agreed that the ERP product developed by KPMG should be transferred to the three forces to mitigate against future financial risk. Following recommendation by the three force Chief Constables, approval was granted by the three PCCs. The forces have worked closely with KPMG to achieve the transfer of the ERP Software, Documentation and Licenced assets.

Following closure of the tri-force Equip programme, a new Surrey & Sussex ERP Programme has been set up to look at future ERP work. In Sussex and Surrey Police the respective Chief Constable's and PCC's are considering a range of options for use, development of the Equip assets and/or additional ERP solutions for enhanced functionality. Sussex Police bears 22% of the total partnership project costs with Surrey Police covering 22.3% and Thames Valley Police covering the remaining 45.7%.

Prior to 2020/21 Sussex Police had spent £7.276m on the Equip programme and this had been fully released to revenue on the basis that the end asset platform providing the software as a service to Sussex and Surrey would not be owned by Sussex Police or Surrey Police.

During 2020/21 Sussex Police spent a further £5.385m on the Equip programme. Sussex Police spent £2.752m of that amount on the capital asset purchase from KPMG. All remaining amounts were revenue charges for the Equip team and related running

costs during the year. No further sums will be spent on the Equip programme in 2021/22 or later years.

Outlook for 2020/24 and Beyond

The financial statements are prepared on the assumption that the legal entity of the PCC is a going concern, meaning it will continue in operation for the foreseeable future and will be able to realise assets and discharge liabilities in the normal course of operations.

The key accounting concept of a going concern assumes that an organisation, its functions and services will continue in operational existence for the foreseeable future. Where this is not the case, particular care will be needed in the valuation of assets. An inability to apply the going concern concept can have a fundamental impact on the financial statements.

The Local Government Accounting Code makes it clear that government changes should not be seen as having a detrimental impact on the Chief Constable continuing as a going concern. In addition to this a policing body cannot be created or dissolved without statutory prescription, and accordingly must prepare their financial statements on a going concern basis of accounting.

Unusable reserves on the balance sheet includes the large negative pension reserve which is mainly due to the police pension schemes being unfunded i.e. with no fund assets to offset future liabilities when existing police officers have all retired. The statutory arrangements for funding the liability mean that the Chief Constable's financial position remains sound.

Usable reserves are a key part of budget setting and financial planning, such reserves are held by the PCC, with the general reserves strategy being to maintain a balance that does not fall below 3% of the budget. A number of earmarked revenue reserves are also held for specific purposes or activities. The use of usable reserves assists in financial planning to mitigate any short term predicted funding gaps.

The financial resilience and sustainability of the Police Fund is monitored by the production and review of the Medium Term Financial Strategy (MTFS).

Reserves

Revenue and Capital Reserves are an important resource for day to day as well as medium term financial planning despite being one-off in nature. The Chartered Institute of Public Finance and Accountancy consider that PCCs should establish reserves including the level of those reserves based on the advice of their Chief Finance Officers and should make their own judgements taking into account all the relevant local circumstances.

The PCC must retain adequate reserves so that unexpected budget pressures can be met without having a detrimental impact on normal day to day operational activities.

The PCC's policy on reserves is based on a thorough understanding of the organisation's needs and risks. Part of this process is to give a clear explanation of the existing and proposed use of reserves. The detailed reserves policy can be found in the MTFS 2020/24 in section 16.

Significant changes since 2019/20

There were no changes to reporting within the 2020/21 Code of Practice on Local Authority Accounting which were identified as having significant impact for Sussex Police.

EU Referendum

The EU Referendum held on 23 June 2016 resulted in the public voting to end their 43-year membership of the world's largest single market by 51.9% to 48.1%. Article 50 was subsequently triggered on 29 March 2017 marking the start of the two years of negotiations to make a deal for the United Kingdom's exit from the European Union.

We therefore continue to expect a period of significant uncertainty and adjustment that could impact on our future finances, employment opportunities and other unforeseen areas. We will be monitoring the situation closely through our corporate risk management processes.

Explanation of the Key Accounting Statements

The Statement of Accounts set out the PCC and Chief Constable's financial standing and performance for the year ended 31 March 2021. The Statements represent the accounts for the PCC and also those for the PCC Group. The accounts for the Chief Constable of Sussex are available separately.

The term 'Group' is used to indicate individual transactions and policies of the PCC as the holding organisation and the Chief Constable as the subsidiary as set out under the Police Reform and Social Responsibility Act 2011.

The Accounts Comprise:

Narrative Report

This provides an overview of the activities of the PCC highlighting the financial position, including the reconciliation between performance against the annual budget and the position as set out in the accounts, risks and major items of income and expenditure.

Statements of Responsibilities

This explains the financial responsibilities of the PCC and Chief Finance Officer and how these responsibilities are properly carried out.

The Independent Auditor's Report

This is the independent audit opinion on whether the accounts present a true and fair view on the financial position together with a conclusion on arrangements for securing value for money.

The Expenditure Funding Analysis Note to the Accounts

The Expenditure and Funding Analysis (EFA) shows how annual expenditure is used and funded from resources (government grants and council tax) by police bodies in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Police and Crime Commissioner and the Chief Constable accounts. The Expenditure and Funding Analysis is a note to the Financial Statements rather than a primary statement itself, however, it is positioned here as it provides a link from the figures reported in the CIES to the General Fund Balance and Usable Revenue Reserves.

The Comprehensive Income and Expenditure Statement

The Comprehensive Income and Expenditure Statement (CIES) consolidates all income, expenditure, gains and losses experienced during the financial year. This includes all day-to-day expenses and related income prepared on an accruals basis, as well as transactions measuring the value of fixed assets consumed and the real projected value of retirement benefits earned by employees in the year. As a tax-raising body, the PCC is subject to specific rules as to how tax rates are set in relation to the income and expenses of the Group. This means the expenditure covered by local taxation (funding basis) is different to the full accounting cost recorded in the CIES (accounting basis). The adjustments between the funding basis and accounting basis are shown in the MiRS.

The Movement in Reserves Statement

The Movement in Reserves Statement (MiRS) is a summary of the changes that have taken place in the bottom half of the Balance Sheet over the financial year. It shows the movement in year on the different reserves held by the PCC, analysed into 'useable' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The surplus or (deficit) on the Provision of Services line shows the true economic cost of providing services.

The Balance Sheet

The Balance Sheet shows the value of the recognised assets and liabilities. The net liabilities (assets less liabilities) are matched by the total usable and unusable reserves.

The Cash Flow Statement

Summarises the inflows and outflows of cash arising from transactions with third parties, for revenue and capital purposes. The amount of net cash flows arising from operating activities is a key indicator of the extent to which operations of the PCC are funded by way of taxation and grant income or from the recipients of those services.

Notes to the Accounts

Provides additional information to support the figures included in the financial statements and is relevant to an understanding of them. These also include a detailed explanation of the Accounting Policies used to produce the Statement of Accounts.

Glossary of Financial Terms

Provides an explanation in plain English of financial terms and conventions used in these accounts.

Further Information

The Group accounts for the Police and Crime Commissioner and its subsidiary the Chief Constable together with the separate set of statutory accounts for the Chief Constable, are available to view and download on the Police and Crime Commissioner for Sussex website www.sussex-pcc.gov.uk and the Chief Constable of Sussex website www.sussex.police.uk.

If you have any questions, comments or suggestions about these financial statements please contact us using the following email address: miranda.kadwell@sussex.pnn.police.uk



Signed Date: 26 July 2021

Iain McCulloch FCPFA

Chief Finance Officer

Office of The Police and Crime Commissioner for Sussex



Statements of Responsibilities

This section explains the responsibilities for managing the financial affairs of the Police and Crime Commissioner

The Police and Crime Commissioner Responsibilities

The Police and Crime Commissioner is required to:

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

The Chief Finance Officer Responsibilities

The Chief Finance Officer is responsible for:

- the preparation of the Statement of Accounts for the Police and Crime Commissioner 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').

In preparing the Statement of Accounts, the Chief Finance Officer has:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that were reasonable and prudent; and
- complied with the code and its application to the accounts of the Police and Crime Commissioner.

During the year, the Chief Finance Officer has also:

- kept proper accounting records which are up to date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

I approve the Statements of Accounts of the PCC for Sussex and the Group for the year ended 31 March 2021.

Katy Bourne
Police and Crime Commissioner
Dated: 2021

I certify that the Draft Statement of Accounts gives a true and fair view of the financial position of the PCC for Sussex and the Group at the accounting date and of the income and expenditure for the year ended 31 March 2021. These are unaudited accounts and may change.



Iain McCulloch FCPFA
Chief Finance Officer
Dated: 26 July 2021

Independent Auditors' Report to the Police and Crime Commissioner for Sussex

This report explains the Auditor's responsibility for providing an opinion that the Statement of Accounts presents a true and fair view of the financial position of the Police and Crime Commissioner for Sussex

To be inserted when available

Comprehensive Income and Expenditure Statement

This statement shows the consolidated accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Police and Crime Commissioners raise taxation to cover expenditure in accordance with regulations; this is different from the accounting cost. The adjustments between accounting basis and funding basis under regulations are shown in the Movement in Reserves Statement.

Group

| 2019/20 | | | | 2020/21 | | |
|----------------|------------------|------------------|------|----------------|------------------|----------------|
| Expenditure | Income | Net | Note | Expenditure | Income | Net |
| £000 | £000 | £000 | | £000 | £000 | £000 |
| 314,287 | 0 | 314,287 | | 315,423 | 0 | 315,423 |
| 16,973 | 0 | 16,973 | | 11,113 | 0 | 11,113 |
| 6,520 | 0 | 6,520 | | 5,987 | 0 | 5,987 |
| 102,945 | 0 | 102,945 | | 51,898 | 0 | 51,898 |
| 3,211 | 0 | 3,211 | | 4,440 | 0 | 4,440 |
| 8,347 | 0 | 8,347 | | 9,237 | 0 | 9,237 |
| 0 | (81,576) | (81,576) | | 0 | (49,036) | (49,036) |
| 452,283 | (81,576) | 370,707 | | 398,098 | (49,036) | 349,062 |
| 783 | 0 | 783 | | 873 | 0 | 873 |
| 89,050 | (12,061) | 76,989 | 9 | 77,192 | (11,235) | 65,957 |
| 0 | (340,642) | (340,642) | | 0 | (353,773) | (353,773) |
| 542,116 | (434,279) | 107,837 | | 476,163 | (414,044) | 62,119 |
| | | (3,241) | | | | (2,176) |
| | | (433,190) | | | | 504,712 |
| | | (436,431) | | | | 502,536 |
| | | (328,594) | | | | 564,655 |

PCC

| 2019/20 | | | 2020/21 | | | |
|----------------|------------------|----------------|---------|----------------|------------------|----------------|
| Expenditure | Income | Net | Note | Expenditure | Income | Net |
| £000 | £000 | £000 | | £000 | £000 | £000 |
| 1,898 | 0 | 1,898 | | 2,254 | | 2,254 |
| 86 | 0 | 86 | | 111 | | 111 |
| 31 | 0 | 31 | | 3 | | 3 |
| 5,314 | 0 | 5,314 | | 9,238 | | 9,238 |
| 0 | 0 | 0 | | 25 | | 25 |
| 0 | (4,361) | (4,361) | | | (10,616) | (10,616) |
| 7,329 | (4,361) | 2,968 | | 11,631 | (10,616) | 1,015 |
| 357,235 | 0 | 357,235 | | 355,613 | 0 | 355,613 |
| 783 | 0 | 783 | | 873 | 0 | 873 |
| 1,646 | (684) | 962 | 9 | 1,607 | (314) | 1,293 |
| 0 | (340,642) | (340,642) | | 0 | (353,773) | (353,773) |
| 366,993 | (345,687) | 21,306 | | 369,724 | (364,305) | 5,021 |
| | | (3,241) | | | | (2,176) |
| | | (673) | | | | 788 |
| | | (3,914) | | | | (1,388) |
| | | 17,392 | | | | 3,633 |

Movement in Reserves Statement

| GROUP | Note | General Fund Balance | Earmarked General Fund Reserves | Capital Receipts Reserve | Total Usable Reserves | Unusable Reserves | Total Reserves |
|--|------|----------------------|---------------------------------|--------------------------|-----------------------|-------------------|------------------|
| | | £000 | £000 | £000 | £000 | £000 | £000 |
| Balance at 31 March 2020 | | (11,379) | (9,956) | 0 | (21,335) | 2,650,749 | 2,629,415 |
| Movement in reserves during 2020/21 | | | | | | | |
| Surplus or deficit on the provision of services | | 62,119 | 0 | 0 | 62,119 | | 62,119 |
| Other Comprehensive Income / Expenditure | | 0 | 0 | 0 | 0 | 502,536 | 502,536 |
| Total Comprehensive Income and Expenditure | | 62,119 | 0 | 0 | 62,119 | 502,536 | 564,655 |
| Adjustments between accounting basis and funding basis under regulations | 6 | (61,868) | 0 | 0 | (61,868) | 61,868 | 0 |
| Net Increase or Decrease before Transfers to Earmarked Reserves | | 251 | 0 | 0 | 251 | 564,404 | 564,655 |
| Transfers to / from Earmarked Reserves | | (1,252) | 1,252 | 0 | 0 | 0 | 0 |
| Increase or Decrease in 2020/21 | | (1,001) | 1,252 | 0 | 251 | 564,404 | 564,655 |
| Rounding | | 1 | | | 1 | 6 | 6 |
| Balance at 31 March 2021 | | (12,379) | (8,704) | 0 | (21,083) | 3,215,159 | 3,194,076 |

| GROUP | Note | General Fund Balance | Earmarked General Fund Reserves | Capital Receipts Reserve | Total Usable Reserves | Unusable Reserves | Total Reserves |
|--|------|----------------------|---------------------------------|--------------------------|-----------------------|-------------------|------------------|
| | | £000 | £000 | £000 | £000 | £000 | £000 |
| Balance at 31 March 2019 | | (10,807) | (36,556) | 0 | (47,363) | 3,005,371 | 2,958,008 |
| Movement in reserves during 2019/20 | | | | | | | |
| Surplus or deficit on the provision of services | | 107,837 | 0 | 0 | 107,837 | | 107,837 |
| Other Comprehensive Income / Expenditure | | 0 | 0 | 0 | 0 | (436,431) | (436,431) |
| Total Comprehensive Income and Expenditure | | 107,837 | 0 | 0 | 107,837 | (436,431) | (328,594) |
| Adjustments between accounting basis and funding basis under regulations | 6 | (81,809) | 0 | 0 | (81,809) | 81,809 | 0 |
| Net Increase or Decrease before Transfers to Earmarked Reserves | | 26,028 | 0 | 0 | 26,028 | (354,622) | (328,594) |
| Transfers to / from Earmarked Reserves | | (26,600) | 26,600 | 0 | 0 | 0 | 0 |
| Increase or Decrease in 2019/20 | | (572) | 26,600 | 0 | 26,028 | (354,622) | (328,594) |
| Rounding | | 0 | 0 | 0 | 0 | 0 | 1 |
| Balance at 31 March 2020 | | (11,379) | (9,956) | 0 | (21,335) | 2,650,749 | 2,629,415 |

| PCC | Note | General Fund Balance | Earmarked General Fund Reserves | Capital Receipts Reserve | Total Usable Reserves | Unusable Reserves | Total Reserves |
|--|------|----------------------|---------------------------------|--------------------------|-----------------------|-------------------|------------------|
| | | £000 | £000 | £000 | £000 | £000 | £000 |
| Balance at 31 March 2020 | | (11,379) | (9,956) | 0 | (21,335) | (167,602) | (188,937) |
| Movement in reserves during 2020/21 | | | | | | | |
| Surplus or deficit on the provision of services | | 5,021 | 0 | 0 | 5,021 | 0 | 5,021 |
| Other Comprehensive Income / Expenditure | | 0 | 0 | 0 | 0 | (1,388) | (1,388) |
| Total Comprehensive Income and Expenditure | | 5,021 | 0 | 0 | 5,021 | (1,388) | 3,633 |
| Adjustments between accounting basis and funding basis under regulations | 6 | (4,770) | 0 | 0 | (4,770) | 4,770 | 0 |
| Net Increase or Decrease before Transfers to Earmarked Reserves | | 251 | 0 | 0 | 251 | 3,382 | 3,633 |
| Transfers to / from Earmarked Reserves | | (1,252) | 1,252 | 0 | 0 | 0 | 0 |
| Increase or Decrease in 2020/21 | | (1,001) | 1,252 | 0 | 251 | 3,382 | 3,633 |
| Rounding | | 1 | | | 1 | | 1 |
| Balance at 31 March 2021 | | (12,379) | (8,704) | 0 | (21,083) | (164,220) | (185,303) |

| PCC | Note | General Fund Balance | Earmarked General Fund Reserves | Capital Receipts Reserve | Total Usable Reserves | Unusable Reserves | Total Reserves |
|--|------|----------------------|---------------------------------|--------------------------|-----------------------|-------------------|------------------|
| | | £000 | £000 | £000 | £000 | £000 | £000 |
| Balance at 31 March 2019 | | (10,807) | (36,556) | 0 | (47,363) | (158,967) | (206,330) |
| Movement in reserves during 2019/20 | | | | | | | |
| Surplus or deficit on the provision of services | | 21,306 | 0 | 0 | 21,306 | 0 | 21,306 |
| Other Comprehensive Income / Expenditure | | 0 | 0 | 0 | 0 | (3,914) | (3,914) |
| Total Comprehensive Income and Expenditure | | 21,306 | 0 | 0 | 21,306 | (3,914) | 17,392 |
| Adjustments between accounting basis and funding basis under regulations | 6 | 4,722 | 0 | 0 | 4,722 | (4,722) | 0 |
| Net Increase or Decrease before Transfers to Earmarked Reserves | | 26,028 | 0 | 0 | 26,028 | (8,636) | 17,392 |
| Transfers to / from Earmarked Reserves | | (26,600) | 26,600 | 0 | 0 | 0 | 0 |
| Increase or Decrease in 2019/20 | | (572) | 26,600 | 0 | 26,028 | (8,636) | 17,392 |
| Rounding | | 0 | 0 | 0 | 0 | 1 | 1 |
| Balance at 31 March 2020 | | (11,379) | (9,956) | 0 | (21,335) | (167,602) | (188,937) |

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date 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.

| 31-Mar-20 | | | | 31-Mar-21 | |
|------------------|--------------------|--------------------------------------|-------|------------------|--------------------|
| PCC | Group | | Note | PCC | Group |
| £000 | £000 | | | £000 | £000 |
| 179,192 | 179,192 | Property, Plant and Equipment | 14 | 183,536 | 183,536 |
| 1,653 | 1,653 | Investment Property | 15 | 1,313 | 1,313 |
| 1,157 | 1,157 | Intangible Assets | 16 | 4,303 | 4,303 |
| 182,002 | 182,002 | Long Term Assets | | 189,152 | 189,152 |
| 6,020 | 6,020 | Short-Term Investments | 36 | 5,034 | 5,034 |
| 2,300 | 2,300 | Assets Held for Sale | 17 | 1,440 | 1,440 |
| 1,725 | 1,725 | Inventories | 18 | 895 | 895 |
| 52,185 | 52,185 | Short-Term Debtors | 19 | 37,452 | 37,452 |
| 3,863 | 3,863 | Cash and Cash Equivalents | 20 | 22,817 | 22,817 |
| 66,093 | 66,093 | Current Assets | | 67,638 | 67,638 |
| (41) | (41) | Short-Term Borrowing | 36 | (10,041) | (10,041) |
| (37,490) | (40,364) | Short-Term Creditors | 21 | (37,777) | (41,316) |
| (2,700) | (2,700) | Provisions | 22 | (4,223) | (4,223) |
| (40,231) | (43,105) | Current Liabilities | | (52,041) | (55,580) |
| (4,500) | (4,500) | Long-Term Borrowing | 36 | (4,500) | (4,500) |
| (13,859) | (2,829,337) | Other Long-Term Liabilities | 34&36 | (14,077) | (3,389,917) |
| (568) | (568) | Grants Receipts in Advance - Capital | 12 | (869) | (869) |
| (18,927) | (2,834,405) | Long Term Liabilities | | (19,446) | (3,395,286) |
| 188,937 | (2,629,415) | Net Assets/(Liabilities) | | 185,303 | (3,194,076) |
| (21,335) | (21,335) | Usable Reserves | 23 | (21,083) | (21,083) |
| (167,602) | 2,650,750 | Unusable Reserves | 24 | (164,220) | 3,215,159 |
| (188,937) | 2,629,415 | Total Reserves | | (185,303) | 3,194,076 |

I certify that the Draft Statement of Accounts gives a true and fair view of the financial position of the Chief Constable of Sussex at the accounting date and of the income and expenditure for the year ended 31 March 2021. These financial statements are unaudited and may change.



Iain McCulloch FCPFA
Chief Finance Officer
Dated: 26 July 2021

Balance Sheet Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Police and Crime Commissioner 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 the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Police and Crime Commissioner is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that recognise the impact of timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

The Balance Sheet tables show the value as at 31 March 2021 of the assets and liabilities recognised by the Group and the Police and Crime Commissioner (PCC). The net liabilities of the Group (assets less liabilities) are matched by the reserves held by the Group.

The Chief Constable does not own any assets. All assets are held by the PCC.

The Chief Constable's Balance Sheet does include pension fund and employee benefit entries to show the reader its accounting for employee benefit and pension liabilities.

Separate statements for the Group and the PCC have therefore been included to reflect the intra-group adjustments with the Chief Constable's Balance Sheet.

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Group during the reporting period.

The statement shows how the Group 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 the operations of the Group are funded by way of taxation and grant income or from the recipients of services provided by the Group. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Group's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Group.

| 2019/20 | | CASH FLOW STATEMENT | Note | 2020/21 | |
|---------------|---------------|--|------|-----------------|-----------------|
| PCC £000 | Group £000 | | | PCC £000 | Group £000 |
| 21,307 | 107,837 | Net deficit on the provision of services | 1 | 5,022 | 62,120 |
| (30,810) | (117,340) | Adjustment to surplus or deficit on the provision of services for noncash movements | | (29,350) | (86,448) |
| 29,676 | 29,676 | Adjustment for items included in the net deficit on the provision of services that are investing or financing activities | | 4,168 | 4,168 |
| 20,173 | 20,173 | Net cash flows from operating activities | | (20,160) | (20,160) |
| (14,948) | (14,948) | Net cash flows from investing activities | | 10,817 | 10,817 |
| 500 | 500 | Net cash flows from financing activities | | (9,611) | (9,611) |
| 5,725 | 5,725 | Net (increase) or decrease in cash and cash equivalents | | (18,954) | (18,954) |
| 9,588 | 9,588 | Cash and cash equivalents at the beginning of the reporting period | 20 | 3,863 | 3,863 |
| 3,863 | 3,863 | Cash and cash equivalents at the end of the reporting period | | 22,817 | 22,817 |

The Chief Constable does not have any cash-flows for the year, since all payments were made from the Police Fund which is held by the Police and Crime Commissioner for Sussex (PCC). Similarly all income receipts and funding are received by the PCC during the year. The financial consequences of the operational activities do impact on the net surplus/deficit on the provision of services and adjustments to that net surplus/deficit on provision of services for non-cash movements.

- Cash Flow from operating Activities

The cash flows for operating activities include the following items:

| 2019/20 | | | 2020/21 | | |
|--------------|--------------|---------------------------------|--------------|--------------|--|
| PCC | Group | OPERATING ACTIVITIES - INTEREST | PCC | Group | |
| £000 | £000 | | £000 | £000 | |
| (414) | (414) | Interest received | (66) | (66) | |
| 1,590 | 1,590 | Interest paid | 1,483 | 1,483 | |
| 1,176 | 1,176 | Total | 1,417 | 1,417 | |

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:

| 2019/20 | | | 2020/21 | | |
|-----------------|------------------|--|-----------------|-----------------|--|
| PCC | Group | OPERATING ACTIVITIES ADJUSTMENTS FOR NON-CASH | PCC | Group | |
| £000 | £000 | | £000 | £000 | |
| (7,531) | (7,531) | Depreciation | (8,396) | (8,396) | |
| (1,045) | (1,045) | Impairment and downward valuations | (137) | (137) | |
| (816) | (816) | Amortisation | (841) | (841) | |
| 4,474 | 4,474 | (Increase)/decrease in creditors | (690) | (690) | |
| 2,318 | 2,318 | Increase/(decrease) in debtors | (14,734) | (14,734) | |
| (82) | (82) | Increase/(decrease) in inventories | (830) | (830) | |
| (85,508) | (85,508) | Movement in pension liability | (56,544) | (56,544) | |
| (438) | (438) | Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised | (1,536) | (1,536) | |
| 57,819 | (28,712) | Other non-cash movements charged to the (surplus)/deficit on provision of services | 54,358 | (2,740) | |
| (30,809) | (117,340) | Total | (29,350) | (86,448) | |

The surplus or deficit on the provision of services has been adjusted

| 2019/20 | | | 2020/21 | |
|---------------|---------------|--|--------------|--------------|
| PCC | Group | | PCC | Group |
| £000 | £000 | | £000 | £000 |
| | | OPERATING ACTIVITIES | | |
| | | ADJUSTMENTS INVESTING/FINANCING | | |
| 98,000 | 98,000 | Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries) | 22,000 | 22,000 |
| 460 | 460 | Proceeds from the sale of property, plant and equipment, investment property and intangible assets | 1,665 | 1,665 |
| (68,784) | (68,784) | Other items for which the cash effects are investing or financing cash flows | (19,497) | (19,497) |
| 29,676 | 29,676 | | 4,168 | 4,168 |

- Cash Flow from Investing Activities

The cash flow movements for Investing Activities are the same for the PCC and the Group as the Chief Constable has no Investing Activities.

The daily average lending for 2020/21 was £34.5m, a decrease of £14.9m compared with £49.4m during 2019/20 and is reflected above within the figures for purchase of investments and proceeds from the sale of investments. This is a reasonable activity to support the primary function of policing Sussex and yielded £0.66m of investment interest received for the year.

| 2019/20 | | | 2020/21 | |
|-----------------|--|-----------------------------|---------------|--|
| PCC & Group | | | PCC & Group | |
| £000 | | | £000 | |
| | | INVESTING ACTIVITIES | | |
| 14,728 | Purchase of property, plant, equipment, investment property and intangible assets | | 14,985 | |
| 70,000 | Purchase of short-term and long-term investments | | 20,000 | |
| (460) | Proceeds from the sale of property, plant and equipment, investment property and intangible assets | | (1,665) | |
| (98,000) | Proceeds from short-term and long-term investments | | (21,000) | |
| (1,216) | Other receipts from investing activities | | (1,503) | |
| (14,948) | | | 10,817 | |

- Cash Flow from Financing Activities

| 2019/20 | | | 2020/21 | |
|-------------|--|-----------------------------|----------------|--|
| PCC & Group | | | PCC & Group | |
| £000 | | | £000 | |
| | | FINANCING ACTIVITIES | | |
| 0 | Other receipts from short-term borrowing | | (10,000) | |
| 500 | Cash payments for the reduction of outstanding liabilities relating to finance leases and on-Balance-Sheet PFI contracts | | 389 | |
| 500 | | | (9,611) | |

Note 1 -Expenditure and Funding Analysis

The Expenditure and Funding Analysis (EFA) shows how annual expenditure is used and funded from resources (government grants and council tax) by police bodies in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Police and Crime Commissioner and the Chief Constable accounts. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement (CIES). The Expenditure and Funding Analysis is a note to the Financial Statements rather than a primary statement itself, however, it is positioned here as it provides a link from the figures reported in the CIES to the General Fund Balance and Usable Revenue Reserves.

Group EFA:

| Net Expenditure Chargeable to the General Fund | 2019/20 | | Net Expenditure in the Comprehensive Income and Expenditure Statement | | 2020/21 | | Net Expenditure in the Comprehensive Income and Expenditure Statement |
|--|---------------|----------------|--|--|-----------------|---------------|---|
| | Adjustments | | | | Adjustments | | |
| £000 | £000 | £000 | £000 | | £000 | £000 | £000 |
| 227,553 | 86,735 | 314,288 | Employee Costs | | 258,192 | 57,231 | 315,423 |
| 16,973 | 0 | 16,973 | Premises | | 11,113 | 0 | 11,113 |
| 6,520 | 0 | 6,520 | Transport | | 5,987 | 0 | 5,987 |
| 102,944 | 0 | 102,944 | Supplies & Services | | 51,898 | 0 | 51,898 |
| 3,211 | 0 | 3,211 | Third Party Payments | | 4,440 | 0 | 4,440 |
| 0 | 8,347 | 8,347 | Depreciation & Amortisation (Proxy) | | 0 | 9,237 | 9,237 |
| (982) | 982 | 0 | (Gains)/Losses on PPE Revaluations | | (137) | 137 | 0 |
| (81,576) | 0 | (81,576) | Income | | (49,036) | 0 | (49,036) |
| 274,643 | 96,064 | 370,707 | Net Cost of Services | | 282,457 | 66,605 | 349,062 |
| (248,615) | (14,255) | (262,870) | Other Income and Expenditure | | (282,206) | (4,737) | (286,943) |
| 26,028 | 81,809 | 107,837 | (Surplus) or Deficit on Provision of Services | | 251 | 61,868 | 62,119 |
| (47,363) | | | Opening Combined General Fund Balance | | (21,335) | | |
| 26,028 | | | Plus Surplus on the General Fund Balance for the Year (Statutory Basis) rounding | | 251 | | 1 |
| (21,335) | | | Closing Combined General Fund Balance | | (21,083) | | |

PCC EFA:

| 2019/20 | | | 2020/21 | | | |
|--|----------------|---|--|--|--------------|---|
| Net Expenditure Chargeable to the General Fund | Adjustments | Net Expenditure in the Comprehensive Income and Expenditure Statement | | Net Expenditure Chargeable to the General Fund | Adjustments | Net Expenditure in the Comprehensive Income and Expenditure Statement |
| £000 | £000 | £000 | | £000 | £000 | £000 |
| 1,694 | 204 | 1,898 | Employee Costs | 2,121 | 133 | 2,254 |
| 86 | 0 | 86 | Premises | 111 | 0 | 111 |
| 31 | 0 | 31 | Transport | 3 | 0 | 3 |
| 5,314 | 0 | 5,314 | Supplies & Services | 9,238 | 0 | 9,238 |
| 0 | 0 | 0 | Third Party Payments | 25 | 0 | 25 |
| (8,347) | 8,347 | 0 | Depreciation & Amortisation (Proxy) | (9,237) | 9,237 | 0 |
| (982) | 982 | 0 | (Gains)/Losses on PPE Revaluations | (137) | 137 | 0 |
| (4,361) | 0 | (4,361) | Income | (10,616) | 0 | (10,616) |
| (6,565) | 9,533 | 2,968 | Net Cost of Services | (8,492) | 9,507 | 1,015 |
| 32,593 | (14,254) | 18,339 | Other Income and Expenditure | 8,743 | (4,737) | 4,0006 |
| 26,028 | (4,721) | 21,306 | (Surplus) or Deficit on Provision of Services | 251 | 4,770 | 5,021 |
| (47,363) | | | Opening Combined General Fund Balance | (21,335) | | |
| 26,028 | | | Plus Surplus on the General Fund Balance for the Year (Statutory Basis) rounding | 251 | | |
| (21,335) | | | Closing Combined General Fund Balance | (21,083) | | |

All EFA figures above reconcile to the General Fund and Earmarked Reserve Balances (excluding the Capital Receipts Reserve) in line with guidance from the Code.

Note 2 – Going Concern

Underlying Principle

These accounts have been prepared on a going concern basis that the authority will continue in operational existence for the foreseeable future.

The provisions in the Code of Audit Practice in respect of going concern reporting requirements reflect the economic and statutory environment in which local authorities operate. These provisions confirm that, as policing bodies cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting. Local authorities and policing bodies carry out functions essential to the local community and are themselves revenue-raising bodies (with limits on their revenue-raising powers arising only at the discretion of central government). If a policing body were in financial difficulty, the prospects are thus that alternative arrangements might be made by central government either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year. As a result of this, it would not therefore be appropriate for the financial statements of a policing body to be provided on anything other than a going concern basis. Accounts drawn up under the Code therefore assume that policing services will continue to operate for the foreseeable future. Sussex Police accounts therefore assume that Sussex Police will continue to operate for the foreseeable future.

Further information to be provided.

Note 3 - Critical Judgements in Applying Accounting Policies

The preparation of the financial statements requires the Group to make judgements, estimates and assumptions that affect the application of policies and reporting amounts of assets and liabilities, income and expenditure. The estimates and associated assumptions are based on historical experience and various other factors, the results of which form the basis of making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources.

In applying the accounting policies set out in Note 38, the Group has had to make certain judgements about complex transactions or those involving uncertainty about future events. The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised. Material estimates and assumptions are made in the following cases:

- Establishing valuations of operational and investment properties, which are assessed by an independent qualified Valuer (see Note 38 for details of the accounting policy relating to the valuation process and see Notes 14 and 15 for details of revaluation amounts).

- Depreciation is calculated based on asset value and expected useful life of the asset. If the useful life of an asset is reduced then the depreciation charge to the CIES will increase. The PCC monitors the useful life of assets to identify where changes to the depreciation charge are required during the year.
- Calculating employee benefit accruals e.g. unused holiday, this is based on staff time records and an average cost for each grade (see Notes 38 and 24 for the accounting policy and amounts respectively).
- Costs of pension arrangements require estimates assessed by an independent qualified actuary regarding future cash flows that will arise under the scheme liabilities. The assumptions underlying the valuation used for IAS19 reporting are the responsibility of the Group as advised by their actuaries. The financial assumptions are largely prescribed at any point and reflect market expectations at the reporting date. Assumptions are also made around the life expectancy of the UK population (see Note 34 for details of the pension schemes in place for police staff and police officers, see also the separate Chief Constable accounts for the Police Pension Fund Account Statements).
- Future levels of funding for Local Government - The Police and Crime Commissioner has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Police and Crime Commissioner might be impaired as a result of a need to close facilities and reduce levels of service provision.
- Independently reviewed PFI accounting models are used to calculate future liabilities for interest and capital repayments, which are based on the current retail price index as listed by the Office of National Statistics. This is reviewed annually, to assess any change affecting the current year and future year charges.
- A judgement has been made of the expenditure allocated between the Police and Crime Commissioner's and Chief Constable's accounts to reflect financial resources of the Police and Crime Commissioner consumed at the request of the Chief Constable. The basis adopted for this allocation was determined by the Group in accordance with the subjective activities for each corporate body included in the Comprehensive Income & Expenditure Account. In arriving at this approach, interested parties, including senior management in both corporate bodies were consulted and careful consideration given to the Police Reform and Social Responsibility Act 2011 and Home Office guidance.

Accruals of Income and Expenditure

Income and Expenditure is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Fees, charges and rents due are accounted for as income at the date the Police and Crime Commissioner provides the relevant goods or services.

- Where income and expenditure is recognised but cash has not been received or paid, a debtor or creditor for the relevant year is recorded in the Balance Sheet. Estimates are used when appropriate based on expectation, experience, relevant documentary evidence and other support such as advice from specialist consultants.
- 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 might not be collected.
- Working capital has been judged as being attributable in full to the Police and Crime Commissioner. The PCC controls the treasury management function and all bank accounts, therefore all working balances (cash, current debtors and liabilities) are recognised in the PCC's Balance Sheet.

Pensions Actuarial Assumptions

The value of the liabilities for IAS19 purposes is heavily dependent on assumptions made by the Group's actuaries, Government Actuaries Department (GAD) and Hymans Robertson. The financial assumptions reflect market expectations at the reporting date. Changes in market conditions that result in changes in the net discount rate (essentially the difference between the discount rate and the assumed rates of increase of salaries, deferred pension revaluation or pension-in-payment) can have a significant effect on the value of the liabilities reported. A reduction in the net discount rate will increase the assessed value of liabilities as a higher value is placed on benefits paid in the future. A rise in the net discount rate will have an opposite effect of similar magnitude. The effect of a change in the net discount rate on the value placed on the liabilities of each scheme is shown in the sensitivity analysis schedule below.

There is also uncertainty around the life expectancy of the UK population. The value of current and future pension benefits will depend on how long they are assumed to be in-payment. The mortality assumptions have changed from the previous accounting period to take account of recent mortality experience. Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2018 model, an allowance for smoothing of recent mortality experience and long term rates of improvement of 1.5% p.a. for males and females.

Impact of McCloud/Sargeant court of appeal

The McCloud and Sargeant judgements concerned the introduction of career average revalued earnings (CARE) pension schemes to replace the former final salary based pension schemes as part of the Hutton recommendation to reform public service pension schemes. Under the changes introduced to each scheme, members were required to transfer to the new schemes from the transition date of the new schemes, this was 1 April 2014 for the police staff scheme (LGPS) and 1 April 2015 for the Police pension scheme.

There was protection provided for older members under each scheme known as 'transitional protection'. The McCloud and Sargeant judgements have upheld the claimants' cases that the method of implementation of the new schemes discriminated against younger

members. The government was refused leave to appeal the McCloud and Sargeant Judgements on 27 June 2019. This means various parties return to the respective employment tribunals to formulate a remedy which will resolve the age discrimination of the pension changes.

In respect of the Police pension schemes, a case management was held in October 2019 resulted in an Order including an interim declaration that claimants are entitled to be treated as if they had been given full transitional protection and had remained in their existing scheme after 1 April 2015. The Government later issued a Ministerial Statement on 25 March 2020 that non-claimants would also be treated in the same way. On 16 July 2020, HM Treasury issued a consultation on transitional arrangements for public sector pensions to eliminate discrimination identified via McCloud/Sargeant cases. This meant that members of the pension scheme on or before 31 March 2012 and on or after 1 April 2022 to be eligible for the remedy.

On 4 February 2021, HM Treasury issued a response to the consultation confirming remedy arrangement requirements that were set out in the consultation with members being given a choice as to whether they retain benefits from their legacy pension scheme, or their new scheme, during the remedy period of 2015 to 2022 so as not to disadvantage any of those members. This choice will be deferred for members until retirement which creates further uncertainty of impact for employers. The legacy pension schemes will then be removed from April 2022 and replaced by the new pension schemes originally introduced in 2015 as it was only the transitional arrangements that were found to be discriminatory, not the actual new pension schemes.

IAS 19 pension actuarial reports include these impacts and provide for them within the 2020/21 accounts of the PCC Group for both police and staff pension schemes.

Insurance Actuarial Assumptions

The Group annually reviews the appropriateness of its insurance funding. Independent Actuaries Marsh undertook a review on the adequacy of our insurance claim provision and reserves. The review utilises recognised actuarial techniques and generally accepted principles to forecast ultimate claims costs. All reviews are carried out by qualified actuaries in the core Marsh team dedicated to the contract. The underlying assumptions and methodologies used in the reports are then peer-reviewed by a colleague independent to the core team.

[Note 4 - Events After the Balance Sheet Date](#)

When an event occurs after the Balance Sheet date which provides evidence of conditions that existed at the Balance Sheet date an adjusting event occurs and the amounts recognised in the Statement of Accounts will be adjusted to take into account any values that reflect the adjusting event. Where an event occurs after the Balance Sheet date 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 to the accounts. Events after the Balance Sheet date are reflected up to the date when the Statement of Accounts is authorised for issue and published.

The Draft Final Statement of Accounts was authorised for issue by the Chief Finance Officer on 26 July 2021. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provide information about conditions existing at 31 March 2021, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information. There are no material non-adjusted events to report.

Note 5 – Assumptions Made About Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Police and Crime Commissioner about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be different from the assumptions and estimates. The items in the PCC & Group Balance Sheets for which there is a significant risk of adjustment in the forthcoming financial year are as follows

| Item | Uncertainties | Effect if Actual Results Differ from Assumptions |
|---|---|---|
| Property, Plant and Equipment Valuations and Depreciation | <p>Assets are independently assessed by professional valuers. Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate of austerity could lead to uncertainty that the Police and Crime Commissioner will be able to sustain its current spending on repairs and maintenance, this in turn could impact on the useful lives assigned to assets.</p> <p>The Police and Crime Commissioner carries the assets used under the PFI contract on its Balance Sheet as part of Property, Plant and Equipment. The original recognition of these assets at fair value (based on the cost to purchase the property) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.</p> | <p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by approximately £33,324 for every year that useful lives had to be reduced.</p> |
| Pensions Liability | <p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Two consulting actuaries (Hymans Robertson LLP and Government Actuary's Department) are engaged to provide the Group with expert advice about the assumptions to be applied.</p> <p>Pension assumptions now include the impact of "McCloud/Sargeant" transitional protections for both officer and staff pension schemes to better reflect the Fund's local assumptions, particularly those for salary increases and withdrawal rates. The Fund's actuary also carried out calculations in order to estimate the impact that the Guaranteed Minimum Pension (GMP) equalisation will have on the pension fund liabilities.</p> | <p>The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.5% decrease in the real discount rate assumption would result in an increase in the staff scheme pension liability of £87.4m and an increase in the police officer pension scheme pension liability of £321m. However, the assumptions interact in complex ways. During 2020/21, the Group's actuaries advised that the net pension liability had increased in total by £561.3m as a result of revised actuarial assumptions.</p> |
| Pensions Costs | <p>There are three pension schemes for police officers, the 2006 Police Officer Pension Scheme (NPPS), the Police Pension Scheme (PPS) and the Police Pension Scheme 2015 (2015 scheme); all of which are unfunded, defined benefit schemes. An unfunded scheme treated as a defined benefit scheme has no investment assets to meet its pension liability the Group must generate cash to meet the actual pension payments as they fall due.</p> | <p>The benefits payable are funded by contributions from employers and police officers and any shortfall is met by a top up grant from the Home Office of £39.6m (£39.6m for 2019/20) and other Pension Grant to the PCC. Further details of the schemes can be found in the Police Officer Pension Fund Accounts at the end of these statements.</p> |

| Item (cont'd) | Uncertainties | Effect if Actual Results Differ from Assumptions |
|----------------------------|---|---|
| Insurance Claims Liability | The level of potential claims facing the Police and Crime Commissioner is independently assessed by professional actuaries Marsh on an annual basis. This assesses the future potential cost on the Police and Crime Commissioner of claims both known and unknown. Claims more likely to materialise in terms of probability, cost and timing, are carried as provision on the balance sheet. Funding for more intangible claims is held in the insurance reserve. The assessment is subject to peer review. | Additional resources required to cover claims costs would be required in the event that actual claims are higher than predicted. |
| Debtors | At 31st March 2021, the Police and Crime Commissioner had a balance of sundry debtors of £1.1m. A review of significant balances suggested that a provision for bad and doubtful debts of £0.03m was appropriate. | Based on the balance outstanding at 31 March 2021, if collection rates were to deteriorate, every 1% decrease would require an additional impairment provision of £0.05m. |
| Income & Expenditure | The majority of funding to the Group is from Government Grants and Precept income. The Covid-19 pandemic could make it more difficult for Local Authorities to collect precepts from the public on behalf of the police and Government funding settlements are determined on a short term basis. The force command team, procurement and finance teams therefore monitor financial impacts of the pandemic on a weekly or monthly basis depending on the level of activity. | Currently 59.3% of the Net Budget Requirement is met by Government Grant Funding and 40.7% by Precept collections. |

Note: This list does not include assets and liabilities that are carried at fair value based on a recently observed market price.

Note 6 - Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Police and Crime Commissioner in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Police and Crime Commissioner to meet future capital and revenue expenditure. All items are adjustments between the general fund balance and the unusable reserves shown below.

Group

| 2019/20 | | 2019/20 | | 2020/21 | | 2020/21 |
|----------------------|--------------------------|-------------------------------|---|----------------------|--------------------------|-------------------------------|
| Usable Reserves | | | | Usable Reserves | | |
| General Fund Balance | Capital Receipts Reserve | Movement in Unusable Reserves | | General Fund Balance | Capital Receipts Reserve | Movement in Unusable Reserves |
| £000 | £000 | £000 | | £000 | £000 | £000 |
| | | | Adjustments primarily involving the Capital Adjustment Account: | | | |
| | | | Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement: | | | |
| (7,531) | 0 | 7,531 | Depreciation and impairment of non-current assets | (8,396) | 0 | 8,396 |
| (982) | 0 | 982 | Revaluation Losses on Property Plant and Equipment | (137) | 0 | 137 |
| (64) | 0 | 64 | (Gains)/losses on Held for Sale property revaluations | 0 | 0 | 0 |
| 144 | 0 | (144) | Movements in the market value of Investment Properties | 40 | 0 | (40) |
| (816) | 0 | 816 | Amortisation of intangible assets | (841) | 0 | 841 |
| 14,268 | 0 | (14,268) | Capital grants and contributions applied | 5,349 | 0 | (5,349) |
| 22 | (460) | 438 | 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 | 128 | (1,665) | 1,536 |
| | | | Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement: | | | |
| 656 | 0 | (656) | Statutory provision for the financing of capital investment | 547 | 0 | (547) |
| | | | Adjustments primarily involving the Capital Grants Unapplied Account: | | | |
| 0 | 0 | 0 | Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement | 0 | 0 | 0 |
| 0 | 0 | 0 | Application of grants to capital financing transferred to the Capital Adjustment Account | 0 | 1,665 | (1,665) |
| | | | Adjustments primarily involving the Pensions Reserve: | | | |
| (169,202) | 0 | 169,202 | Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement | (145,338) | 0 | 145,338 |
| 83,694 | 0 | (83,694) | Employers pension contributions and direct payments to pensioners payable in year | 88,794 | 0 | (88,794) |
| | | | Adjustments primarily involving the Collection Fund Adjustment Account: | | | |
| (772) | 0 | 772 | Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements | (1,327) | 0 | 1,327 |
| | | | Adjustment primarily involving the Accumulated Absences Account: | | | |
| (1,227) | 0 | 1,227 | Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements | (687) | 0 | 687 |
| 1 | 0 | (1) | Rounding | 0 | 0 | 1 |
| (81,809) | 0 | 81,809 | Total Adjustments | (61,868) | 0 | 61,868 |

PCC

| 2019/20 | | 2019/20 | | 2020/21 | | 2020/21 |
|----------------------|--------------------------|-------------------------------|---|----------------------|--------------------------|-------------------------------|
| Usable Reserves | | | | Usable Reserves | | |
| General Fund Balance | Capital Receipts Reserve | Movement in Unusable Reserves | | General Fund Balance | Capital Receipts Reserve | Movement in Unusable Reserves |
| £000 | £000 | £000 | | £000 | £000 | £000 |
| | | | Adjustments primarily involving the Capital Adjustment Account: | | | |
| | | | Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement: | | | |
| (7,531) | 0 | 7,531 | Depreciation and impairment of non-current assets | (8,396) | 0 | 8,396 |
| (982) | 0 | 982 | Revaluation Losses on Property Plant and Equipment | (137) | 0 | 137 |
| (64) | 0 | 64 | (Gains)/losses on Held for Sale property revaluations | 0 | 0 | 0 |
| 144 | 0 | 144 | Movements in the market value of Investment Properties | 40 | 0 | (40) |
| (816) | 0 | 816 | Amortisation of intangible assets | (841) | 0 | 841 |
| 14,268 | 0 | (14,268) | Capital grants and contributions applied | 5,349 | 0 | (5,349) |
| 22 | (460) | 438 | 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 | 128 | (1,665) | 1,536 |
| | | | Adjustments between Revenue and Capital Resources | | | |
| 656 | 0 | (656) | Statutory provision for the financing of capital investment | 547 | 0 | (547) |
| | | | | | 0 | |
| 0 | 460 | (460) | Transfer of non-current asset sale proceeds from Revenue to the Capital Receipts Reserve | 0 | 1,665 | (1,665) |
| | | | Adjustments primarily involving the Pensions Reserve: | | | |
| (439) | 0 | 439 | Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement | (379) | 0 | 379 |
| 238 | 0 | (238) | Employers pension contributions and direct payments to pensioners payable in year | 268 | 0 | (268) |
| | | | Adjustments primarily involving the Collection Fund Adjustment Account: | | | |
| (772) | 0 | 772 | Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements | (1,327) | 0 | 1,327 |
| | | | Adjustment primarily involving the Accumulated Absences Account: | | | |
| (3) | 0 | 3 | Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements | (22) | 0 | 22 |
| 1 | 0 | -1 | Rounding | 0 | 0 | 1 |
| 4,722 | 0 | (4,722) | Total PCC Adjustments | (4,770) | 0 | 4,770 |

Note 7 - Transfers to/from Earmarked Reserves

This note sets out the usable reserves and amounts set aside from the General Fund balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure during the year. The General Fund Reserve at 31 March 2021 is £12.4m and represents 4% of the Net Revenue Expenditure Budget of £309.852m. This is in line with the approved Reserves Policy which sets a minimum target for the General Reserve of 4% of Net Revenue Expenditure Budget.

All Earmarked Reserves belong to the PCC on behalf of the Group.

| | Balance at 1 April 2019 £000 | Transfers In 2019/20 £000 | Transfers Out 2019/20 £000 | Balance at 31 March 2020 £000 | Transfers In 2020/21 £000 | Transfers Out 2020/21 £000 | Balance at 31 March 2021 £000 |
|---|---|--|---|--|--|---|--|
| Earmarked Reserves: | | | | | | | |
| Insurance Reserve | (5,401) | 0 | 1,090 | (4,311) | 0 | 1,549 | (2,762) |
| Capital & Investment Reserve | (3,901) | (27,447) | 31,348 | 0 | (7,069) | 6,657 | (412) |
| PFI Reserve | (6,094) | 0 | 6,094 | 0 | 0 | 0 | 0 |
| Asset Seizures Reserve | (526) | (114) | 57 | (583) | 0 | 217 | (366) |
| Delegated Budget Holder Reserve | (9,160) | 0 | 8,494 | (666) | (2,238) | 437 | (2,467) |
| Sussex Safer Roads Partnership Reserve | (2,825) | (15) | 207 | (2,633) | (291) | 227 | (2,697) |
| Local Policing Transition Support Reserve | (8,649) | (1,153) | 8,039 | (1,763) | 0 | 1,763 | (0) |
| Total Earmarked Reserves | (36,556) | (28,729) | 55,329 | (9,956) | (9,598) | 10,850 | (8,704) |

Note 8 - Other Operating Expenditure

| 2019/20 | | 2020/21 |
|----------------|--|----------------|
| £000 | | £000 |
| 741 | Levies | 1,023 |
| 42 | Gains/losses on the Disposal of Non-Current Assets and Investment Property | (150) |
| 783 | Total Other Operating Expenditure | 873 |

Figures in the above table all relate to the PCC and the Group as the Chief Constable has no transactions for Other Operating Expenditure.

Note 9 - Financing and Investment Income and Expenditure

| 2019/20 | | | 2020/21 | |
|----------------|---------------|---|----------------|---------------|
| PCC | Group | | PCC | Group |
| £000 | £000 | | £000 | £000 |
| 1,529 | 1,529 | Interest payable and similar charges | 1,482 | 1,482 |
| 12 | 76,039 | Net interest on the net defined benefit liability (asset) | 0 | 64,664 |
| (414) | (414) | Interest receivable and similar income | (141) | (141) |
| (165) | (165) | Income and expenditure in relation to investment properties and changes in their fair value | (48) | (48) |
| 962 | 76,989 | Total | 1,293 | 65,957 |

Note 10 - Taxation and Non-Specific Grant Income

Figures in the above table all relate to the PCC and the Group as the Chief Constable has no taxation transactions.

| 2019/20 | | 2020/21 |
|------------------|-----------------------------------|------------------|
| £000 | | £000 |
| (118,130) | Council tax income | (124,922) |
| (208,244) | Non ring-fenced government grants | (223,502) |
| (14,268) | Capital grants and contributions | (5,349) |
| (340,642) | Total | (353,773) |

Note 11 - Precept Income

The Police and Crime Commissioner for Sussex is not a statutory tax raising body. Local authorities classified as billing authorities act as an agent and collect a precept (council tax) from local tax payers on behalf of the PCC. The Police and Crime Commissioner is required to include on the balance sheet and within the Income and Expenditure Account, their attributed share of the surplus or deficit on the council tax collection fund held by the billing authorities at the year end.

The Collection Fund is the agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities (including the PCC) and the Government of council tax and non-domestic rates. The transactions of the Collection Fund are wholly prescribed by legislation.

The tax base for the year is the aggregate of the amounts calculated by the billing authorities based on Band D equivalents. The PCC issues a precept amount based on the tax base and Band D council tax required to meet the approved budget requirement.

| Valuation Band | Amount |
|----------------|--------|
| | £ p |
| A | 133.27 |
| B | 155.49 |
| C | 177.70 |
| D | 199.91 |
| E | 244.33 |
| F | 288.76 |
| G | 333.18 |
| H | 399.82 |

The amount of council tax payable for dwellings listed in a particular valuation band, calculated in accordance with the proportions set out in Section 5(1) of the Local Government Finance Act 1992 was as set out in the above table.

The Brighton and Hove City Council and the District Borough Councils collectively were due to make payments to the PCC for 2020/21 of £125,935,164. The following table sets out the amounts due and received from the individual local authorities.

Precepts Due and Collected 2020/21

| Local Authority | Precept Due 2020/21 | Additional amounts received / (retained) in respect of collection fund surplus/(deficit) | Share on movement on collection fund in 2020/21 | Net Total |
|-----------------------------|------------------------|---|--|--------------------|
| | £ | £ | £ | £ |
| Brighton and Hove | 18,136,395 | (160,121) | (475,148) | 17,501,126 |
| East Sussex | | | | |
| Eastbourne Borough Council | 6,966,584 | (46,454) | 74,920 | 6,995,050 |
| Hastings Borough Council | 5,237,042 | 39,762 | (256,615) | 5,020,189 |
| Lewes District Council | 7,358,927 | 51,554 | 129,505 | 7,539,986 |
| Rother District Council | 7,621,489 | 72,165 | (122,844) | 7,570,809 |
| Wealden District Council | 13,128,929 | 596 | 33,102 | 13,162,627 |
| West Sussex | | | | |
| Adur District Council | 4,274,356 | (4,940) | (79,131) | 4,190,285 |
| Arun District Council | 12,443,198 | 104,044 | (272,745) | 12,274,497 |
| Chichester District Council | 10,821,788 | 56,596 | (189,621) | 10,688,763 |
| Crawley Borough Council | 7,159,157 | 47,491 | (211,963) | 6,994,685 |
| Horsham District Council | 12,600,127 | 47,858 | (140,342) | 12,507,643 |
| Mid Sussex District Council | 12,336,766 | 130,850 | (69,808) | 12,397,808 |
| Worthing Borough Council | 7,850,406 | (24,696) | 253,275 | 8,078,984 |
| Total | 125,935,164 | 314,704 | (1,327,415) | 124,922,453 |

In the table above, the first two columns of figures record the cash amounts received in year (for precepts due in the current 2020/21 year plus any final adjustments from the previous year). These are reflected in calculation of the budget requirement and PCC funding during the year. The third column of figures calculated on an accruals basis records any remaining amounts due as part of the PCC's attributable share of the carried-forward surplus or deficit on the Collection Fund at the year-end (i.e. sharing out in full the surplus or deficit on the Collection Fund at the end of the year, which will then be distributed to or recovered from the PCC in a subsequent financial year). This is so the PCC as a precepting authority can account in full for the amounts of council tax billed on their behalf.

The year-end surplus or deficit on the Collection Fund is distributed between billing and precepting authorities on the basis of estimates of the year-end balance made on 8 February 2020 for council tax.

Under the legislative framework for the Collection Fund in England, billing authorities and major preceptors share proportionately the risks and rewards that the amount of council tax collected could be less or more than predicted. The effect of any bad debts written off or movement in the impairment provision is also shared proportionally. Billing authorities therefore act as agents of major precepting authorities in collecting their attributable share of council tax.

The share of movement on the collection fund is therefore recorded in the Collection Fund. This is a reserve adjustment account which is used for differences arising from recognising council tax income in the CIES as it falls due from council tax payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

This year the PCC share of the movement on the collection fund was a negative shift in 2020/21 of £1.327m compared to the prior year, giving a total balance of £1.339m (the 2019/20: positive shift £0.772m) in the Collection Fund Adjustment Account set out in Note 24. Precept income is shown in Note 9 as part of the analysis of taxation and non-specific grant income.

Note 12 - Grant Income

The Police and Crime Commissioner credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement:

| Grant Income Credited to Taxation and non-specific Grant Income and Expenditure | | |
|--|-----------------------------------|----------------------|
| 31 March 2020 | | 31 March 2021 |
| £000 | | £000 |
| (101,256) | Home Office Police Grant | (108,994) |
| (54,180) | DCLG Revenue Support Police Grant | (57,874) |
| (10,140) | Council Tax Support Grant | (10,140) |
| (3,062) | Council Tax Freeze Grant | (3,062) |
| (39,607) | Police Officer Pension Grant | (39,610) |
| 0 | Loss of income COVID-19 | (2,284) |
| 0 | Police Enforcement COVID-19 | (1,538) |
| (14,268) | Capital Grants and Contributions | (5,349) |
| (222,513) | Total | (228,851) |

| Credited to Services | | |
|-----------------------------|--|----------------------|
| 31 March 2020 | | 31 March 2021 |
| £000 | | £000 |
| (3,263) | PFI | (3,263) |
| (3,962) | Counter Terrorism | (3,824) |
| (1,725) | Victims Services Commissioning Grant - Victims | (2,209) |
| (230) | Victims Services Commissioning Grant - Restorative Justice | 0 |
| 0 | Victims Services Commissioning Grant - COVID-19 | (969) |
| 0 | HO Police Uplift Programme | (3,396) |
| (35,296) | Collaboration with other Forces | (1,016) |
| (8,151) | Other Grants and Contributions | (5,182) |
| 0 | Other Grants and Contributions - COVID-19 | (1,492) |
| (576) | Conference Policing | 0 |
| (53,203) | Total | (21,351) |

In addition to the grants listed in the table above, £2.275m was received from the Home Office in respect of the purchase of national PPE (personal protective equipment) and £0.298m from the NHS, which was distributed to voluntary sector sexual violence support services. These grants were classified as agency arrangements and as such not disclosed within the grants amounts received.

The Police and Crime Commissioner has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned if not spent. The balances at the year-end are as follows:

| Grants Receipts in Advance (Capital Grants) - Long Term Liabilities | | |
|--|------------------------------------|----------------------|
| 31 March 2020 | | 31 March 2021 |
| £000 | | £000 |
| (402) | Capital Grant for ESN Control Room | 0 |
| (6) | Laser Scanning Technology | (6) |
| (12) | Video Enabled Justice | (12) |
| (18) | Chichester DC - S106 Monitoring | (18) |
| (130) | Digital Policing Programme | (130) |
| 0 | Future Drones | (11) |
| (568) | Total | (177) |

| Government Grants Unapplied (Receipts in Advance) - Long Term Liabilities | | |
|--|---|----------------------|
| 31 March 2020 | | 31 March 2021 |
| £000 | | £000 |
| 0 | HO Police Transformation Grant (Digital Policing) | (560) |
| 0 | HO Domestic Abuse Perpetrator | (127) |
| 0 | HO Op Adder | (5) |
| 0 | Total | (692) |

Note 13 - Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI contracts), together with the resources that have been used to finance that capital expenditure.

Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Police and Crime Commissioner, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Police and Crime Commissioner that has yet to be financed.

The Police and Crime Commissioner is required to make a prudent amount of Minimum Revenue Provision (MRP) as a set aside for the repayment of external loans. In the case of finance leases and on balance-sheet PFI contracts, the MRP requirement is regarded as met by a charge equal to the amount that has been taken to the balance sheet to reduce the liability.

| Capital Expenditure and Capital Financing | | |
|--|--|----------------------|
| 31 March 2020 | | 31 March 2021 |
| £000 | | £000 |
| 17,412 | Opening Capital Financing Requirement | 16,757 |
| | Capital Investment: | |
| 14,021 | Property Plant and Equipment | 11,124 |
| 707 | Intangible Assets | 3,861 |
| 14,728 | Total Capital Spending | 14,985 |
| | Sources of Finance: | |
| (460) | Capital receipts | (1,665) |
| (14,267) | Government Grants and other contributions | (5,349) |
| | Sums set aside from revenue: | |
| (656) | - Minimum revenue provision | (547) |
| (15,383) | Total Sources of Finance | (7,561) |
| 0 | Rounding adjustment | (3) |
| 16,757 | Closing Capital Financing Requirement | 24,178 |
| | Explanation of movements in year: | |
| (656) | MRP set-aside | (547) |

All of the total £14.985m investment in long term fixed assets has been capitalised as property, plant and equipment. An additional amount totalling £3.428m of expenditure was incurred during the year as part of the capital and investment programme and related projects but

was not capitalised, as it did not meet the criteria for capitalisation. Instead, it was treated as expenditure in the Comprehensive Income and Expenditure Statement and excluded in full from the Capital Financing Requirement (CFR).

Note 14 - Property, Plant and Equipment

The balance sheet shows assets at fair value by consideration of their initial valuation plus additions for capital expenditure in the year, revaluation adjustments less disposals and depreciation. This value is shown for the purposes of capital accounting requirements and does not purport to represent the market value of the assets.

| Movements to 31 March 2021 | | | | |
|--|-----------------------------------|---|--|--|
| | Land and Buildings | Vehicles, Plant, Furniture & Equipment | Assets Under Construction | Total Property, Plant and Equipment |
| | £000 | £000 | £000 | £000 |
| Cost or Valuation | | | | |
| at 1 April 2020 | 158,761 | 61,469 | 2,525 | 222,755 |
| Additions | 1,951 | 4,845 | 4,328 | 11,124 |
| Revaluation increases/(decreases) recognised in the Revaluation Reserve | 1,725 | | | 1,725 |
| Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services | (1,206) | | | (1,206) |
| De-recognition – disposals | | (2,794) | | (2,794) |
| Reclassifications and transfer | | 2,124 | (2,124) | |
| Assets reclassified (to)/from Held for Sale | | | | |
| Assets reclassified (to)/from Intangible Assets | | | (126) | (126) |
| at 31 March 2021 | 161,231 | 65,644 | 4,603 | 231,478 |
| Accumulated Depreciation and Impairment | | | | |
| at 1 April 2020 | (407) | (43,156) | 0 | (43,563) |
| Depreciation charge | (1,578) | (6,819) | | (8,397) |
| Depreciation written out to the Revaluation Reserve | 451 | | | 451 |
| Depreciation written out to the Surplus/Deficit on the Provision of Services | 1,069 | | | 1,069 |
| De-recognition – disposals | | 2,498 | | 2,498 |
| at 31 March 2021 | (465) | (47,477) | 0 | (47,942) |
| Net Book Value | | | | |
| at 31 March 2021 | 160,766 | 18,167 | 4,603 | 183,536 |
| at 31 March 2020 | 158,354 | 18,313 | 2,525 | 179,192 |

| Movements to 31 March 2020 | | | | |
|--|-----------------------------------|---|--|--|
| | Land and Buildings | Vehicles, Plant, Furniture & Equipment | Assets Under Construction | Total Property, Plant and Equipment |
| | £000 | £000 | £000 | £000 |
| Cost or Valuation | | | | |
| at 1 April 2019 | 153,293 | 56,235 | 1,482 | 211,010 |
| Additions | 5,500 | 6,065 | 2,456 | 14,021 |
| Revaluation increases/(decreases) recognised in the Revaluation Reserve | 2,678 | 0 | 0 | 2,678 |
| Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services | (2,205) | 0 | 0 | (2,205) |
| De-recognition – disposals | 0 | (2,209) | 0 | (2,209) |
| Reclassifications and transfer | 0 | 1,378 | (1,378) | 0 |
| Assets reclassified (to)/from Held for Sale | (505) | 0 | 0 | (505) |
| Assets reclassified (to)/from Intangible Assets | 0 | 0 | (35) | (35) |
| at 31 March 2020 | 158,761 | 61,469 | 2,525 | 222,755 |
| Accumulated Depreciation and Impairment | | | | |
| at 1 April 2019 | (587) | (39,201) | 0 | (39,788) |
| Depreciation charge | (1,607) | (5,924) | 0 | (7,531) |
| Depreciation written out to the Revaluation Reserve | 563 | 0 | 0 | 563 |
| Depreciation written out to the Surplus/Deficit on the Provision of Services | 1,224 | 0 | 0 | 1,224 |
| De-recognition – disposals | 0 | 1,969 | 0 | 1,969 |
| at 31 March 2020 | (407) | (43,156) | 0 | (43,563) |
| Net Book Value | | | | |
| at 31 March 2020 | 158,354 | 18,313 | 2,525 | 179,192 |
| at 31 March 2019 | 152,706 | 17,034 | 1,482 | 171,222 |

Revaluations

The Police and Crime Commissioner adopts an annual valuation programme for Freehold and Leasehold properties to be measured at fair value. Wilks Head & Eve (RICS qualified valuers) are appointed to provide the valuation service.

Valuations of land and buildings (including Investment Property) were carried out in accordance with the following guidance relating to asset valuation for capital accounting purposes:

- methodologies and bases for estimation as set out in professional standards of the Royal Institution of Chartered Surveyors (RICS)

- International Financial Reporting Standards (IFRS)
- Chartered Institute of Public Finance and Accounting Code of Practice on Local Authority Accounting ('The CIPFA Code')

Valuations of vehicles, plant, furniture and equipment are based on current prices where there is an active second-hand market or latest list prices adjusted for the condition of the asset.

The Valuer has adopted valuation assumptions in order to arrive at valuation results. These assumptions include the relevant valuation definitions as required by The Code. The RICS defined valuation methods to estimate the fair values are

- Market Value
- Existing Use Value
- Fair Value

Where specialised property is valued, the use of Depreciated Replacement Cost (DRC) to arrive at Existing Use Value (EUV) has been employed. Depreciated Replacement Cost is no longer a RICS defined valuation methodology but simply a method of arriving at Existing Use Value.

IAS36 'Impairment of assets' requires an annual assessment of impairment to the value of an asset. As the entire property portfolio was revalued as at 31 March 2021 an impairment review was not necessary.

| Property, Plant and Equipment Revaluations | | | |
|---|---------------------------------|---|----------------|
| | Other Land and Buildings | Vehicles, Plant, Furniture and Equipment | Total |
| | £000 | £000 | £000 |
| Carried at historical cost | 3,375 | 18,168 | 21,543 |
| Valued at current value as at: | | | |
| 31/03/2021 | 156,910 | 0 | 156,910 |
| 31/03/2017 | 482 | 0 | 482 |
| Total Cost or Valuation | 160,767 | 18,168 | 178,935 |

All properties are valued at least every three years. Specific properties can be valued more frequently if appropriate, for example PFI property is valued on an annual basis. The “fair values” shown in the table above for prior years may therefore have reduced compared with previously published Statements of Accounts.

Material Change Valuation Review for 2020/21

The full property portfolio was either included within the valuation programme for 2020/21 or subject to a desktop indexation exercise which revealed a total increase of £2.176m. These increases are reflected in the asset balances as at 31 March 2021.

Physical Assets Held

Physical assets excluding furniture and equipment owned by the Police and Crime Commissioner as at 31 March 2021 comprised:

| | 2019/20 No. | 2020/21 No. |
|-----------------------|------------------------|------------------------|
| Operational Buildings | 50 | 50 |
| PFI | 4 | 4 |
| Leased Properties | 1 | 1 |
| Radio Masts | 6 | 6 |
| Investment Properties | 5 | 4 |
| Vehicles and Vessels | 1,168 | 1,142 |

Additions of vehicles, plant and equipment have been valued at cost to represent the fair value of the asset. Investment Property includes three rented properties and a car park.

Capital & Investment Commitments

At March 2021 the Police and Crime Commissioner had approved a capital programme of £60.6m committed to be spent over 4 years to the end of 2024/25. The original budget approved for 2021/22 amounts to £14.7m.

At 31 March 2021, the Police and Crime Commissioner had entered into a number of contracts for the purchase, construction or enhancement of Intangible Assets and Property, Plant and Equipment and major projects in 2021/22 and future years to the extent of £2.6m.

These are summarised as follows:

- £2.6m - Fleet vehicles

Note 15 - Investment Properties

Investment Property includes three rented properties and a car park. The following items of income and expense have been accounted for in the Financing and Investment income and expenditure line in the Comprehensive Income and Expenditure Statement.

| 31 March 2020 | | 31 March 2021 |
|----------------------|--|----------------------|
| £000 | Investment Property Income and Expenditure | £000 |
| (30) | Rental income from investment property | (30) |
| 9 | Direct operating expenses from investment property | (0) |
| (21) | Net (gain)/loss | (30) |

There are no restrictions on the Police and Crime Commissioner's ability to realise the value inherent in its investment property or on the authority's right to the remittance of income and the proceeds of disposal. The authority has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement. The above items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

| 31 March 2020 | | 31 March 2021 |
|----------------------|--|----------------------|
| Non-Current | Investment Properties Movements in Year | Non-Current |
| £000 | | £000 |
| 1,509 | Opening Balance | 1,653 |
| 144 | Net gains/losses from fair value adjustments | 40 |
| 0 | Disposal | (380) |
| 1,653 | Balance at the end of the year | 1,313 |

The fair value for the residential properties at market rents has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local area. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised at Level 2 in the IFRS 13 fair value hierarchy.

During 2020-21 one rental property was disposed, there was a loss on disposal of £21,758.

Note 16 - Intangible Assets

The Police and Crime Commissioner accounts for its computer software and systems development 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.

All expenditure on intangible assets during the year relates to purchased computer software and systems development. The Police and Crime Commissioner does not currently have any internally generated assets capitalised. All software is given a finite useful life and amortised on a straight-line basis over the economic life of the investment to reflect the pattern of consumption of benefits. The useful lives assigned to software and licenses capitalised by the Police and Crime Commissioner are assessed on an individual basis and range between 2 and 10 years. The amortisation of £841k (2019: £816k) charged to revenue this year was included as an overhead in the Net Expenditure of Services as it is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

The movement on Intangible Asset balances during the year is as follows:

| 31st March 2020 Total £000 | | 31st March 2021 Total £000 |
|---|---|---|
| | Balance at start of year: | |
| 10,536 | Gross carrying amounts | 11,278 |
| (9,305) | Accumulated amortisation | (10,121) |
| 1,231 | Net carrying amount at start of year | 1,157 |
| | Additions: | |
| 707 | Purchases | 3,861 |
| 35 | Reclassifications and transfers | 126 |
| (816) | Amortisation for the period | (841) |
| 0 | Amortisation written off on disposal | |
| 1,157 | Net carrying amount at end of year | 4,303 |
| | Comprising: | |
| 11,278 | Gross carrying amounts | 15,265 |
| (10,121) | Accumulated amortisation | (10,962) |
| 1,157 | Total | 4,303 |

No changes in accounting estimates for intangible assets effect the current period or are expected to have an effect in subsequent periods.

The only items of capitalised software that are individually material to the financial statements are the ERP software, documentation and licensed asset purchased upon closure of the Equip project at £2.8m and Azure migration software at £0.8m. The remaining amortization period for both of these assets is 3 years.

| | Carrying Amount | | Remaining Amortisation Period |
|-----------------------|-------------------|-------------------|-------------------------------|
| | 31-Mar-20 £000 | 31-Mar-21 £000 | |
| Software and Licences | 415 | 217 | 1 years |
| Software and Licences | 435 | 97 | 2 years |
| Software and Licences | 140 | 3,856 | 3 years |
| Software and Licences | 167 | 133 | 4 years |
| Total | 1,157 | 4,303 | |

Note 17 - Assets Held for Sale

The Police and Crime Commissioner had the following property assets held for sale at the Balance Sheet date.

| 31 March 2020 | | 31 March 2021 |
|---------------|---|---------------|
| £000 | | £000 |
| 2,058 | Balance outstanding at start of year | 2,300 |
| | Assets newly classified as held for sale: | |
| 505 | Property Plant and Equipment | 0 |
| (198) | Assets Sold | (860) |
| (64) | Revaluation (losses) recognised on the Surplus/Deficit on the Provision of Services | 0 |
| (1) | Rounding | 0 |
| 2,300 | Balance Outstanding year end | 1,440 |

The assets held for sale balance at 31 March 2021 comprises of two sites surplus to current requirements. These sites are Newhaven and Astley House in Lewes, East Sussex. Both of these properties are expected to be sold within the next 12 months in line with the Estates Strategy.

Note 18 - Inventories

The tables below show the level of stocks held:

| | Workshop Stores | | Fuel | | IS Equipment | | Total | |
|---|-----------------|--------------|------------|------------|--------------|------------|----------------|----------------|
| | 2019/20 | 2020/21 | 2019/20 | 2020/21 | 2019/20 | 2020/21 | 2019/20 | 2020/21 |
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Balance outstanding at start of year | 1,489 | 1,001 | 147 | 175 | 171 | 549 | 1,807 | 1,725 |
| Purchases | 4,992 | 6,028 | 1,223 | 1,106 | 663 | 1,057 | 6,878 | 8,191 |
| Recognised as an expense in the year | (5,480) | (6,418) | (1,195) | (1,149) | (285) | (1,453) | (6,960) | (9,021) |
| Balance Outstanding at Year End | 1,001 | 611 | 175 | 131 | 549 | 153 | 1,725 | 895 |

Note 19 - Debtors

| 31 March 2020 | | 31 March 2021 |
|---------------|--------------------------|---------------|
| £000 | | £000 |
| 5,655 | Trade Receivables | 1,168 |
| 8,042 | Prepayments | 3,095 |
| 38,488 | Other Receivable Amounts | 33,189 |
| 52,185 | Total | 37,452 |

The following table provides further detail on items included within debtors

| 31 March 2020 | | 31 March 2021 |
|---------------|---------------------------------------|---------------|
| £000 | Debtors | £000 |
| 701 | Council Tax debtor | 547 |
| 4,077 | Council Tax receivable from taxpayers | 5,176 |
| 5,655 | Trade debtors | 1,168 |
| 9,821 | Other debtors | 8,580 |
| 32,046 | Prepayments & accrued income | 22,006 |
| (115) | Provision for bad debt | (25) |
| 52,185 | Total Debtors | 37,452 |

During the 2020/21 year, total debts of £936 were written off in relation to 7 customer balances.

Note 20 - Cash and Cash Equivalents

The table below indicate the types of Cash and Cash Equivalents held by the PCC. The rise in short-term deposits reflects a slight increase in the proportion of investments due to mature within one day compared with the prior year. This is in line with the PCC's Treasury Management Strategy.

| 31 March 2020 | | | 31 March 2021 | |
|----------------------|--|--|----------------------|--|
| £000 | | | £000 | |
| 91 | Cash and Bank balances | | 99 | |
| 5,304 | Short Term Deposits | | 22,000 | |
| (1,532) | Bank Overdraft | | 718 | |
| 3,863 | Total Cash and Cash Equivalents | | 22,817 | |

Note 21 - Creditors

| 31 March 2020 | | | 31 March 2021 | |
|----------------------|-----------------|------------------------|----------------------|-----------------|
| PCC | Group | | PCC | Group |
| £000 | £000 | | £000 | £000 |
| (29,433) | (29,433) | Trade payables | (19,865) | (19,865) |
| (8,057) | (10,931) | Other payables | (17,912) | (21,451) |
| (37,490) | (40,364) | Total Creditors | (37,777) | (41,316) |

The following table provides further detail on items included within the creditors.

| 31 March 2020 | | 31 March 2021 |
|----------------------|-------------------------------------|----------------------|
| £000 | Creditors | £000 |
| (29,433) | Trade creditors | (19,865) |
| (2,328) | Council Tax creditors | (3,994) |
| (2,461) | Council Tax refundable to taxpayers | (3,067) |
| (885) | Other tax payable | (886) |
| (389) | Short term finance lease liability | (0) |
| (25) | Finance lease obligations | (681) |
| | Other Creditors: | |
| (23) | Withholding Tax Payable | (12) |
| (58) | Payroll related control amounts | (127) |
| (2,881) | Accumulated Absences accrual | (3,568) |
| (235) | Unclaimed funds | 0 |
| (372) | Operational funds | (357) |
| (6) | GPC account | (22) |
| (848) | Deferred Income | (8,633) |
| (345) | Police Property Act | (30) |
| (75) | Capital Receipts in Advance | (75) |
| (40,364) | Total | (41,316) |

Note 22 - Provisions

To reflect consistency in funding insurance claims, claims are split between a provision on the balance sheet for the cost of claims received and outstanding that can be quantified; and funds held in the reserve to cover claims incurred but not yet received or quantified.

Any in-year claims are met from the revenue claims budget. An Insurance reserve is held and can be used to cover costs incurred above the annual budget. The level of the reserve is reviewed annually. Use of the reserve requires PCC approval.

The Police and Crime Commissioner therefore includes the following provision in the accounts relating to potential future insurance claims following an independent actuarial review. This provision reflects the level of reported outstanding claims. The actual timing of the resulting outflows depends on the final conclusion of the legal claim process and is therefore uncertain, however, they have been included as current

liability provisions as the Police and Crime Commissioner has no unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Included within the provision below is £0.9m (2019/20: £0.9m) in respect of Municipal Mutual Insurance (MMI) Liability. MMI, former insurers, triggered the Municipal Mutual Insurance Scheme of Arrangement in November 2012 as it entered insolvent liquidation.

| Current Provisions | | |
|-----------------------------------|--|----------------|
| 2020/21 | Injury and Damage Compensation Claims | Total |
| | £000 | £000 |
| Opening Balance | (2,700) | (2,700) |
| Increase in provision during year | (1,523) | (1,523) |
| Closing Balance | (4,223) | (4,223) |

| 2019/20 | Injury and Damage Compensation Claims | Total |
|-----------------------------------|--|----------------|
| | £000 | £000 |
| Opening Balance | (2,038) | (2,038) |
| Increase in provision during year | (662) | (662) |
| Closing Balance | (2,700) | (2,700) |

Note 23 - Usable Reserves

Movements in the Police and Crime Commissioner's usable reserves are detailed in the Movement in Reserves Statement and note 7 on Transfers to/from Earmarked Reserves. The Chief Constable does not hold any usable reserves.

| 31 March 2020 £000 | | 31 March 2021 £000 |
|-------------------------------------|-------------------------------------|-------------------------------------|
| 0 | Balance 1 April | 0 |
| (460) | Capital Receipts in year | (1,665) |
| 460 | Capital Receipts used for financing | 1,665 |
| 0 | Balance 31 March | 0 |

The following table illustrates all usable reserves including the General Fund, Capital Receipts Reserve and all other Earmarked Reserves:

| 31 March 2020 £000 (11,379) | General Fund | 31 March 2021 £000 (12,379) |
|--|-----------------------------------|--|
| | Earmarked Reserves: | |
| (4,311) | Insurance | (2,762) |
| (1,764) | Local Policing Transition Support | 0 |
| 0 | Capital & Investment Expenditure | (412) |
| (583) | Asset Seizures | (366) |
| (666) | Delegated Budget Holder | (2,467) |
| (2,632) | Sussex Safer Roads Partnership | (2,697) |
| (9,956) | Total Earmarked Reserves | (8,704) |
| (21,335) | Total Usable Reserves | (21,083) |

Details of usable Reserves held and their purpose

The following table sets out the usable reserves maintained by the Group as part of its Reserves Policy.

The policy was last reviewed and approved by the Police and Crime Commissioner in March 2021.

| Reserve | | Level or Target |
|---------------------------------------|--|---|
| General | | |
| General Reserve | <p>Provides a working balance to cover day to day cash flow requirements and to cover exceptional unforeseen financial and operational risks. The target level of the reserve is reviewed as part of the annual budget setting process.</p> <p>This includes 1% available to the Chief Constable for operational priorities without the need for additional approval.</p> | 4% of Net Revenue Expenditure Budget as at 31 March each year. |
| Contingency and Risk | | |
| Insurance Reserve | <p>Provides for the self-funding of certain uninsurable risks, such as payments of compensation or damages. This Reserve is funded from revenue or transfers from other reserves and adjusted annually, following an independent actuarial review, to reflect inflation and risk up to date management information.</p> <p>To improve consistency in funding claims, there is a need to split claims between a provision on the balance sheet for the cost of claims received and outstanding; and funds held in the reserve to cover claims incurred but not received or quantified. Claims that have been reported and assessed as more likely to be settled are carried as a financial provision whilst known incidents where no claim has yet been made, are covered by the insurance reserve. The revenue account is used to meet any in-year liabilities if they arise. Any year-end variance in the revenue claims budget will not normally be met from or transferred to the general force budget, but transferred to/from the insurance Reserve. The level of the reserve is reviewed annually.</p> | Assessed as part of the annual insurance actuarial review. |
| Investment | | |
| Capital and Investment Reserve | <p>To support planned one-off and non-recurring investments of a capital and revenue nature. Change management initiatives providing support for implementing cost-saving initiatives. Financing asset replacement plans and commitments over 5-10 years.</p> <p>Aa at 31 March 2021 the balance on this reserve was zero following full utilisation during the year for investment purposes.</p> | <p>In line with investment and replacement plans included within the MTFs and dependant on financing requirements of the Capital Strategy.</p> <p>Funded from: approved in year revenue budget surplus; transfers from other reserves; specific approved contributions.</p> |

| | | |
|--|--|---|
| Capital Receipts Reserve | This reserve holds the proceeds from the sale of assets, and can only be used for financing capital expenditure in accordance with regulations. | Receipts from the sale of assets are taken to this reserve. |
| Capital Grants & Contributions | This reserve holds unused elements of grant and other external funding to be spent in the following financial year in line with the conditions of the grant or external funding. | As determined by the closure of accounts process |
| Single Use | | |
| PFI Reserve | The wider review of the custody PFI contract was completed during 2019/20 The balance of £6.094m was utilised within this review and the reserve will be discontinued now exhausted. | The PFI reserve balance is now zero and the reserve will be discontinued. |
| Asset Seizure Reserve | Balance of Proceeds of Crime Act (POCA) income received but not spent during the year to be used in accordance with Home Office guidance. | Target level of 12 months costs of financial investigations. |
| Delegated Budget Holder Reserve | Under and overspendings on the PCC's and Chief Constable's revenue budgets are managed via this reserve in accordance with the PCC's carry-forward policy. | Agreed annually by the PCC as part of the final outturn. |
| Sussex Safer Road Partnership (SSRP) | Balance of funding for the Sussex Safer Roads Partnership. This reserve can be used to finance capital or revenue expenditure. The level of this reserve may fluctuate year on year as underspends are transferred in. However £1.2m is ring-fenced so that in the event that the Partnership is dissolved, there are sufficient funds to cover one year of running and decommissioning costs. This reserve belongs to the SSRP Partnership and any funds remaining will be returned to the contributing partners on a pro rata basis. | Transfer of any SSRP under-spend to reserves at year. |
| Local Policing Transition Support Reserve | This reserve was created following a Balance Sheet review during the 2017/18 year by reallocating existing earmarked reserves no longer required for their original purpose, plus an additional £2m contribution from the 2017/18 forecast underspend. Specific use of this reserve is released via agreement at monthly financial accountability meetings between the Force and the PCC. The balance was utilised in full during 2020/21. | Specific reserve set up for local policing transformation. |

Note 24 - Unusable Reserves

| 31 March 2020 | | | 31 March 2021 | |
|------------------|------------------|------------------------------------|------------------|------------------|
| PCC £000 | Group £000 | | PCC £000 | Group £000 |
| (62,906) | (62,906) | Revaluation Reserve | (64,406) | (64,406) |
| (104,633) | (104,633) | Capital Adjustment Account | (102,000) | (102,000) |
| (81) | 2,815,397 | Pension Reserve | 818 | 3,376,658 |
| 11 | 11 | Collection Fund Adjustment Account | 1,339 | 1,339 |
| 7 | 2,881 | Accumulated Absences Account | 29 | 3,568 |
| (167,602) | 2,650,750 | Total | (164,220) | 3,215,159 |

| Revaluation Reserve | | | | |
|---------------------|-----------------|---|-----------------|-----------------|
| 31 March 2020 | | | 31 March 2021 | |
| PCC £000 | Group £000 | | PCC £000 | Group £000 |
| (60,096) | (60,096) | Balance 1 April | (62,906) | (62,906) |
| (7,304) | (7,304) | Upward revaluation of assets | (5,220) | (5,220) |
| 4,063 | 4,063 | Downward revaluation of assets and impairment losses not charged to the Surplus or Deficit on the Provision of Services | 3,044 | 3,044 |
| (3,241) | (3,241) | (Surplus) or deficit on revaluation of non-current assets not charged to the Surplus or Deficit on the Provision of Services | (2,176) | (2,176) |
| 506 | 506 | Difference between fair value depreciation and historical cost depreciation | 451 | 451 |
| (124) | (124) | Accumulated gains on assets reclassified | 0 | 0 |
| 49 | 49 | Accumulated losses on assets sold or scrapped | 225 | 225 |
| 431 | 431 | Amount written off to the Capital Adjustment Account | 676 | 676 |
| (62,906) | (62,906) | Balance 31 March | (64,406) | (64,406) |

The Revaluation Reserve contains the gains made by the Police and Crime Commissioner arising from increases in the value of its Property, Plant and Equipment and Intangible Assets. The balance is reduced when assets with accumulated gains are:

- re-valued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

The Revaluation Reserve contains only revaluation gains accumulated since 1 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.

| Capital Adjustment Account | | | | |
|-----------------------------------|-----------------------|--|----------------------|-----------------------|
| 31 March 2020 | | | 31 March 2021 | |
| PCC £000 | Group £000 | | PCC £000 | Group £000 |
| (98,505) | (98,505) | Balance 1 April | (104,633) | (104,633) |
| 7,531 | 7,531 | Charges for depreciation and impairment of non-current assets | 8,396 | 8,396 |
| 982 | 982 | Revaluation losses/(gains) on non-current assets | 137 | 137 |
| 64 | 64 | Revaluation losses on assets held for sale | 0 | 0 |
| 816 | 816 | Amortisation of intangible assets | 841 | 841 |
| 438 | 438 | 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 | 1,536 | 1,536 |
| 9,831 | 9,831 | Reversal of Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement | 10,910 | 10,910 |
| (432) | (432) | Adjusting Amounts written out of the Revaluation Reserve | (676) | (676) |
| 9,399 | 9,399 | Net written out amount of the cost of non-current assets consumed in the year | 10,234 | 10,234 |
| (460) | (460) | Use of Capital Receipts Reserve to finance new capital expenditure | (1,665) | (1,665) |
| (14,267) | (14,267) | Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing | (5,349) | (5,349) |
| (656) | (656) | Statutory provision for the financing of capital investment charged against the General Fund and HRA balances | (547) | (547) |
| (15,383) | (15,383) | Capital financing applied in year: | (7,561) | (7,561) |
| (144) | (144) | Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement | (40) | (40) |
| (104,633) | (104,633) | Balance 31 March | (102,000) | (102,000) |

The Capital Adjustment Account reflects the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisitions, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisitions, constructions or enhancement, as depreciation, impairment losses and amortisation charges are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert

fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Police and Crime Commissioner as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties and Gains recognised on donated assets that have yet to be consumed by the Police and Crime Commissioner. The Accounts also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

| 31 March 2020 | | Pension Reserve | 31 March 2021 | |
|---------------|------------------|--|---------------|------------------|
| PCC £000 | Group £000 | | PCC £000 | Group £000 |
| 391 | 3,163,079 | Balance 1 April | (81) | 2,815,397 |
| (673) | (433,190) | Re-measurements of the net defined benefit (liability)/asset | 788 | 504,712 |
| 439 | 169,202 | Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement | 379 | 145,338 |
| (238) | (83,694) | Employer's pensions contributions and direct payments to pensioners payable in the year | (268) | (88,794) |
| 0 | 0 | Rounding | 0 | 5 |
| (81) | 2,815,397 | Balance 31 March | 818 | 3,376,658 |

The Pensions Reserve reflects the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions [Statutory Instrument No. 2010/454]. The group accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned, to be financed as the Group maker employer contributions to pension funds, or eventual payment of any pensions for which it is directly responsible.

The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

| 31 March 2020 | | Collection Fund Adjustment Account | 31 March 2021 | |
|---------------|---------------|---|---------------|---------------|
| PCC £000 | Group £000 | | PCC £000 | Group £000 |
| (761) | (761) | Balance 1 April | 11 | 11 |
| 772 | 772 | Amount by which council tax and non-domestic rates income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements | 1,328 | 1,328 |
| 11 | 11 | Balance 31 March | 1,339 | 1,339 |

The Collection Fund Adjustment Account reflects the differences arising from the recognition of council tax income in the Comprehensive Income and Expenditure Statement as it falls due for council tax payers, compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

| Accumulated Absences Account | | | | |
|-------------------------------------|-----------------------|---|----------------------|-----------------------|
| 31 March 2020 | | | 31 March 2021 | |
| PCC £000 | Group £000 | | PCC £000 | Group £000 |
| 4 | 1,654 | Balance 1 April | 7 | 2,881 |
| (4) | (1,654) | Settlement or cancellation of accrual made at the end of the preceding year | (7) | (2,881) |
| 7 | 2,881 | Amounts accrued at the end of the current year | 29 | 3,568 |
| 3 | 1,227 | Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in year in accordance with statutory requirements | 22 | 687 |
| 7 | 2,881 | Balance 31 March | 29 | 3,568 |

The Accumulated Compensated Absences Adjustment Account reflects the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year e.g. annual leave entitlement carried forward at 31 March each year. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

Note 25 – Segmental Analysis of Income and Expenditure

The analysis of income and expenditure on the face of the Comprehensive Income and Expenditure Statement is based on a subjective analysis. The Chief Constable monitors expenditure during the year on a subjective basis, as set out below. This information is reported to the Chief Officer team on a month by month basis and used to inform resource allocation and other strategic decisions.

| 2019/20 £000 | Description | 2020/21 £000 |
|-------------------------|--|-------------------------|
| | Employee costs: | |
| 161,795 | Police Officers | 170,196 |
| 91,709 | Police Staff & PCSO's | 101,289 |
| 7,414 | Other Employee Costs (includes Ill Health & Injury Pension) | 10,051 |
| 260,918 | Total Employee costs | 281,536 |
| 15,087 | Total Buildings & Premises | 10,841 |
| 6,492 | Total Transport | 10,675 |
| 72,997 | Total Supplies & Services and Third Party Payments | 43,297 |
| 355,494 | Gross Expenditure | 346,349 |
| (65,725) | Total Income | (49,273) |
| 289,769 | Chief Constable's Net Expenditure | 297,076 |
| 1,287 | Office of the Sussex PCC | 1,484 |
| 1,647 | Community Safety | 1,632 |
| 444 | Victim Support & Restorative Justice | 212 |
| 0 | Reboot | 596 |
| 21 | Kicks Community Funding | 0 |
| 0 | Video Enabled Justice | 377 |
| (9,201) | Use of Reserves | 8,381 |
| 3,664 | Financial Provisions (Capital Financing and Treasury Management) | 609 |
| (2,138) | Police and Crime Commissioner's Expenditure | 13,291 |
| | | |
| 287,631 | Total Sussex Police Group | 310,367 |

Reconciliation of Outturn from Budget report to Statement of Accounts

This reconciliation shows how the figures in the budget report detailing the management accounting outturn underspend position relate to the final position after year-end adjustments for the year ended 31 March 2021.

This reconciliation also shows how the figures in the budget report for cost of service per management revenue outturn relate to the subjective analysis of the (Surplus) or Deficit on the Provision of Services included within the Comprehensive Income and Expenditure Statement for the year ended 31 March 2021.

2020/21 Reconciliation of Outturn from Budget report to Statement of Accounts Subjective Analysis

| | 2020/21 PCC £000 | 2020/21 CC £000 | 2020/21 GROUP £000 |
|--|------------------------|-----------------------|--------------------------|
| Initial Revenue outturn results per Outturn report | 13,291 | 297,076 | 310,367 |
| Budget Income from Home Office Grant and Local Taxation | (11,255) | (298,597) | (309,852) |
| (Surplus)/Deficit for the year as per Outturn report | 2,036 | (1,521) | 515 |
| Surplus transfer from Chief Constable to PCC | (1,521) | 1,521 | |
| Final Budget Outturn Position for the year | 515 | | 515 |
| Financial year end accounting adjustments: | | | |
| Reserves transfers included within outturn | (5,410) | | (5,410) |
| Reserves transfers included within outturn approvals | 110 | | 110 |
| Capital & Investment expenditure released as revenue | 3,428 | | 3,428 |
| Insurance adjustment | 1,549 | | 1,549 |
| MRP | 547 | | 547 |
| Additional precept income | (80) | | (80) |
| PFI Interest IFRS allocation | (28) | | (28) |
| Finance Lease interest IFRS allocation | (389) | | (389) |
| Proceeds of Crime Act adjustment | 217 | | 217 |
| Additional grant income | (208) | | (208) |
| Net Expenditure Chargeable to the General Fund as per EFA | 251 | | 251 |
| Adjustments between accounting basis & funding basis under regulations | 4,770 | 57,098 | 61,868 |
| Deficit on Provision of Services per Comprehensive Income and Expenditure Statement | 5,021 | 57,098 | 62,119 |
| (Surplus) on revaluation of fixed assets | (2,176) | 0 | (2,176) |
| Re-measurements of the net defined benefit liability/(asset) | 788 | 503,924 | 504,712 |
| Total Comprehensive Income and Expenditure | 3,633 | 561,022 | 564,655 |

2019/20 Reconciliation of Outturn from Budget report to Statement of Accounts Subjective Analysis

| | 2019/20 PCC £000 | 2019/20 CC £000 | 2019/20 GROUP £000 |
|--|------------------------|-----------------------|--------------------------|
| Initial Revenue outturn results per Outturn report | (2,138) | 289,769 | 287,631 |
| Final transfer adjustments agreed in the Outturn report: | 0 | 18,333 | 18,333 |
| Final Adjusted Outturn for the year | (2,138) | 308,102 | 305,964 |
| Budget Income from Home Office Grant and Local Taxation | 18,500 | (306,040) | (287,540) |
| (Surplus)/Deficit for the year as per Outturn report | 16,362 | 2,062 | 18,424 |
| Financial year end accounting adjustments: | | | |
| PFI Interest IFRS allocation | (500) | | (500) |
| Finance Lease interest IFRS allocation | (26) | | (26) |
| Late expenditure accrual (PS) | 147 | | 147 |
| Late income adjustment (DPP) | 130 | | 130 |
| Revaluation decreases on Held for Sale Property | (352) | | (352) |
| Investment property FV increase | (144) | | (144) |
| Depreciation & Amortisation recognition | 8,347 | | 8,347 |
| Rounding | 2 | | 2 |
| Deficit transfer from Chief Constable to PCC | 2,062 | (2,062) | 0 |
| Final Adjusted Deficit for the year per Financial Statements | 26,028 | | 26,028 |
| Adjustments between accounting basis & funding basis under regulations | (4,722) | 86,531 | 81,809 |
| Deficit on Provision of Services per Comprehensive Income and Expenditure Statement | 21,306 | 86,531 | 107,837 |
| | | | |
| (Surplus) on revaluation of fixed assets | (3,241) | 0 | (3,241) |
| Re-measurements of the net defined benefit liability/(asset) | (673) | (432,517) | (433,190) |
| Total Comprehensive Income and Expenditure | 17,392 | (345,986) | (328,594) |

Note 26 - Collaboration Arrangements

The Police and Crime Commissioner and the Chief Constable for Sussex continues to develop joint working relationships with other agencies principally with other south east region Police and Crime Commissioners and in particular the Surrey Police and Crime Commissioner and Chief Constable.

The Police and Crime Commissioners and Chief Constables of Sussex and Surrey Police have entered into a legal arrangement (section 22A agreement) to provide a number of services jointly with other police forces. Each of these services is managed by one of the forces and includes a mix of staff from both forces. The net cost of each service agreed to be provided jointly under the Section 22A agreement, which cannot be directly attributable to each force, are shared on a formula basis of Surrey 45%; Sussex 55%.

In 2020/21 the services provided jointly, included the Operations and Specialist Crime departments along with a number of support functions and projects. The Police and Crime Commissioners and Chief Constables for Sussex, Surrey and Thames Valley Police delivery of a joint project to procure and implement a new Enterprise Resource Planning system (ERP) was brought to a close during the 2020-21 financial year.

Each Force accounts for their share of total income and expenditure and assets in the Comprehensive Income and Expenditure Statement and Balance Sheet respectively.

The table below illustrates the Sussex share of the collaborated service costs.

| 2019/20 Sussex Share £000 | Collaboration Area | 2020/21 Sussex Share £000 |
|--|--|--|
| 750 | Change Delivery | 818 |
| 528 | Chief Officers | 620 |
| 144 | Corporate Development* | 375 |
| 795 | Digital Transformation** | 1,124 |
| 0 | Digital Transformation Investment Projects | 96 |
| 2,387 | Enterprise Resource Planning (ERP) Project | 2,825 |
| 232 | Estates and Facilities | 223 |
| 1,205 | Finance | 1,141 |
| 179 | Information Security*** | - |
| 147 | Insurance | 124 |
| 5,901 | IT Department | 8,733 |
| 1,621 | IT Investment Projects | 3,068 |
| 19,537 | Operations Department | 22,024 |
| 0 | Operations Department Investment Projects | 419 |
| 4,017 | People Services | 4,338 |
| 255 | Procurement | 380 |
| 21,097 | Specialist Crime Department | 22,306 |
| 1,087 | Transport | 1,512 |
| 336 | Vetting | 382 |
| 60,218 | Total | 70,508 |

* 2019/20 previously was Health and Safety

** Previously known as Digital Enablement

*** Information Security has now been amalgamated into IT Department

Note 27 - Officers' Remuneration

Remuneration

The Accounts and Audit Regulations 2015 requires the disclosure of remuneration details for police officers and police staff whose gross remuneration exceeded £50,000. In addition, remuneration details for senior employees, those earning a salary of over £150,000 and those in command of the Police and Crime Commissioner for Sussex organisations are also required to be disclosed.

Remuneration is defined, by the regulations, as all sums subject to income tax, including expenses, but excluding employer pension contributions. This includes payments of accrued overtime, as well as annual increments, allowances, bonuses and pay awards.

The table below shows the numbers of police officers and police staff with remuneration in excess of £50,000. This table excludes the senior employee positions shown separately.

| Number of employees 31 March 2020 | Gross Remuneration £ | Number of employees 31 March 2021 |
|--|-------------------------------------|--|
| 318 | 50,000-54,999 | 300 |
| 172 | 55,000-59,999 | 197 |
| 57 | 60,000-64,999 | 77 |
| 18 | 65,000-69,999 | 11 |
| 12 | 70,000-74,999 | 25 |
| 5 | 75,000-79,999 | 10 |
| 10 | 80,000-84,999 | 8 |
| 1 | 85,000-89,999 | 3 |
| 2 | 90,000-94,999 | 2 |
| 595 | | 633 |

Exit package amounts are not included in the figures shown in the table above.

Details of Chief Officer personal expenses claims are available on the Sussex Police website and also the PCC website.

In line with Trade Union (Facility Time Publication Requirements) Regulations 2017 (SI 2017/328) the Chief Constable has an obligation to report annually on paid time off provided to trade union representatives for trade union duties and activities. The following details relate to 2020/21. There were 18 employees who were union officials during the period (17.21 full time equivalents). The total cost of facility time was £97,702 which represents 0.094% of the total pay bill.

Remuneration paid to senior employees during 2020/21

| Year 2020-21 | Note | Salary, fees & allowances | Compensation for Loss of Office | Employer Pension Contribution | Total Remuneration including Pension contributions | * Annual Leave Accrual | Total |
|---|------|---------------------------|---------------------------------|-------------------------------|--|------------------------|--------------|
| | | £000 | £000 | £000 | £000 | £000 | £000 |
| Police Officers | | | | | | | |
| Chief Constable (J Shiner) | 1 | 172 | | 51 | 223 | 9 | 232 |
| Chief Constable | 2 | 46 | | 14 | 60 | 0 | 60 |
| Deputy Chief Constable | 3 | 144 | | 46 | 190 | 0 | 190 |
| Deputy Chief Constable | 4 | 160 | | | 160 | 0 | 160 |
| Assistant Chief Constable 1 | 5 | 133 | | 36 | 169 | 0 | 169 |
| Assistant Chief Constable 2 | | 120 | | 34 | 154 | 0 | 154 |
| Assistant Chief Constable 3 | 6 | 21 | | 5 | 26 | 0 | 26 |
| Assistant Chief Constable 4 | 7 | 97 | | 28 | 125 | 1 | 126 |
| Assistant Chief Constable 5 | 8 | 110 | | 31 | 141 | 2 | 143 |
| Chief Superintendent A | | 94 | | 28 | 122 | 0 | 122 |
| Chief Superintendent B | | 89 | | 27 | 116 | 2 | 118 |
| Chief Superintendent C | 9 | 92 | | 28 | 120 | 0 | 120 |
| Chief Superintendent D | | 94 | | 28 | 122 | 0 | 122 |
| Chief Superintendent E | | 88 | | 27 | 115 | 0 | 115 |
| Chief Superintendent F | | 90 | | 28 | 118 | 0 | 118 |
| Chief Superintendent G | 10 | 84 | | 26 | 110 | 3 | 113 |
| Police Staff | | | | | | | |
| Executive Director Commercial & Finance | | 150 | | 32 | 182 | 0 | 182 |
| Assistant Chief Officer - People Services | | 126 | | 26 | 152 | 4 | 156 |
| Portfolio Director | 11 | 47 | 34 | 4 | 85 | 0 | 85 |
| Programme Director Pay & Reward | 12 | 129 | | 27 | 156 | 0 | 156 |
| Officers of the PCC | | | | | | | |
| Police and Crime Commissioner | | 88 | | 20 | 108 | | 108 |
| Chief Executive | | 120 | | 27 | 147 | 4 | 151 |
| Chief Finance Officer | | 101 | | 23 | 124 | 2 | 126 |
| Total | | 2,395 | 34 | 596 | 3,025 | 27 | 3,052 |

** There have been no relocation costs in 2020/21

- Note 1 Promotion from DCC 11/07/2020
- Note 2 Retiree 10/07/2020
- Note 3 Promotion from ACC 05/06/2020
- Note 4 Seconded out of force to College of Policing from 05/11/18
- Note 5 Seconded out of force to Dept of Transport from 20/05/19. Returning 16/05/2021. Left the force
- Note 6 07/06/20
- Note 7 Promotion from C/Su 25/01/2021
- Note 8 Promotion from C/Su 08/06/2020
- Note 9 Seconded out of force to Surrey from 04/02/2019
- Note 10 Joined the force 08/06/2020
- Note 11 Left the force 31/05/2020
- Note 12 Seconded out of force 11/07/2019 onward

Remuneration paid to senior employees during 2019/20

| Year 2019-20 | Note | Salary, fees & allowances | * Relocation | Employer Pension Contribution | Total Remuneration including Pension contributions | ** Annual Leave Accrual | Total |
|---|------|---------------------------|--------------|-------------------------------|--|-------------------------|--------------|
| | | £000 | £000 | £000 | £000 | £000 | £000 |
| Police Officers | | | | | | | |
| Chief Constable (G York) | | 166 | | 50 | 216 | 23 | 239 |
| Deputy Chief Constable | 1 | 160 | | 27 | 187 | | 187 |
| Deputy Chief Constable | | 146 | 54 | 41 | 241 | 3 | 244 |
| Assistant Chief Constable 1 | 2 | 128 | | 36 | 164 | | 164 |
| Assistant Chief Constable 2 | 3 | 89 | | 27 | 116 | 2 | 118 |
| Assistant Chief Constable 3 | 4 | 89 | | 27 | 116 | 1 | 117 |
| Assistant Chief Constable 4 | 5 | 98 | | 21 | 119 | 5 | 124 |
| Chief Superintendent A | 6 | 97 | | 28 | 125 | 2 | 127 |
| Chief Superintendent C | 7 | 86 | | 26 | 112 | | 112 |
| Chief Superintendent E | 8 | 36 | | | 36 | | 36 |
| Chief Superintendent F | 9 | 25 | | 7 | 32 | | 32 |
| Chief Superintendent H | 10 | 84 | | 24 | 108 | | 108 |
| Chief Superintendent J | | 90 | | 27 | 117 | | 117 |
| Chief Superintendent K | | 92 | | 27 | 119 | | 119 |
| Chief Superintendent L | | 89 | | 27 | 116 | | 116 |
| Chief Superintendent P | 11 | 77 | | 23 | 100 | 1 | 101 |
| Chief Superintendent Q | 12 | 77 | | 23 | 100 | 3 | 103 |
| Chief Superintendent R | 13 | 84 | | 25 | 109 | | 109 |
| Police Staff | | | | | | | |
| Director of Commercial & Financial Services | | 124 | | 28 | 152 | | 152 |
| Portfolio Director | 14 | 136 | | 32 | 168 | | 168 |
| Portfolio Director | 15 | 95 | | 22 | 117 | | 117 |
| Programme Director | | 129 | | 27 | 156 | | 156 |
| Director of People Services | | 116 | | 25 | 141 | 3 | 144 |
| BTF Programme Director | 16 | 78 | | 17 | 95 | | 95 |
| Officers of the PCC | | | | | | | |
| Police and Crime Commissioner | | 89 | | 21 | 110 | | 110 |
| Chief Executive | | 115 | | 27 | 142 | | 142 |
| Chief Finance Officer | | 97 | | 23 | 120 | | 120 |
| Total | | 2,692 | 54 | 688 | 3,434 | 43 | 3,477 |

*As per Police Regulation 35

- Note 1 Seconded out of force to College of Policing from 05/11/18
- Note 2 Seconded out of force to Department of Transport from 20/05/19
- Note 3 Joined the force 27/05/19
- Note 4 Promotion 20/03/20
- Note 5 Joined the force 27/05/19
- Note 6 Temporary promotion to ACC 25/06/18, Chief Supt from 17/05/19
- Note 7 Seconded and promoted as Chief Supt from 04/02/19
- Note 8 Retired 01/08/19
- Note 9 Retired 03/07/19
- Note 10 Retired 19/02/20
- Note 11 Promotion 16/12/19
- Note 12 Promotion 16/12/19
- Note 13 Promotion 17/06/19
- Note 14 Left the force 08/02/20
- Note 15 Promotion 01/04/19
- Note 16 Left the force 04/02/20

Note 28 – Exit packages

The 2020/21 Code requires disclosure of the number and cost of exit packages agreed, including:

- Number of packages agreed (in bands of £20k up to £100k and £50k thereafter)
- Analysis between compulsory redundancies and “other” agreed departures
- Total cost for each band

Exit Packages for the year ended 31 March 2021

| Exit package cost band (including special payments) | Number of compulsory redundancies | Number of other agreed departures | Total number of exit packages by cost band | Total Cost of exit packages in each band |
|--|-----------------------------------|-----------------------------------|--|--|
| Year 2020/21 | No. | No. | No. | £ |
| £0 - £20,000 | 8 | 1 | 9 | 61,429 |
| £20,001 - £40,000 | 3 | | 3 | 82,320 |
| £40,001 - £60,000 | 0 | 0 | 0 | 0 |
| £60,001 - £80,000 | 1 | | 1 | 62,457 |
| Total | 12 | 1 | 13 | 206,206 |

Exit Packages for the year ended 31 March 2020

| Exit package cost band (including special payments) | Number of compulsory redundancies | Number of other agreed departures | Total number of exit packages by cost band | Total Cost of exit packages in each band |
|--|-----------------------------------|-----------------------------------|--|--|
| Year 2019/20 | No | No | No | £ |
| £0 - £20,000 | 3 | 2 | 5 | 60,724 |
| £20,001 - £40,000 | 1 | 1 | 2 | 46,111 |
| £40,001 - £60,000 | 1 | 0 | 1 | 49,501 |
| £60,001 - £80,000 | 1 | 0 | 1 | 66,772 |
| Total | 6 | 3 | 9 | 223,108 |

The total cost of exit packages included in the tables above have been charged to the Comprehensive Income and Expenditure Statement of the Police and Crime Commissioner for Sussex Group in the current year.

Note 29 - Related Parties

The Police and Crime Commissioner is required to disclose material transactions with related parties - bodies or individuals that have the potential to control or influence the Police and Crime Commissioner or to be controlled or influenced by the Police and Crime Commissioner. Disclosure of these transactions allows readers to assess the extent to which the Police and Crime Commissioner might have been constrained in her ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Police and Crime Commissioner.

Officers of the Police and Crime Commissioner for Sussex and Chief Constable of Sussex

Officers of the Police and Crime Commissioner have direct control over financial and operating policies.

Details of all related party transactions are recorded in the Register of Members' Interest. Officers and Chief Officers of the Force and the Police and Crime Commissioner are required to declare whether they or any member of their immediate family, have had any related party transactions (i.e. significant financial dealings) with the Police and Crime Commissioner for Sussex and or the Chief Constable's Force during the financial year.

The Chief Executive has written to all Officers and Chief Officers of the Force and the Police and Crime Commissioner to collect this information. Responses were received from all recipients of the letter and related party transactions are disclosed for the 2020/21 year in respect of Legal services and the Police and Crime Commissioner.

Legal services were provided to the Sussex Police Group of circa £1,423,300 (2019/20: £1,495,200) by Weightmans LLP Solicitor in the normal course of business during the year, Ms Hannah Walsh (Solicitor to the Sussex Police Group from 1 April 2017) is employed by Weightmans LLP.

The Police and Crime Commissioner for Sussex, Katy Bourne is a board member of the Police Digital Services – PDS (previously known as the national Police ICT Company). Services were provided to the Sussex Police Group of circa £1,607,300 (2019/20: £376,700) by the Police Digital Services – PDS (previously known as the national Police ICT Company) in the normal course of business during the year. However £1,356,100 (2019/20: £136,932), relates to Digital Policing Project, that is increased compare to prior year due to changes within the DPP projects which are now coming to an end. The remaining PDS spend of £251,200 is in line with normal business activity in previous years (2019/20: £239,800).

The Police and Crime Commissioner for Sussex is the Chair of the Criminal Justice Board. The Sussex Restorative Justice Partnership (SRJP) was formed to bring together agencies and authorities with an interest in Restorative Justice. The work of this group is delivered through the Criminal Justice Board.

The Police and Crime Commissioner is member of the Video Enabled Justice Programme which is funded by Home Office Grant. For further information of the Grants please refer to Note 12.

The Police and Crime Commissioner is also the Chair of the Association of Police and Crime Commissioners. Annual subscriptions with the Association of circa £38,600 (2019/20: £29,600) are paid in the normal course of business during the year.

The Joint Audit Committee member, Dan Worsley, is employed by CIPFA. Annual subscriptions with CIPFA of circa £215,400 (2019/20: £55,500) are paid in the normal course of business during the year.

The Police and Crime Commissioners and Chief Constables of Sussex, Surrey Police, Hampshire Constabulary and Thames Valley Police signed a Section 22 Agreement that set out the proposed approach to the national and regional programme for police collaboration and transformation for the South East Regional Integration Partnership (SERIP). There are significant transactions between forces. For further information of the Regional Collaboration please refer to page 45 and for Collaboration Arrangements in Note 26.

Central Government and Other Public Organisations

The Police and Crime Commissioner also has business relationships with the Government and a number of other public organisations, such as some local authorities in Sussex.

These include the Home Office, the Department for Communities and Local Government, and West Sussex and East Sussex County Councils.

Central Government has effective control over the general operations of the Police and Crime Commissioner for Sussex as it is responsible for providing the statutory framework within which the Police and Crime Commissioner operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Police and Crime Commissioner has with other parties (e.g. Precept regimes).

Details of grants received from government departments are set out in the subjective analysis Grant Income Note 12. Details of joint working arrangements are included in the Collaboration Arrangements Note 26.

Note 30 - External Audit Costs

The Police and Crime Commissioner for Sussex and the Chief Constable have incurred the following costs in relation to the audit of the Statement of Accounts service provided by external auditors to the Chief Constable and the Police and Crime Commissioner:

| 2019/20 | | | 2020/21 | |
|-------------|---------------|--|-------------|---------------|
| PCC £000 | Group £000 | | PCC £000 | Group £000 |
| 39 | 53 | Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year | 29 | 44 |
| 0 | 0 | Prior year Audit costs | 9 | 19 |
| 39 | 53 | Total | 38 | 63 |

The total expenditure for External Audit in 2020/21 includes £18,992 "Prior Year Audit Costs" for the group which relates to additional audit fees for Value for Money work undertaken during the 2019/20 audit.

The Sussex Police - Police & Crime Commissioner and Chief Constable's Annual Audit Letter (year ended March 2020) communicates the key issues that have arisen from the external auditor's work to those charged with governance and to external stakeholders.

Note 31 - Leases

Police and Crime Commissioner as Lessee

Finance Leases

The Police and Crime Commissioner has an operational building classified as a finance lease because it meets certain criteria for accounting purposes. The accounting treatment is detailed below.

| Authority as Lessee - Finance Leases | | |
|---|--------------------------|----------------------|
| The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts: | | |
| 31 March 2020 | | 31 March 2021 |
| £000 | | £000 |
| 447 | Other Land and Buildings | 415 |
| 447 | Total | 415 |

The Police and Crime Commissioner is committed to making minimum payments under this lease comprising settlement of the long-term liability for the interest in the property acquired by the Police and Crime Commissioner and finance costs that will be payable by the Police and Crime Commissioner in future years while the liability remains outstanding.

| 31 March 2020 | Minimum lease payments are made up of the following amounts: | 31 March 2021 |
|----------------------|---|----------------------|
| £000 | | £000 |
| | Finance lease liabilities (net present value of minimum lease payments): | |
| (28) | - current | (30) |
| (569) | - non-current | (539) |
| (321) | Finance costs payable in future years | (282) |
| (918) | Minimum lease payments | (851) |

| Minimum Lease Payments | | | Finance Lease Liabilities | |
|------------------------|---------------|--|---------------------------|---------------|
| 31 March 2020 | 31 March 2021 | The minimum lease payments will be payable over the following periods: | 31 March 2020 | 31 March 2021 |
| £000 | £000 | | £000 | £000 |
| (68) | (68) | Not later than one year | (28) | (30) |
| (272) | (272) | Later than one year and not later than five years | (134) | (143) |
| (579) | (512) | Later than five years | (436) | (396) |
| (919) | (852) | Total | (598) | (569) |

Minimum lease payments don't include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2020/21 there were no contingent rents payable by the PCC (2019/20 £Nil).

Operating Leases

The Police and Crime Commissioner occupies a number of properties which have been accounted for as operating leases.

Authority as Lessee - Operating Leases

| The future minimum lease payments due under non-cancellable operating leases in future years are set out below: | | | |
|---|--|---|---------------|
| 31 March 2020 | | | 31 March 2021 |
| £000 | | | £000 |
| 827 | | Not later than one year | 1,894 |
| 3,108 | | Later than one year and not later than five years | 4,397 |
| 4,180 | | Later than five years | 3,467 |
| 8,115 | | Total | 9,758 |

The Police and Crime Commissioner entity does not hold any assets under operating leases which are sub-let.

| The expenditure charged to services in the CIES during the year in relation to these leases was: | | | |
|--|--|------------------------|---------------|
| 31 March 2020 | | | 31 March 2021 |
| £000 | | | £000 |
| 1,486 | | Minimum lease payments | 1,044 |
| 1,486 | | Total | 1,044 |

There are no material contingent rents or sublease payments contained within the above table.

Police and Crime Commissioner as Lessor

Finance Leases

The Police and Crime Commissioner has no finance leases as lessor.

Operating Leases

The Police and Crime Commissioner leases out space on telecommunication sites under operating lease arrangements to enable various organisations to install antenna and dishes on aerials for communication purposes.

Authority as Lessor - Operating Leases

| The future minimum lease payments receivable under non-cancellable leases in future years are: | | | |
|--|---|---------------|--|
| 31 March 2020 | | 31 March 2021 | |
| £000 | | £000 | |
| 904 | Not later than one year | 1,050 | |
| 1,893 | Later than one year and not later than five years | 2,267 | |
| 1,107 | Later than five years | 441 | |
| 3,904 | Total | 3,758 | |

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. There were no contingent rents receivable by the Police and Crime Commissioner in 2020/21 (2019/20 £Nil).

Note 32 - Service Concession Arrangements

Private Finance Initiatives and Similar Contracts

In 2001 the Sussex Police Authority (prior to election of the Police and Crime Commissioner) entered into a long term contractual agreement under a Private Finance Initiative (PFI), with Sussex Custodial Services Ltd (the Contractor) whereby the Contractor became responsible for the provision of custody services across Sussex for a period of thirty years. The PFI scheme provided for the construction of four purpose built custody suites in Worthing, Chichester, Brighton and Eastbourne. The Contractor also provides custodial services at two existing

facilities in Crawley and Hastings. At the end of the 30 year term ownership of the four purpose-built facilities will transfer to the Police and Crime Commissioner for Sussex for a nominal consideration.

The contract specifies minimum standards for the services to be provided by the contractor, with deductions from the fee payable being made if facilities are unavailable or performance is below the minimum standards, the contractor took on the obligation to construct the suites and maintain them in a minimum acceptable condition and to procure and maintain the plant and equipment needed to operate them. The Police and Crime Commissioner for Sussex only has rights to terminate the contract if it compensates the contractor in full for costs incurred and future profits that would have been generated over the remaining term of the contract.

The assets used to provide services at the custody suites are recognised on the Police and Crime Commissioner's Balance Sheet. Movements in their value over the year are detailed in the analysis of the movement on the Property, Plant and Equipment balance in Note 14 and summarised below:

| Movement in PFI Assets – Current Year | |
|--|---------------|
| 2020/21 | PFI |
| Cost or Valuation | £000 |
| at 1 April 2020 | 26,980 |
| Additions | 1,351 |
| Revaluation increases/(decreases) recognised in the Revaluation Reserve | 526 |
| Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services | (197) |
| at 31 March 2021 | 28,660 |
| Accumulated Depreciation and Impairment | |
| at 1 April 2020 | 0 |
| Depreciation charge | (345) |
| Depreciation written out to the Revaluation Reserve | 148 |
| Depreciation written out to the Surplus/Deficit on the Provision of Services | 197 |
| at 31 March 2021 | 0 |
| Net Book Value | |
| at 31 March 2021 | 28,660 |
| at 1 April 2020 | 26,980 |

**Movement in PFI Assets – Prior Year
2019/20**

| | PFI £000 |
|--|---------------------|
| Cost or Valuation | |
| at 1 April 2019 | 27,655 |
| Revaluation increases/(decreases) recognised in the Revaluation Reserve | (426) |
| Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services | (249) |
| at 31 March 2020 | 26,980 |
| Accumulated Depreciation and Impairment | |
| at 1 April 2019 | (87) |
| Depreciation charge | (351) |
| Depreciation written out to the Revaluation Reserve | 190 |
| Depreciation written out to the Surplus/Deficit on the Provision of Services | 248 |
| at 31 March 2020 | (0) |
| Net Book Value | |
| at 31 March 2020 | 26,980 |
| at 1 April 2019 | 27,568 |

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred and interest payable whilst the capital expenditure remains to be reimbursed. The liability outstanding to pay the liability to the contractor for capital expenditure incurred is as follow:

| Movement in PFI Liabilities | |
|--|---------------------|
| 2020/21 | PFI £000 |
| Balance outstanding at start of year | (13,760) |
| Payments during the year | 1,631 |
| Other movements | (1,241) |
| Balance outstanding at year-end | (13,370) |
| 2019/20 | PFI £000 |
| Balance outstanding at start of year | (14,260) |
| Payments during the year | 1,786 |
| Other movements | (1,286) |
| Balance outstanding at year-end | (13,760) |

At the start of the year the annual base unitary charge was £4.116m before application of the PFI agreement indices which automatically adjust the unitary charge for changes in interest rates, inflation, detainee numbers and other service targets, the effect of these indices is that total unitary charge will vary throughout the life of the PFI contract. During the year that annual base unitary charge for provision of the custody suites services changed to £3.984m with effect from January 2020 following contract renegotiation within the existing contract. This year the actual total unitary charge was £9.985m (2019/20: £9.985m). The table below estimates the amounts payable over the remaining term of the PFI contract.

| 2019/20 Total | | Payment for Services | Reimbursement of Capital Expenditure | Interest | 2020/21 Total |
|--------------------------|--|---------------------------------|---|-----------------|--------------------------|
| £000 | | £000 | £000 | £000 | £000 |
| 3,984 | Payable within one year | 2,127 | 651 | 1,206 | 3,984 |
| 15,936 | Payable within two to five years | 7,750 | 4,190 | 3,995 | 15,935 |
| 19,920 | Payable within six to ten years | 9,616 | 7,742 | 2,561 | 19,919 |
| 7,967 | Payable within eleven to fifteen years | 3,126 | 787 | 71 | 3,984 |
| 47,807 | Total | 22,619 | 13,370 | 7,833 | 43,822 |

The Police and Crime Commissioner receives notional credit approvals totalling £39.25m from the Home Office over the life of the arrangement. The Police and Crime Commissioner receives PFI Grant on an annuity basis which is received at a constant level of £3.26m per annum over the life of the contract.

Note 33 - Impairment Losses

The Code requires disclosure by class of assets of the amounts for impairment losses and impairment reversals charged to the Surplus or Deficit on the Provision of Services and to Other Comprehensive Income and Expenditure. These disclosures are consolidated in Notes 14, 15 and 16 reconciling the movement over the year in the Property, Plant and Equipment, Investment Property, and Intangible Asset balances.

All properties were revalued at 31 March 2021 and therefore there has been no requirement for an impairment review.

Review of the remaining classes of asset by the Police and Crime Commissioner revealed no indication of impairment.

Note 34 - Defined Benefit Pension Scheme

Police Officers

As part of the terms and conditions of employment of its officers, retirement benefits are offered. Although these benefits will not actually be payable until employees retire, the Group has a commitment to make the payments. In line with IAS 19 'Employee Benefits', the value of this commitment needs to be disclosed based on a forecast calculation as at the date officers earn their future entitlement.

The Group participates in three pension schemes for Police officers:

- Police Pension Scheme (PPS) (pre 1 April 2006)
- New Police Pension Scheme (NPPS) (post 1 April 2006)
- Police Pension Scheme 2015 (the 2015 scheme) (post 1 April 2015)

The schemes are defined benefit statutory schemes, administered in accordance with the Police Pensions Regulations 1987 (as amended), the New Police Pension Scheme Regulations 2006 and the Police Pensions Regulations 2015. The schemes were contracted out of the State Second Pension, but this ceased in the scheme on 5 April 2016.

The police officer pension schemes are, by law, non-funded schemes which are treated as defined benefit schemes. This means that there are no investment assets built up to meet the pension liabilities and cash has to be generated to meet actual pension payments as they eventually fall due. Under the Police Pension Fund Regulations 2007, if amounts receivable by the pensions fund for the year is less than the amounts received, the Group must annually transfer an amount required to meet the deficit to the pension fund. Subject to parliamentary scrutiny and approval, up to 100% of this cost is met by Central Government pension top-up grant. If however the pension fund is in surplus for the year, the surplus is required to be transferred from the pension fund to the Group which then must repay the amount to central government.

There are currently 3,898 (2019/20: 3,856) pensioners and this number will increase. Police officers are entitled to retire after 30 years of service or at age 55 if earlier for members of the PPS, age 55 for members of the NPPS and age 60 in the 2015 scheme, and to receive a pension and a lump sum, which the Group is obliged, by law, to pay.

Police Pension Scheme calculations for 2020/21 show the present value of the Defined Benefit Obligation and projected pension expense for the year have increased over the year.

Benefit changes

From 1 April 2015 the new benefit structure came into effect for the Police Pension Scheme. All active members on that date were moved into the new scheme from 1 April 2015 unless they qualified for protections that allowed them to remain in their previous scheme. These changes were taken into account in the prior year Statements of Account within the balance sheet, revenue account disclosures and projected pension expense for the following financial year. The McCloud judgement declared this to fall within age discrimination legislation and has since been adjusted for in the accounts for the year ending 31 March 2021.

McCloud / Sargeant judgement

The Chief Constable of Sussex, along with other Chief Constables and the Home Office, currently has a number of claims lodged against them with the Central London Employment Tribunal. The claims are in respect of alleged unlawful discrimination arising from the Transitional Provisions in the Police Pension Regulations 2015.

The McCloud and Sargeant judgements concerned the introduction of career average revalued earnings (CARE) pension schemes to replace the former final salary based pension schemes as part of the Hutton recommendation to reform public service pension schemes. Under the changes introduced to each scheme, members were required to transfer to the new schemes from the transition date of the new schemes, this was 1 April 2014 for the police staff scheme (LGPS) and 1 April 2015 for the Police pension scheme.

There was protection provided for older members under each scheme known as 'transitional protection'. The McCloud and Sargeant judgements have upheld the claimants' cases that the method of implementation of the new schemes discriminated against younger members. The government was refused leave to appeal the McCloud and Sargeant Judgements on 27 June 2019. This means various parties return to the respective employment tribunals to formulate a remedy which will resolve the age discrimination of the pension changes.

In respect of the Police pension schemes, a case management was held in October 2019 resulted in an Order including an interim declaration that claimants are entitled to be treated as if they had been given full transitional protection and had remained in their existing scheme after 1 April 2015. The Government later issued a Ministerial Statement on 25 March 2020 that non-claimants would also be treated in the same way. On 16 July 2020, HM Treasury issued a consultation on transitional arrangements for public sector pensions to eliminate discrimination identified via McCloud/Sargeant cases. This meant that members of the pension scheme on or before 31 March 2012 and on or after 1 April to be eligible for the remedy.

On 4 February 2021, HM Treasury issued a response to the consultation confirming remedy arrangement requirements that were set out in the consultation with members being given a choice as to whether they retain benefits from their legacy pension scheme, or their new scheme, during the remedy period of 2015 to 2022 so as not to disadvantage any of those members. This choice will be deferred for members until retirement which creates further uncertainty of impact for employers. The legacy pension schemes will then be removed from April 2022 and replaced by the new pension schemes originally introduced in 2015 as it was only the transitional arrangements that

were found to be discriminatory, not the actual new pension schemes.

IAS 19 pension actuarial reports include these impacts and provide for them within the 2020/21 accounts of the PCC Group for both police and staff pension schemes.

Police Staff

As part of the terms and conditions of employment of its officers, the Group makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Group has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

The Group participates in the Local Government Pension Scheme (LGPS) which provides pensions and other benefits to staff other than police officers. This scheme is open to staff under the control of the Chief Constable and also to staff within the Office of the Police and Crime Commissioner for Sussex.

The LGPS is a funded career average scheme (previously defined benefit final salary scheme), meaning that the Group and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.

The cost of pensions and other benefits is provided from the West Sussex County Council's Pension Fund, other than the cost arising from the award of added years under the Local Government (Compensation for Premature Retirement) Regulations 1982.

The Police Staff Pension Scheme is part of the Local Government Pension Scheme administered by West Sussex County Council in accordance with the Local Government Pension Scheme Regulations 2013. There are 1,589 (2019/20: 1,527) pensioners paid for by the Chief Constable LGPS scheme. Police staff employee contributions are based on a banding system and range from 5.5% to 12.5% depending on salary levels. Sussex Police contributed a further 22.9% (2019/20: 23.9%) of pensionable pay.

Formal actuarial valuations are carried out every three years, where each employer's assets and liabilities are calculated on a detailed basis, using individual member data. The last triennial valuation of the Fund was carried out as at 31 March 2019.

The accounting balance sheet position as at 31 March 2021 and the projected charge to the Comprehensive Income and Expenditure account for 2020/21 are based on a roll forward from the 2019 formal valuation.

In the period to the Accounting Date, investment returns have been significantly greater than expected (compared to last year's accounting discount rate assumption). All else being equal, this will lead to a large positive item in 'Return on assets excluding amounts included in net interest' line within the Balance Sheet of the Results Schedule.

The pension expense for the period to 31 March 2021 and the projected pension expense for the year to 31 March 2022 allow for the LGPS career average revalued earnings (CARE) benefit design.

Further information can be found in the West Sussex County Council pension funds annual report, available from West Sussex County Council, Exchequer Services (Pensions), County Hall, Chichester, West Sussex, P019 1RG. www.westsussex.gov.uk

Transactions Relating to Post-employment Benefits

We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions.

However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post-employment retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

The following tables illustrate pension transactions relating to post-employment benefits for all pension schemes operated by the Chief Constable and the Police and Crime Commissioner.

| 2019/20 | | | | 2020/21 | | | |
|---|------------------|-------------------------|------------------|---|--------------|-------------------------|----------------|
| PCC LGPS | CC LGPS | Police Officer Pensions | Total | PCC LGPS | CC LGPS | Police Officer Pensions | Total |
| £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Comprehensive Income and Expenditure Statement | | | | | | | |
| Cost of Services | | | | | | | |
| | | | | Service cost comprising: | | | |
| 436 | 31,304 | 62,246 | 93,986 | Current service cost | 379 | 24,468 | 80,567 |
| (9) | (848) | 34 | (823) | Past service cost | 0 | 107 | 107 |
| 0 | 0 | 0 | 0 | (Gain) / loss from curtailments | 0 | 0 | 0 |
| | | | | Financing and Investment Income and Expenditure | | | |
| 12 | 2,921 | 73,106 | 76,039 | Net interest expense | 0 | 404 | 64,664 |
| 439 | 33,377 | 135,386 | 169,202 | Total charged to Deficit on Provision of Services | 379 | 24,979 | 145,338 |
| Other post-employment benefits charged to the Comprehensive Income and Expenditure Statement | | | | | | | |
| £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| | | | | Re-measurement of the net defined benefit liability comprising: | | | |
| (230) | 21,156 | 0 | 20,926 | Return on plan assets (excluding the amount included in the net interest expense) | (1,074) | (114,910) | (115,984) |
| 336 | (33,374) | (8,498) | (41,536) | Actuarial gains and losses - experience | (53) | (5,061) | (40,704) |
| (249) | (29,197) | (22,407) | (51,853) | Actuarial gains and losses arising on changes in demographic assumptions | 6 | 1,508 | (14,196) |
| (530) | (75,917) | (284,280) | (360,727) | Actuarial gains and losses arising on changes in financial assumptions | 1,909 | 173,877 | 675,596 |
| (673) | (117,332) | (315,185) | (433,190) | Total charged to Other CIES | 788 | 55,414 | 504,712 |
| (234) | (83,955) | (179,799) | (263,988) | Total charged to the CIES | 1,167 | 80,393 | 650,050 |

| 2019/20 | | | | 2020/21 | | | |
|--------------|-----------------|-------------------------|-----------------|--------------|----------------|-------------------------|-----------------|
| PCC LGPS | CC LGPS | Police Officer Pensions | Total | PCC LGPS | CC LGPS | Police Officer Pensions | Total |
| £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| (439) | (33,377) | (135,386) | (169,202) | (379) | (24,979) | (119,980) | (145,338) |
| 238 | 15,744 | 67,712 | 83,694 | 268 | 17,376 | 71,150 | 88,794 |
| (201) | (17,633) | (67,674) | (85,508) | (111) | (7,603) | (48,830) | (56,544) |

| 2019/20 | | | | 2020/21 | | | |
|-----------|-----------------|-------------------------|--------------------|--------------|-----------------|-------------------------|--------------------|
| PCC LGPS | CC LGPS | Police Officer Pensions | Total | PCC LGPS | CC LGPS | Police Officer Pensions | Total |
| £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| (4,204) | (482,612) | (2,801,475) | (3,288,291) | (6,603) | (684,607) | (3,298,820) | (3,990,030) |
| 4,285 | 468,609 | 0 | 472,894 | 5,785 | 607,587 | 0 | 613,372 |
| 81 | (14,003) | (2,801,475) | (2,815,397) | (818) | (77,020) | (3,298,820) | (3,376,658) |
| 81 | (14,003) | (2,801,475) | (2,815,397) | (818) | (77,020) | (3,298,820) | (3,376,658) |

| 2019/20 | | | | Movement in the Value of Scheme Assets | 2020/21 | | | |
|------------------|-----------------|------------------------------------|----------------|---|------------------|-----------------|------------------------------------|----------------|
| PCC LGPS £000 | CC LGPS £000 | Police Officer Pensions £000 | Total £000 | | PCC LGPS £000 | CC LGPS £000 | Police Officer Pensions £000 | Total £000 |
| 3,677 | 467,773 | 0 | 471,450 | Opening fair value of scheme assets | 4,285 | 468,609 | 0 | 472,894 |
| 96 | 11,377 | 0 | 11,473 | Interest income | 102 | 10,921 | 0 | 11,023 |
| 230 | (21,156) | 0 | (20,926) | Re-measurement gain / (loss): - The return on plan assets, excluding the amount included in the net interest expense | 1,074 | 114,910 | 0 | 115,984 |
| 238 | 15,744 | 67,712 | 83,694 | Contributions from employer | 268 | 17,326 | 71,150 | 88,744 |
| 84 | 4,315 | 12,635 | 17,034 | Contributions from employees into the scheme | 98 | 4,956 | 13,570 | 18,624 |
| 0 | 0 | 350 | 350 | Transfers in | 0 | 0 | 470 | 470 |
| (40) | (9,444) | (80,697) | (90,181) | Benefits / transfers paid | (42) | (9,135) | (85,190) | (94,367) |
| 4,285 | 468,609 | 0 | 472,894 | Closing value of scheme assets | 5,785 | 607,587 | 0 | 613,372 |

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 interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

| 2019/20 | | | | Movements in the Fair Value of Scheme Liabilities | 2020/21 | | | |
|------------------|------------------|------------------------------------|--------------------|--|------------------|------------------|------------------------------------|--------------------|
| PCC LGPS £000 | CC LGPS £000 | Police Officer Pensions £000 | Total £000 | | PCC LGPS £000 | CC LGPS £000 | Police Officer Pensions £000 | Total £000 |
| (4,068) | (581,475) | (3,048,986) | (3,634,529) | Opening balance at 1 April | (4,204) | (482,612) | (2,801,475) | (3,288,291) |
| (436) | (31,304) | (62,246) | (93,986) | Current service cost | (379) | (24,468) | (55,720) | (80,567) |
| (108) | (14,298) | (73,106) | (87,512) | Interest cost | (102) | (11,325) | (64,260) | (75,687) |
| (84) | (4,315) | (12,635) | (17,034) | Contributions from scheme participants | (98) | (4,956) | (13,570) | (18,624) |
| (336) | 33,374 | 8,498 | 41,536 | Re-measurement gains and losses: | | | | |
| | | | | - Actuarial gains / (losses) - experience | 53 | 5,061 | 35,590 | 40,704 |
| 249 | 29,197 | 22,407 | 51,853 | - Actuarial gains / (losses) from changes in demographic assumptions | (6) | (1,508) | 15,710 | 14,196 |
| 530 | 75,917 | 284,280 | 360,727 | - Actuarial gains / (losses) from changes in financial assumptions | (1,909) | (173,877) | (499,810) | (675,596) |
| 9 | 848 | (34) | 823 | Past service cost | 0 | (107) | 0 | (107) |
| 0 | 0 | 0 | 0 | Gains / (losses) on curtailments | 0 | 0 | 0 | 0 |
| 0 | 0 | (350) | (350) | Transfers in | 0 | 0 | (470) | (470) |
| 40 | 9,444 | 80,697 | 90,181 | Benefits / transfers paid | 42 | 9,185 | 85,190 | 94,417 |
| 0 | 0 | 0 | 0 | Rounding adjustment | 0 | 0 | (5) | (5) |
| (4,204) | (482,612) | (2,801,475) | (3,288,291) | Balance as at 31 March | (6,603) | (684,607) | (3,298,820) | (3,990,030) |

The liabilities show the underlying commitments that the Group has in the long run to pay post-employment (retirement) benefits. The total liability of £3.377m (2019/20: £3,288m) has a substantial impact on the net worth of the Group as recorded in the Balance Sheet.

However, the pension liability is mitigated as follows:

- The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (before payments fall due), as assessed by the scheme actuary; and
- Finance is only required to be raised to cover police pensions when the pensions are actually paid

Future estimated costs

The Pension Actuary's report includes an assessment of contributions and expected charges for the next financial year. The total employer contributions expected to be made to the Local Government Pension Scheme by the Group in the year to 31 March 2022 are as follows:

| | PCC | CC | Group |
|---|-------------|-------------|--------------|
| | £000 | £000 | £000 |
| LGPS Employer contributions and expected charges to 31 March 2022 | 256 | 16,467 | 16,723 |

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The Police Schemes have been assessed by Government Actuary's Department (GAD). The West Sussex County Council Fund (Local Government Pension Scheme) liabilities have been assessed by Hymans Robertson, an independent firm of actuaries, estimates for the West Sussex County Council Fund being based on the latest full valuation of the scheme as at 31 March 2019.

The principal assumptions used by the actuary are illustrated in the following table:

| | Local Government Pension Scheme | | Police Pension Schemes | |
|---|---------------------------------|------------|------------------------|------------|
| | 2019/20 | 2020/21 | 2019/20 | 2020/21 |
| Investment returns: The return on Fund in market value terms estimated on actual Fund returns. Total Fund Returns from April to March | 2.1% | 26.5% | 0.0% | 0.0% |
| Mortality assumptions: Longevity at 65 for current pensioners: | | | | |
| • Men | 22.2 years | 22.1 years | 27.2 years | 22.0 years |
| • Women | 24.2 years | 24.4 years | 29.2 years | 23.7 years |
| Longevity at 65 for future pensioners: | | | | |
| • Men | 23.3 years | 23.1 years | 28.3 years | 23.7 years |
| • Women | 25.9 years | 26.1 years | 30.4 years | 25.3 years |
| Rate of inflation | 3.2% | 3.3% | 2.8% | 2.4% |
| Rate of increase in salaries | 2.2% | 3.3% | 2.8% | 4.2% |
| Rate of increase in pensions | 1.8% | 2.8% | 1.9% | 2.4% |
| Rate for discounting scheme liabilities | 2.3% | 2.1% | 2.3% | 2.0% |
| CARE Revaluation Rate (CPI Prior year) | 2.5% | 1.8% | 3.2% | 3.7% |

The Police Pension Scheme arrangements have no assets to cover its liabilities. The last full valuation of the scheme was carried out as at 31 March 2019. The Local Government Pension Scheme's assets consist of the following categories, by proportion of the total assets held:

| 31 March 2020 | 31 March 2020 | Local Government Pension Scheme Assets | 31 March 2021 | 31 March 2021 |
|--------------------------|--------------------------|---|--------------------------|--------------------------|
| £000 | % | | £000 | % |
| | | Equity Securities: | | |
| 41,629 | 9% | Consumer | 63,120 | 10% |
| 32,146 | 7% | Manufacturing | 35,469 | 6% |
| 11,392 | 2% | Energy and Utilities | 9,307 | 2% |
| 52,135 | 11% | Financial Institutions | 55,048 | 9% |
| 31,446 | 7% | Health and Care | 40,632 | 7% |
| 49,989 | 11% | Information Technology | 84,321 | 14% |
| 12,949 | 3% | Other | 20,135 | 3% |
| | | Debt Securities: | | |
| 10,637 | 2% | UK Government | 7,716 | 1% |
| | | Private Equity: | | |
| 10,724 | 2% | All | 9,680 | 2% |
| | | Real Estate: | | |
| 36,223 | 8% | UK Property | 41,229 | 7% |
| | | Investment Funds and Unit Trusts: | | |
| 155,158 | 33% | Bonds | 204,462 | 33% |
| 5,600 | 1% | Other | 9,530 | 2% |
| | | Cash & Cash Equivalents: | | |
| 18,581 | 4% | All | 26,938 | 4% |
| 468,609 | 100% | | 607,587 | 100% |

History of Experience Gains and Losses

The actuarial gains identified as movements on the Pensions Reserve in 2020/21 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2021.

Local Government Pension Scheme

| | PCC 2018/19 | CC 2018/19 | Group 2018/19 | PCC 2019/20 | CC 2019/20 | Group 2019/20 | PCC 2020/21 | CC 2020/21 | Group 2020/21 |
|--|----------------|---------------|------------------|----------------|---------------|------------------|----------------|---------------|------------------|
| | % | % | % | % | % | % | % | % | % |
| Differences between expected and actual return on assets | 3.4% | 3.4% | 3.4% | 5.4% | (4.5%) | (4.4%) | 18.6% | 18.9% | 18.9% |
| Experience gains and (losses) on liabilities | 0.0% | 0.0% | 0.0% | 8.0% | (6.9%) | (6.8%) | (0.8%) | (0.7%) | (0.7%) |

Police Pension Scheme

| | PCC 2018/19 | CC 2018/19 | Group 2018/19 | PCC 2019/20 | CC 2019/20 | Group 2019/20 | PCC 2020/21 | CC 2020/21 | Group 2020/21 |
|--|----------------|---------------|------------------|----------------|---------------|------------------|----------------|---------------|------------------|
| Experience gains and (losses) on liabilities | % | % | % | % | % | % | % | % | % |
| Combined Schemes | 0.00% | (5.75%) | (5.75%) | 0.00% | (0.30%) | (0.30%) | 0.00% | 0.48% | 0.48% |

Sensitivity Analysis - IAS19 requires the disclosure of the sensitivity of the pension results to the methods and assumptions used.

Police Officer Pension Schemes - The sensitivities regarding the principal assumptions used to measure the Police officer scheme defined benefit obligation are set out below:

| Change in financial assumptions at year ended 31 March 2021: | Approximate % impact on Defined Benefit Obligation | Approximate monetary amount £m |
|--|--|--------------------------------------|
| 0.5% increase in Real Discount Rate | -9.5% | (321) |
| 1 year decrease in member life expectancy | 3.5% | 115 |
| 0.5% increase in the Salary Increase Rate | 1.5% | 42 |
| 0.5% increase in the Pensions Increase Rate (CPI) | 9.0% | 298 |

Staff Pension Scheme:

The sensitivities regarding the principal assumptions used to measure the scheme liabilities for the Chief Constable Local Government Pension Scheme for staff are set out in the following table:

| CC 2019/20 % | CC 2019/20 £000 | Change in financial assumptions at year ended 31 March | CC 2020/21 % | CC 2020/21 £000 |
|-----------------------------|--------------------------------|---|-----------------------------|--------------------------------|
| 12% | 58,073 | 0.5% decrease in Real Discount Rate | 13% | 86,464 |
| 1% | 6,606 | 0.5% increase in the Salary Increase Rate | 1% | 8,946 |
| 11% | 50,979 | 0.5% increase in the Pensions Increase Rate (CPI) | 11% | 75,750 |

The sensitivities regarding the principal assumptions used to measure the scheme liabilities for the PCC Local Government Pension Scheme for staff are set out in the following table:

| PCC 2019/20 % | PCC 2019/20 £000 | Change in financial assumptions at year ended 31 March | PCC 2020/21 % | PCC 2020/21 £000 |
|------------------------------|---------------------------------|---|------------------------------|---------------------------------|
| 14% | 602 | 0.5% decrease in Real Discount Rate | 15% | 977 |
| 2% | 71 | 0.5% increase in the Salary Increase Rate | 2% | 112 |
| 13% | 527 | 0.5% increase in the Pensions Increase Rate (CPI) | 13% | 845 |

All Pension charges and the Pension Top Up Grant for the current year are summarised as follows:

| 2020/21 Total Group Pension CIES Movements | Cost of Services | Cost of Service | (Surplus)/Deficit on Provision of Services | (Surplus)/Deficit on Provision of Services | Other Comprehensive I&E | MIRS | MIRS |
|--|------------------|-----------------------|--|--|--|---------------------|--|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| | Police Services | Non Distributed Costs | Financing & Investment I&E | Taxation and Non-Specific Grant Income | Actuarial (gains)/losses on assets/liabilities | Transfer to Reserve | Adj's between accounting & funding basis |
| • current service costs | 80,567 | 0 | 0 | 0 | 0 | 0 | 0 |
| • past service costs | 0 | 107 | 0 | 0 | 0 | 0 | 0 |
| • interest cost | 0 | 0 | 75,687 | 0 | 0 | 0 | 0 |
| • interest income on plan assets | 0 | 0 | (11,023) | 0 | 0 | 0 | 0 |
| • actuarial (gains) and losses | 0 | 0 | 0 | 0 | 504,712 | (504,712) | 0 |
| • reversal of net charges to Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the Code | 0 | 0 | 0 | 0 | 0 | 0 | (145,338) |
| • employers' contributions payable to scheme | (17,644) | 0 | 0 | 0 | 0 | 0 | 17,644 |
| • retirement benefits payable | (71,150) | 0 | 0 | 0 | 0 | 0 | 71,150 |
| Sub-total | (8,227) | 107 | 64,664 | 0 | 504,712 | (504,712) | (56,544) |
| • pension top up grant | 39,610 | 0 | 0 | (39,610) | 0 | 0 | 0 |
| Total Pension Charges | 31,383 | 107 | 64,664 | (39,610) | 504,712 | (504,712) | (56,544) |
| TOTAL | | | 56,544 | | 504,712 | (561,256) | |

All Pension charges and the Pension Top Up Grant for the PCC in the current year are summarised as follows:

| 2020/21 PCC Pension CIES Movements | Cost of Services | Cost of Service | (Surplus)/Deficit on Provision of Services | (Surplus)/Deficit on Provision of Services | Other Comprehensive I&E | MIRS | MIRS |
|---|------------------|-----------------------|--|--|--|---------------------|--|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| | Police Services | Non Distributed Costs | Financing & Investment I&E | Taxation and Non-Specific Grant Income | Actuarial (gains)/losses on assets/liabilities | Transfer to Reserve | Adj's between accounting & funding basis |
| • current service costs | 379 | 0 | 0 | 0 | 0 | 0 | 0 |
| • interest cost | 0 | 0 | 102 | 0 | 0 | 0 | 0 |
| • interest income on plan assets | 0 | 0 | (102) | 0 | 0 | 0 | 0 |
| • actuarial (gains) and losses | 0 | 0 | 0 | 0 | 788 | (788) | 0 |
| • reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the Code | 0 | 0 | 0 | 0 | 0 | 0 | (379) |
| • employers' contributions payable | (268) | 0 | 0 | 0 | 0 | 0 | 268 |
| Sub-total | 111 | 0 | 0 | 0 | 788 | (788) | (111) |
| • pension top up grant | 0 | 0 | 0 | (39,610) | 0 | 0 | 0 |
| Total Pension Charges | 111 | 0 | 0 | (39,610) | 788 | (788) | (111) |
| TOTAL | | | (39,499) | | 788 | (899) | |

Note 35 - Contingent Liabilities

Although the accounts include (through the establishment of provisions and creditors) known liabilities faced by the Group at 31 March 2021, they exclude potential costs where the liability is not yet established and/or the amounts are uncertain.

At 31 March 2021, the Police and Crime Commissioner and Chief Constable of Sussex Group had the following contingent liability issues:

- **Police Regulations On-call Payments**

The Chief Constable for Sussex Police, along with other Chief Constables has a contingent liability following successful claims in the court case *Allard v Devon and Cornwall Police* for unpaid overtime following recalls to duty.

This case arises from under-cover officers in Devon and Cornwall Police claiming under Police Regulations that they were entitled to on-call payments arising from having to take telephone calls throughout the course of their duties and outside of their normal working hours. This case was upheld against Devon and Cornwall at the High Court and the judge has selected a number a number of test cases to consider all of the issues arising in these claims against forces across the country.

Whilst the outcome of the legal case is not in doubt, the timings and amount of any payments due to the claimants are yet to be ascertained. Work remains ongoing by all forces to identify all claims and the quantum of each payment that is due. For these reasons no provision has been made in the 2020/21 Statement of Accounts.

- **Forensic Service Uncertainty**

The validity of evidence provided by a forensic testing company to the police service is currently under investigation and is an issue impacting on policing across England & Wales. Re-testing is still underway and it is reasonable to anticipate that some people may have been convicted of offences based on flawed data, and that conviction will have had a significant impact on their personal circumstances. As a result some kind of litigation may be forthcoming. At this point in time it is not possible to assess the number of likely claims or the financial exposure arising from them.

Note 36 - Financial Instruments

36.1 Financial Instruments

The following categories of financial instruments are carried in the PCC and Group Balance Sheet:

Financial Assets:

| Current Financial Assets | | | | | | | | |
|---------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | Investments | | Debtors | | Current assets | | Total | |
| | 31 March 2020 £000 | 31 March 2021 £000 | 31 March 2020 £000 | 31 March 2021 £000 | 31 March 2020 £000 | 31 March 2021 £000 | 31 March 2020 £000 | 31 March 2021 £000 |
| Amortised cost | 6,020 | 5,034 | 5,682 | 1,206 | 0 | 0 | 11,702 | 6,240 |
| Total Current financial assets | 6,020 | 5,034 | 5,682 | 1,206 | 0 | 0 | 11,702 | 6,240 |

| Non-Current Financial Liabilities | | | | | | | | |
|--|--------------------------|--------------------------|--------------------------|--------------------------|-----------------------------|--------------------------|--------------------------|--------------------------|
| | Borrowings | | Creditors | | Other long-term liabilities | | Total | |
| | 31 March 2020 £000 | 31 March 2021 £000 | 31 March 2020 £000 | 31 March 2021 £000 | 31 March 2020 £000 | 31 March 2021 £000 | 31 March 2020 £000 | 31 March 2021 £000 |
| Amortised Cost | (4,500) | (4,500) | 0 | 0 | 0 | 0 | (4,500) | (4,500) |
| PFI and Finance Lease Liabilities | 0 | | 0 | 0 | (13,940) | (13,259) | (13,940) | (13,259) |
| Total Non-current financial liabilities | (4,500) | (4,500) | 0 | 0 | (13,940) | (13,259) | (18,440) | (17,759) |

| Current Financial Liabilities | | | | | | | | |
|---------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | Borrowings | | Creditors | | Current Liabilities | | Total | |
| | 31 March 2020 £000 | 31 March 2021 £000 | 31 March 2020 £000 | 31 March 2021 £000 | 31 March 2020 £000 | 31 March 2021 £000 | 31 March 2020 £000 | 31 March 2021 £000 |
| Fair Value Through Profit and Loss | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Amortised Cost | (41) | (10,041) | (13,618) | (9,796) | 0 | 0 | (13,659) | (19,837) |
| PFI and Finance Lease Liabilities | 0 | 0 | 0 | 0 | (417) | (681) | (417) | (681) |
| Total Current financial assets | (41) | (10,041) | (13,618) | (9,796) | (417) | (681) | (14,076) | (20,518) |

The Police and Crime Commissioner for Sussex does not hold any other category of financial asset or liability and during the year, there were no instances of:

- De-recognition of financial instruments

- Unusual movements to be disclosed
- Allowance for credit losses

36.2 Current Financial Assets - Investments

The Police and Crime Commissioner for Sussex invest surplus cash in accordance with its approved Treasury Management Strategy and prudential indicators. The Police and Crime Commissioner for Sussex continue to be mainly a temporary lender, due to the level of its reserves and the timing of grant and precept income.

The lending of surplus funds is managed on a daily basis through approved brokers and with a limited amount of direct dealing. At 31 March 2021, temporary lending by the Police and Crime Commissioner for Sussex was composed of the following:

| 31 March 2020 £000 | Temporary Lending | 31 March 2021 £000 |
|-----------------------|--|-----------------------|
| 6,020 | Short Term Deposits classified as current financial assets - investments | 0 |
| 5,304 | Call Account and Money Market Deposits classified as cash equivalents | 27,034 |
| 11,324 | Total Money Market Deposits | 27,034 |

36.3 Impairment of Current Financial Assets - Investments

In October 2008, the Icelandic banks Landsbanki, Kaupthing and Glitnir collapsed and the UK subsidiaries of the banks, **Heritable**, Kaupthing Singer and Friedlander went into administration. The Police and Crime Commissioner for Sussex (previously Sussex Police Authority) had £6.8m deposited in Heritable, with varying maturity dates and interest rates as follows:

| Counterparty | Date Invested | Maturity Date | Interest Rate | Amount Invested £000 |
|--------------------|---------------|---------------|---------------|-------------------------|
| Heritable Bank Ltd | 15-07-08 | 15-10-08 | 5.88% | 2,000 |
| Heritable Bank Ltd | 08-08-08 | 10-11-08 | 5.85% | 1,300 |
| Heritable Bank Ltd | 30-09-08 | 02-01-09 | 6.35% | 3,500 |
| Total | | | | 6,800 |

The unrecovered investment amounted to £93,050 (2019/20: £93,050) at the 1st April 2020 but during the financial year to 31 March 2021 a final dividend payment was received in the sum of £75,773 leaving an unrecoverable impairment of £17,276 which was written off during the year and brings the matter to a close.

| Heritable Bank Transactions | Year | £ |
|------------------------------------|---------|-----------|
| Principal Value Unrecovered | | 93 |
| Impairment | 2008-09 | (1,360) |
| Impairment reversal | 2013-14 | 994 |
| Impairment reversal | 2015-16 | 273 |
| Impairment reversal | 2020-21 | 76 |
| Impairment reversal | 2020-21 | 17 |
| Carrying Value | | 0 |

36.4 Non-Current Financial Assets - Investments

The Treasury Management Strategy and Prudential Indicators approved in March 2020 allowed for £6.9m of the total portfolio to be invested for longer than one year. At 31 March 2021 there were no investments held with a maturity date longer than one year (31 March 2019: £Nil).

36.5 Long Term Borrowing

As at 31 March 2021 long term borrowing by the Police and Crime Commissioner for Sussex comprised of long term finance of the PFI schemes (see PFI Note 32 to the accounts) and loans from the Public Works Loan Board (PWLB). All loans were borrowed for capital purposes in line with the CIPFA Prudential Code for Capital Finance.

| 31 March 2020 £000 | Long Term Borrowing | 31 March 2021 £000 |
|--------------------------|-------------------------|--------------------------|
| (4,541) | Public Works Loan Board | (4,541) |
| (13,760) | PFI long term finance | (12,720) |
| (18,301) | Total | (17,261) |

The year end balances above represent totals for long term finance borrowing and loans, this includes accrued interest payable of £41,306 on the loans from the Public Works Loan Board which is due within one year. PFI long term finance includes £650,829 also due within one year.

36.6 Fair Values of Assets and Liabilities

Financial Instruments are prepared in line with IFRS9. Financial liabilities, financial assets represented by non-current assets and current liabilities are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- For loans from the Public Works Loan Board (PWLB), premature repayment rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures;
- Estimated ranges of interest rates at 31 March 2021 for loans from the PWLB are based on loan rates of 4.25% to 4.85% discounted at rates of 0.74% to 0.86%;
- For current assets – investments, prevailing benchmark market rates have been used to provide the fair value;
- No early repayment or impairment is recognised;
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the principal outstanding or the billed amount.

The fair values calculated are as follows:

| 31 March 2020 | | | 31 March 2021 | |
|-------------------------|--------------------|-----------------------------|-------------------------|--------------------|
| Carrying amount £000 | Fair Value £000 | | Carrying amount £000 | Fair Value £000 |
| (13,760) | (19,869) | Long Term PFI Borrowing | (12,270) | (19,001) |
| (4,541) | (6,656) | Long Term Borrowing | (4,541) | (6,194) |
| (18,301) | (26,525) | Long-Term Net Total | (16,811) | (25,195) |
| 0 | 0 | Short Term Borrowing | (10,000) | (10,001) |
| 0 | 0 | Short-Term Net Total | (10,000) | (10,001) |
| (18,301) | (26,525) | Total | (26,811) | (35,196) |

| 31 March 2020 | | | 31 March 2021 | |
|-------------------------|--------------------|---|-------------------------|--------------------|
| Carrying amount £000 | Fair Value £000 | | Carrying amount £000 | Fair Value £000 |
| 5,304 | 5,304 | Short Term Investments (cash Equivalents) | 27,034 | 27,034 |
| 6,020 | 6,020 | Short Term Investments | 0 | 0 |
| 11,324 | 11,324 | Total | 27,034 | 27,034 |

The fair values of short term trade payables and receivables, cash and cash equivalents are assumed to equal the book values and are therefore not included in the table above. These are exempt from IFRS13.

The fair value of the liabilities is higher than the carrying amount because the portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the prevailing rates at the Balance Sheet date. This shows a notional future loss (based on economic conditions at 31 March 2021) arising from a commitment to pay interest to lenders above current market rates.

Short term debtors and creditors are carried at cost as this is a fair approximation of their value.

Assets and Liabilities are measured at fair value using the IFRS13 Fair Value market approach which uses prices and other relevant information (inputs) generated by market transactions involving similar assets or liabilities. The IFRS on Fair Value includes a fair value hierarchy that categorises the inputs to valuation techniques used to measure fair value into three input levels as follows:

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

We have therefore categorised the valuations of the long term PWLB borrowing as a Level 1 input and long term PFI borrowing as a Level 2 input in the IFRS 13 fair value hierarchy.

36.7 Sensitivity Analysis

If all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

| 31 March 2020 £000 | | 31 March 2021 £000 |
|-----------------------------------|--|-----------------------------------|
| 0 | Increase in interest payable on variable rate borrowings | 0 |
| 300 | Increase in interest receivable on variable rate investments | 322 |
| 0 | Increase in government grant receivable for financing costs | 0 |
| 300 | Impact on Deficit on the Provision of Services | 322 |
| 1,847 | Decrease in fair value of fixed rate borrowing liabilities (no impact on the Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)* | 1,643 |

*This represents the impact of reducing the discount rate by 1% on long term borrowing. As borrowings are not carried at fair value on the Balance Sheet there is no impact on the Comprehensive Income and Expenditure Statement.

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed. These assumptions are based on the same methodology as used in the 'Fair Value' disclosures. Further detail on risks related to financial instruments is given within Note 37.

Note 37 - Nature and Extent of Risks Arising from Financial Instruments

The Police and Crime Commissioner for Sussex's activities expose it to a variety of financial risks, the key risks are:

| | |
|--------------------------|---|
| Credit risk | - the possibility that other parties might fail to pay amounts due to the PCC; |
| Liquidity risk | - the possibility that the PCC might not have funds available to meet its commitments to make contracted payments on time; |
| Re-financing risk | - the possibility that the PCC might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms; and |
| Market risk | - the possibility that financial loss might arise for the PCC as a result of changes in market variables such as interest rates and stock market movements. |

37.1 Overall Procedures for Managing Financial Risk

The overall risk management procedures focus on the unpredictability of financial markets and are structured to implement suitable controls to minimise these risks.

The procedures for risk management are set out through a legal framework set out in the Local Government Act 2003 and the associated regulations. These require the Police and Crime Commissioner for Sussex to comply with CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management in the Public Services and Investment Guidance issued through the Act. Overall these procedures require the Police and Crime Commissioner to manage risk in the following ways:

- By formally adopting the requirements of the CIPFA Treasury Management Code of Practice;
- By approving annually in advance prudential indicators for the following three years limiting:
 - The Police and Crime Commissioner's overall borrowing;
 - Its maximum and minimum exposures to fixed and variable rates;
 - Its maximum and minimum exposures to the maturity structure of its debt; and
 - Its maximum annual exposure to investments maturing beyond a year.
- By approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the Government Guidance.

As part of the adoption of the Treasury Management Code, The Police and Crime Commissioner approves a Treasury Management Strategy before the commencement of each financial year. The Strategy outlines the detailed approach to managing risk in relation to financial instrument exposure.

The Police and Crime Commissioner also produces Treasury Management Practices specifying the practical arrangements to be followed to manage these risks.

This includes written principles for overall risk management, and guidance covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash through Treasury Management Practices (TMP's). These TMP's are a requirement of the Code of Practice and are reviewed regularly.

The Treasury Management Strategy includes an Annual Investment Strategy in compliance with the Department for Communities and Local Government Investment Guidance for local authorities. This Guidance emphasises that priority is to be given to security and liquidity, rather than yield. The Police and Crime Commissioner's Treasury Strategy, together with its Treasury Management Practices are based on seeking the highest rate of return consistent with the proper levels of security and liquidity.

The annual Treasury Management Strategy for 2020/21 which incorporates the prudential indicators is approved by the Police and Crime Commissioner for Sussex and is available on the PCC website. The key elements within the 2020/21 strategy were:

- Authorised Borrowing Limit for 2020/21 set at £45.6m. This is the maximum limit of external borrowings or other long term liabilities.
- Operational Boundary expected to be £30.6m. This is the expected level of debt and other long term liabilities during the year.
- Maximum amounts of fixed and variable interest rate exposure were set at 100% respectively for investments.
- Maximum exposure to the maturity structure of debt was 100% at 10-15 years.

These policies were implemented by the Chief Constable's finance department during the 2020/21 year. Actual performance is reported annually to the Joint Audit Committee after each year, as is a mid-year update.

37.2 Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Police and Crime Commissioner's customers.

Credit Risk: Investments

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria, in accordance with the Fitch, Moody's and Standard & Poors Credit Ratings Services. The Annual Investment Strategy also considers maximum amounts and time limits in respect of each financial institution. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above. Details of the Investment Strategy can be found on the website for the Police and Crime Commissioner for Sussex.

The 2020/21 Strategy set specific limits for which specified investments may be placed up to, were designated as follows:

- Maximum amount per banking group: £20m
- Maximum amount invested in UK Building Societies: £10m
- Maximum % invested in UK domiciled institutions: 100%
- Maximum total investments for non-UK countries: £40m
- Maximum amount invested per individual non-UK country: £10m
- Maximum total amount invested for over one year: £20m

The Police and Crime Commissioner's maximum exposure to credit risk in relation to its investments in banks and building societies of £27.0m at 31 March 2021 (2020: £11.4m) cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of non-recoverability applies to all of the Police and Crime Commissioner's deposits, but there was no evidence at the 31 March 2021 that this was likely to crystallise.

The Police and Crime Commissioner does not hold collateral against any investments.

All deposits during the year have been made in line with the Police and Crime Commissioner's Treasury Management Practices (TMP's). Whilst the current credit crisis in international markets has raised the overall possibility of default the Police and Crime Commissioner maintains strict credit criteria for investment counterparties.

The table below summarises the potential maximum credit risk exposure of the Police and Crime Commissioner's investment portfolio by credit rating. The associated credit risks are calculated based on the principal value of investments, excluding accrued interest.

| Credit Rating | Non-current | | Current | | Total | |
|----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 2019/20 £000 | 2020/21 £000 | 2019/20 £000 | 2020/21 £000 | 2019/20 £000 | 2020/21 £000 |
| AAA | 0 | 0 | 5,300 | 17,500 | 5,300 | 17,500 |
| AA | 0 | 0 | 0 | 0 | 0 | 0 |
| A+ | 0 | 0 | 0 | 0 | 0 | 0 |
| A | 0 | 0 | 6,000 | 9,500 | 6,000 | 9,500 |
| Heritable Bank | 0 | 0 | 93 | 0 | 93 | 0 |
| Total | 0 | 0 | 11,393 | 27,000 | 11,393 | 27,000 |

Credit Risk: Trade Receivables

The following analysis summarises the Police and Crime Commissioner’s potential maximum exposure credit risk in respect of trade receivables, based on the experience gathered over the last five financial years on the level of default on trade debtors, adjusted for current market conditions. Only those receivables meeting the definition of a financial asset are included.

| | Amount at 31 March 2021 | Historical experience of default | Adjusted for market conditions at 31 March 2021 | Estimated maximum exposure to default and irrecoverable amounts at 31 March 2021 | Estimated maximum exposure at 31 March 2021 |
|------------------|------------------------------------|---|--|---|--|
| | £000 | % | % | £000 | £000 |
| Trade Debtors *2 | 1,148 | 0.02% | 0.00% | 0 | 0 |
| Total | 1,148 | | | 0 | 0 |

*2 Trade Debtors is after deduction of £0.115m provision for doubtful debts (2018/19: £0.115m) the Police and Crime Commissioner considers this is the maximum exposure to default on trade debtors.

The Police and Crime Commissioner does not generally allow credit for customers, such that £0.020m of the total £1.147m customer balances are past the due date for payment i.e. over 30 days. The past due, but not impaired amount can be analysed by age as follows:

| 31 March 2020 | | 31 March 2021 |
|--------------------------|------------------------|--------------------------|
| £000 | | £000 |
| 1,787 | Less than three months | 1 |
| 3 | Three to six months | 4 |
| 1 | Six months to one year | 4 |
| 9 | More than one year | 12 |
| 1,800 | | 21 |

37.3 Liquidity Risk

The Police and Crime Commissioner manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the Treasury and Investment Strategy reports), as well through a comprehensive cash flow management system, as required by the Code of Practice. This seeks to ensure that cash is available when it is needed.

The Police and Crime Commissioner has ready access to borrowings from the Money Markets to cover any day to day cash flow need. Whilst the Public Works Loan Board provides access to longer term funds, it also acts as a lender of last resort to authorities (although it will not provide funding to an Authority or Police and Crime Commissioner whose actions are unlawful). The Police and Crime Commissioner is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover

annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

All sums owing are due to be paid in less than one year.

37.4 Re-financing and Maturity Risk

The Police and Crime Commissioner maintains a debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer term risk to the Police and Crime Commissioner relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of non-current financial liabilities and non-current financial assets.

The approved treasury indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address the risk. The Police and Crime Commissioner has approved treasury and investment strategies which address the main risks. The Chief Finance Officer manages the operational risks within the approved parameters. This includes:

- Monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- Monitoring the maturity profile of investments to ensure sufficient liquidity is available for day to day cash flow needs, and the spread of non-current investments provide stability of maturities and returns to the longer term cash flow needs.

The financial assets of the Police and Crime Commissioner is as follows:

| 31 March 2020 £000 | Financial Assets: | 31 March 2021 £000 |
|-------------------------------|----------------------------|-------------------------------|
| 11,300 | Less than one year | 27,000 |
| 0 | Between two and five years | 0 |
| 11,300 | | 27,000 |

All trade and other payables are due to be paid in less than one year. All trade and other debtors are to be received in less than one year. These are not shown in the tables above

The maturity analysis of the Police and Crime Commissioner's debt and investment portfolio is as follows:

| 31 March 2020 £000 | Financial Liabilities: | 31 March 2021 £000 |
|-----------------------------------|-------------------------------|-----------------------------------|
| 430 | Less than one year | 692 |
| 18,440 | More than twenty years | 17,759 |
| 18,870 | Total | 18,451 |

Included within the liabilities over twenty years above is a finance lease property.

| 31 March 2020 £000 | Financial Liabilities: | 31 March 2021 £000 |
|-------------------------------|-------------------------------|-------------------------------|
| (134) | Between two and five years | (143) |
| (436) | Over five years | (396) |
| (570) | | (539) |

37.5 Market Risk

Interest Rate Risk - The Police and Crime Commissioner is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Police and Crime Commissioner, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in interest rates would have the following effects:

- Borrowings at variable rates - the interest expense charged to the CIES will rise
- Borrowings at fixed rates - the fair value of the liabilities borrowings will fall (with no impact on revenue balances)
- Investments at variable rates - the interest income credited to the CIES will rise
- Investments at fixed rates - the fair value of the assets will fall (with no impact on revenue)

Investments classed as "current financial assets - Investments" and loans borrowed are not carried at fair value, so changes in their fair value will have no impact on Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance, subject to influences from government grants. Movements in the fair value of fixed rate investments classed as "available for sale" will be reflected in Other Comprehensive Income and Expenditure.

The Treasury Management Strategy aims to mitigate these risks by setting an upper limit of 25% on external debt that can be subject to variable interest rates. Investments are also subject to movements in interest rates and the Treasury Management Strategy aims to mitigate these risks by setting an upper limit of external investments that can be subject to variable interest rates.

The Police and Crime Commissioner has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together Police and Crime Commissioner's prudential indicators and its expected treasury operations, including an expectation of interest rate movements. From this strategy a prudential indicator is set which provides maximum and minimum limits for fixed and variable interest rate exposure. The treasury team will monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns.

At 31 March 2021 the Police and Crime Commissioner held no variable rate borrowings. For investments, the Police and Crime Commissioner held 100% or £27m of its total investment portfolio (2020: 47% or £5.4m) in variable rate instant access call accounts. Interest of £0.066m (2020: £0.246m) has been credited to the Comprehensive Income and Expenditure Statement in respect of the Police and Crime Commissioner's variable rate investments, representing a 0.19% (2020: 0.80%) interest rate of return on an average investment portfolio of £34m (2020: £31m). If interest rates had been 1% higher the financial impact would have been a £0.32m (2020: £0.30m) increase in interest charged to the Comprehensive Income and Expenditure Statement.

37.6 Price Risk

The Police and Crime Commissioner, excluding the pension fund, does not invest in equity shares and therefore is not subject to any price risk (i.e. the risk that the Police and Crime Commissioner will suffer loss as a result of adverse movements in the price of financial instruments).

37.7 Foreign Exchange Risk

The Police and Crime Commissioner has no financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to loss arising from movements in exchange rates.

Note 38 – Accounting Policies

General Principles

The Statement of accounts summarises the organisation's transactions for the financial year and its position at the year-end of 31 March. The organisation is required to prepare an annual statement of accounts by the Accounts and Audit Regulations 2015, which require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

The financial statements have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and reviewed by the Financial Reporting Advisory Board (FRAB). The Code is based on approved accounting standards issued by the International Accounting Standards Board (IASB) and interpretations of the International Financial Reporting Interpretations Committee, except where these are inconsistent with specific statutory requirements. The Code also draws on approved accounting standards issued by the International Public Sector Accounting Standards Board (IPSAS) and the UK Accounting Standards Board (ASB) where these provide additional guidance.

Following the passing of the Police Reform and Social Responsibility Act 2011 the Police and Crime Commissioner for Sussex (PCC) and the Chief Constable of Sussex (CC) were set up as two 'corporation sole' bodies. Both bodies are required to prepare separate Statement of Accounts.

The Financial Statements included here represent the accounts for the PCC and also those for the PCC Group. The term 'Group' is used to indicate individual transactions and policies of PCC and CC for the year ended 31 March 2020. Under the Police Reform and Social Responsibility Act 2011 the powers and responsibilities attributed to the PCC as the holding organisation identifies the requirement to produce group accounts.

The accounting convention adopted in the statement of accounts is principally historical cost, modified by the revaluation of certain categories of non-current asset and financial instruments.

Fundamental Accounting Policies

The Statement of Accounts has been prepared in accordance with the following accounting concepts and principles:

- **Accruals** – the accrual basis of accounting establishes that the non-cash effects of transactions are reflected in the accounting period in which those effects occur, even if the resulting cash receipts and payments occur in a different period.

- **Going Concern** – the Accounts have been prepared on the assumption that the functions of the Group will continue in operational existence for the foreseeable future. This means in particular that the Comprehensive Income and Expenditure Statement and Balance Sheet assume no intention to curtail significantly the scale of operation.
- **Understandable** – to ensure that the Statements of Accounts produced can be understood by readers who have a reasonable knowledge of business and economic activities.
- **Relevance** – to ensure that the information provided about the Group’s financial position, performance and cash flow is useful for assessing stewardship of public funds and for making economic decisions.
- **Materiality** – provides a threshold or cut-off point to ensure that the information included in the Financial Statements is of such significance as to justify its inclusion. Omissions or misstatements of items are material if they could, individually or collectively, influence users decisions or assessment of the Financial Statements.
- **Reliability** – to ensure that the financial information provided accurately reflects the substance of the transactions and other events that have taken place.
- **Comparability** – the information contained in the Financial Statements has been prepared so that it can be readily compared with similar information about the same entity for different accounting periods and with similar information about other entities.
- **Primacy of Legislative Requirements** – the PCC derives powers from statute and the financial and accounting framework is closely controlled by primary and secondary legislation. Where specific legislative requirements and accounting principles conflict, the legislative requirement is applied. However, the Code deals with such conflicts by showing the position required by the Code’s accounting requirements in the Comprehensive Income and Expenditure Statement, and the effect of the legislative requirements in the Movement in Reserves Statement.

The following sections set out the Group’s principal accounting policies that have been reviewed and adopted in 2020/21.

Income & Expenditure Recognition

Revenue (Income) is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods or services provided in the normal course of business less discounts and VAT.

Revenue is recognised when goods are delivered and title has passed. The provision of services contains many accounting aspects and revenue is only recognised when all related work has been completed or when the percentage of completion of the transaction can be

reliably measured and it is probable that economic benefits or service potential associated with the transaction will flow to the PCC. Whilst all income is received by the PCC and all expenditure is paid for by the PCC including wages of police staff and officers, the actual recognition in the respective Police and Crime Commissioner and Chief Constable Accounts is based on economic benefit.

Supplies are recorded as expenditure when they are consumed – where there is a gap between the date on which supplies are received and when they are consumed, they are carried as inventories or stocks on the Balance Sheet.

Income and Expenditure are credited and debited to the relevant revenue account, unless they properly represent capital receipts or capital expenditure. Works of a capital nature are charged as capital expenditure when they are completed, before which they are carried as Assets Under Construction on the Balance Sheet.

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received, thus the accounts reflect the normal accruals concept for both capital and revenue. Exceptions to this can be made for utilities (gas, electricity, telephones, etc.), where invoices may be accounted for in the year they fall, providing that only four quarterly or twelve monthly invoices are charged in any one year.

Where revenue or expenditure have been recognised by cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Creditors are included within the Balance Sheet for goods and services received and risks and rewards of ownership transferred, but not paid for at the year end. Debtors are included within the Balance Sheet where services have been provided but not yet reimbursed at the year end.

The above recognition policy complies with IFRS 15 *Revenue from Contracts with Customers*.

Cash & Cash Equivalents

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. All investments due in 1 day or less are therefore treated as "cash and cash equivalents", and are not therefore included within Investments.

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in one day or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand.

Prior Period Adjustments, Changes in Accounting Policies, Estimates and 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 Police and Crime Commissioner'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.

Events after the Balance Sheet

Events after the Balance Sheet reporting 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 events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period the Statement of Accounts is adjusted to reflect such events
- those that are indicative 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 effect

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

Government Grants and Contributions

Government grants and third party contributions are recognised as income at the date the Group satisfies the conditions of entitlement to the grant or contribution and where there is reasonable assurance that the monies will be received.

Net expenditure is expressed before deducting government grants in support of the overall expenditure of the Group, i.e. specific police grants, Revenue Support Grant and National Non Domestic Rates. Other smaller revenue grants are shown as income in arriving at net expenditure, and can be matched against specific items of expenditure.

Amounts recognised as due to the Police and Crime Commissioner are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution has been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution, are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement. Grants and contributions in excess of £20,000 are considered material.

Funding of Capital Expenditure to purchase Non-Current Assets

Capital expenditure is funded by government grants, capital receipts, revenue contributions, third party contributions and borrowing.

Capital contributions and grants are accounted for in the Comprehensive Income and Expenditure Statement on an accruals basis (unless the grant or contribution has an unsatisfied condition); they are then transferred to the Balance Sheet as follows:

- When a capital grant or contribution has been recognised in the Comprehensive Income and Expenditure Statement, and the expenditure to be financed from that grant or contribution has been incurred, the grant or contribution is transferred from the General Fund to the Capital Adjustment Account, reflecting the application of capital reserves to finance expenditure.
- When a grant or contribution has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Account, reflecting its status as a capital resource available to finance expenditure. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.
- When a capital grant or contribution has been received with conditions that the Group has not met, the grant or contribution is recognised in the Balance Sheet as Capital Grants Receipts in Advance. Once the condition has been met, the grant or contribution is transferred from the Capital Grants Receipts in Advance Account and recognised as income in the Comprehensive Income and Expenditure Statement and accounted for as above depending on whether expenditure has been incurred.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement.

At the year end the Police and Crime Commissioner reviews all material grants and considers whether any existing conditions are outstanding, and the appropriate accounting policy treatment is then applied accordingly. Capital grants and contributions in excess of £20,000 are considered material.

Non-Current Assets – Property, Plant and Equipment

Assets that have physical substance, are used to supply services and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

The cost of acquisition, creation or enhancement of Property, Plant and Equipment is capitalised, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Police and Crime Commissioner for a period of more than one year, and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred. When a component is replaced, restored or enhanced, the carrying amount of the old component is de-recognised, and the new component reflected in the carrying amount.

The Police and Crime Commissioner has the following de-minimis limits for capitalisation whereby items above these amounts must be capitalised:

- Land and buildings £100,000
- ICT and other equipment £25,000
- Vehicles £Nil

Measurement

Items of Property, Plant and Equipment are initially measured at cost, comprising all expenditure that is directly attributable to bringing the assets into working condition for their intended use.

The Police and Crime Commissioner does not capitalise its borrowing costs.

The Code stipulates that assets and liabilities should be measured and disclosures provided in accordance with IFRS 13 *Fair Value Measurement*. There are no adaptations to IFRS 13 for the public sector context. However, section 4 of the Code adapts IAS 16 to require that items of property, plant and equipment that are operational and therefore providing service potential for the authority are measured for their service potential at existing use value or depreciated replacement cost, and not fair value. Surplus assets of property, plant and equipment are measured at fair value.

Property, plant and equipment assets are therefore measured at current value as follows:

- Assets under construction - depreciated historical cost
- Land and Buildings - current value, determined using the following bases:
 - Operational properties – Existing Use Value (EUV) in accordance with RICS valuation standards
 - Operational specialised properties such as police custody centres – Depreciated Replacement Cost (DRC)
 - Non-operational properties such as police houses – Fair Value (based on Market Value)
 - All other assets – (EUV)

Depreciated Replacement Cost (DRC) is used for assets where there is no market-based evidence of current value and/or the asset is specialised.

Non-property assets that have short useful lives or low values (or both) are valued using the depreciated historical cost basis (DHC) as a proxy for current value. This is on the assumption that the useful life is a realistic reflection of the life of the asset and the depreciation method used is a realistic reflection of the consumption of that asset class.

Assets included in the Balance Sheet at fair value are re-valued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every three years.

Increases in valuations are recognised in the Revaluation Reserve to recognise unrealised gains unless the increase is reversing a previous impairment loss in which case it would be charged to the Comprehensive Income and Expenditure Statement. Decreases in valuations are recognised in the Revaluation Reserve to the extent of previous revaluation increases recognised in the Revaluation Reserve in respect of that asset, and decreases in excess of that amount are recognised in the Comprehensive Income and Expenditure Statement.

Component Assets

The Police and Crime Commissioner recognises and records component assets separately from the main asset with which they are associated where the component life differs significantly. The Police and Crime Commissioner has agreed an accounting policy stating that for accounting purposes, the value of the component must be above a minimum material level of £200,000 and the value of the component constitutes

more than 20% of the main asset category value. Where a component asset is identified it is written down on a straight line basis over its useful economic life in line with the depreciation policy for that class of asset.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Examples of events and changes in circumstances that indicate impairment may have incurred include:

- Significant decline in a specific asset's carrying amount during the period;
- Evidence of obsolescence or physical damage of an asset;
- Commitment by the Group to undertake a significant reorganisation
- Significant adverse change in the statutory or other regulatory environment in which the Group operates.

Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and all impairment losses are recognised in the Revaluation Reserve up to the amount in the Revaluation Reserve for each respective asset and thereafter written down against the relevant service line in the Comprehensive Income and Expenditure Statement.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (e.g. freehold land), assets that are not yet available for use (i.e. assets under construction) and assets held for sale.

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

| | Category | Years | Residual Value |
|---------------------------------------|---|---|----------------|
| Land and Buildings | Land | Not depreciated | N/A |
| | Dwellings and other Buildings | Up to 60 years (estimated by the valuer) | 40% |
| Vehicles , Plant and Equipment | Vehicles | 3, 5 or 10 years (as assessed by the Transport Manager) | 5%, 10% or 15% |
| | Information Systems | Generally between 3 and 5 years (assessed on an individual basis) | Nil |
| | Wireless stations and communication masts | 20 years | Nil |

| | | | |
|-------------------------------|---------------------------|---|-----|
| | Other equipment | Individual useful life | Nil |
| Intangible Assets | Software and Licences | Generally between 3 and 5 years (assessed on an individual basis) | Nil |
| Non-operational Assets | Assets under Construction | Not depreciated until complete | N/A |
| | Awaiting Disposal | Not depreciated | N/A |
| | Investment properties | Not depreciated | N/A |

Revaluation gains are depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Disposal

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the Comprehensive Income and Expenditure Statement. Disposal proceeds are credited to the Comprehensive Income and Expenditure Statement and netted off against the asset's carrying value. The resulting balance represents either the gain or loss on disposal. Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Receipts in excess of £10,000 from the sale of non-current assets are defined as capital receipts and are used to fund future capital expenditure. These receipts are transferred to the Capital Receipts Reserve via the Movement in Reserves Statement. Individual receipts of less than £10,000 remain in the Comprehensive Income and Expenditure Statement.

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

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

Assets Held for Sale

Non-current assets are classified as Held for Sale only if they meet all of the following criteria:

- The asset must be available for immediate sale in its present condition;
- The sale must be highly probable. This means the appropriate level of management within the Group must be committed to a plan to sell the asset and an active programme to locate a buyer and complete the plan must have been initiated.

- The asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value.
- The sale should be expected to qualify for recognition as a completed sale within one year from the date of classification and actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

The asset is re-valued immediately before reclassification and then carried at the lower of carrying value and fair value less costs to sell. Fair Value for Assets Held for Sale is the market value.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets Held for Sale are not depreciated.

Private Finance Initiative (PFI)

PFI and similar contracts are agreements to receive services, where the responsibility for making available the Property, Plant and Equipment needed to provide the services passes to the PFI contractor. As the Police and Crime Commissioner is deemed to control the services that are provided under its PFI schemes, and as ownership of the Property, Plant and Equipment will pass to the Police and Crime Commissioner at the end of the contracts for no additional charge, the Police and Crime Commissioner carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment.

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

Since 2001 a long term contractual agreement has been in place under PFI for the provision of custody services. The contractor was responsible for the construction of four custody suites at Worthing, Brighton, Chichester and Eastbourne and is responsible for the provision of custody services at these sites plus two further sites at Crawley and Hastings.

Non-current PFI assets recognised on the Balance Sheet are re-valued and depreciated in the same way as property, plant and equipment owned by the Police and Crime Commissioner.

The amounts payable to the PFI operators each year are analysed into five elements:

- fair value of the services received during the year - debited to the relevant service in the Comprehensive Income and Expenditure Statement
- finance cost - an interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- contingent rent - increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- payment towards liability - applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease)
- lifecycle replacement costs - proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to Property, Plant and Equipment when the relevant works are eventually carried out

Inventories (Stock) and Long Term Contracts

Inventories are included in the Balance Sheet at cost. All other expenditure on stock and stores is charged to the revenue account in the year of purchase.

This policy is a departure from the IFRS standard IAS2 which requires inventories to be valued at the lower of cost or net realisable value. For many inventory items, particularly uniforms, net realisable value would be minimal and does not accurately reflect the value to the Group of holding these items. The variation from IAS2 does not have a material impact on these financial statements.

The cost of inventories for workshop stores and fuel is assigned using an average costing formula.

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.

Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value using the IFRS13 Fair Value market approach. Properties are not depreciated but are re-valued annually according to market conditions at the year-end. The IFRS13 Fair Value market approach uses prices and other relevant information (inputs) generated by market transactions involving similar properties and applies the valuer's professional judgement in accordance with RICS valuation (professional standards published by the Royal Institution of Chartered Surveyors).

The IFRS on Fair Value includes a fair value hierarchy that categorises the inputs to valuation techniques used to measure fair value into three input levels as follows:

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

Property market conditions in the South East of England are such that similar properties are actively purchased and sold and the level of observable inputs are significant. We have therefore categorised the valuations of the investment portfolio as Level 2 inputs in the IFRS 13 fair value hierarchy.

Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

Jointly Controlled Operations and Jointly Controlled Assets

Joint operations are arrangements where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. Activities undertaken in conjunction with other joint operators involve the use of the assets and resources of those joint operators. In relation to its interest in a joint operation, the PCC/Group recognises the following as a joint operator:

- Its assets, including its share of any assets held jointly
- Its liabilities, including its share of any liabilities incurred jointly
- Its revenue from the sale of its share of the output arising from the joint operation
- Its share of the revenue from the sale of the output by the joint operation
- Its expenses, including its share of any expenses incurred jointly

Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Group as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Group.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Group will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Intangible assets are included in the Balance Sheet at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service revenue accounts in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired - any losses recognised are posted to the relevant service revenue accounts in the Comprehensive Income and Expenditure Statement. Any gains or losses arising on the disposal or abandonment of an intangible asset are posted to the Comprehensive Income and Expenditure Statement. Gains or losses are not permitted to have an impact on the General Fund Balance therefore they are moved out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

Charges to Revenue for Non-Current Assets

The Group is not required to raise council tax to cover charges for depreciation, impairment losses or amortisation. However it is required to make an annual provision from revenue towards the repayment of borrowing, known as the Minimum Revenue Provision (MRP).

Depreciation, impairment losses and amortisation are reversed from the General Fund via the Movement in Reserves Statement and MRP is charged as a contribution to the Capital Adjustment Account.

Debts Outstanding

Income is accounted for on an accruals basis. Debts that cannot be collected are written off via the Comprehensive Income and Expenditure Statement to the command team or department that raised the debt. The level of any bad debt provision is reviewed annually.

The writing off of bad debt can be authorised by either the PCC's CFO or the CC's CFO in respect of their own corporations up to a value of £10,000 for individual bad debt cases and £25,000 cumulatively in any one financial year. The write off of bad debts greater than these

limits requires the approval of both CC's CFO and PCC's CFO up to a maximum of a cumulative value of £50,000 in any one financial year. The Police and Crime Commissioner will approve where appropriate the writing off of debts in excess of the CFOs delegated authority.

Reserves

The Group maintains reserves to finance future commitments, unforeseen circumstances, fluctuations in annual grant settlements and council tax precepts and emergency expenditure which cannot be contained within the approved budget. The approved Reserves Policy sets a target for the level of General Reserve of 4% of net budgeted expenditure

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement benefits and other employee benefits and do not represent usable resources for the Group.

The nature and purpose of each reserve set up by the Group is described in the Notes to the Financial Statements.

The classification of reserves is consistent with the CIPFA Code of Practice and is reviewed annually by the Police and Crime Commissioner.

Overheads and Support Services

The costs of overheads and support services are charged to the Comprehensive Income and Expenditure Statement in accordance with the PCC/Group arrangements for accountability and financial performance.

Provisions and Contingent Liabilities

Provisions

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation, but where the timing of transfer is uncertain. Provisions are recognised on the Balance Sheet.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Group 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 Group. 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 reliably. Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Precept Income

Precept income from relevant local authorities is fixed for the year and not subject to revision.

VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

A single VAT return is submitted on behalf of the Group.

Leases

Leases are classified as either finance leases or operating leases based on risks and rewards of ownership.

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. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Police and Crime Commissioner as Lessee

Finance Leases

Property, Plant and Equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor.

Lease payments are apportioned between a charge for the acquisition applied to write down the lease liability and the interest costs of the lease are charged to the Comprehensive Income and Expenditure Statement.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement on a straight-line basis over the life of the lease.

The Police and Crime Commissioner as Lessor

Operating Leases

Where the Police and Crime Commissioner 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 Comprehensive Income and Expenditure Statement. Credits are made 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.

Employee Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Police and Crime Commissioner. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits / Exit Packages

Termination benefits are amounts payable as a result of a decision by the Group to terminate a member of staff's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. Termination benefits are charged on an accruals basis to

the appropriate service line in the Comprehensive Income and Expenditure Statement when the Group is demonstrably committed to the termination of the employment of a staff member or group of staff members or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Group to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Long-term Employee Benefits – Pension Arrangements

The Chief Constable operates, on behalf of the Group, three pension schemes for police officers and a single scheme for police staff:

- The Police Pension Scheme (PPS), regulated under the Police Pensions Act 1976
- The New Police Pension Scheme (NPPS), regulated under the Police Pension Regulations 2006
- The Police Pension Scheme 2015 (the 2015 scheme)
- The Local Government Pensions Scheme, administered by West Sussex County Council

All police schemes are contributory occupational pension schemes with officers making contributions.

A Police Pension Account was set up on 1st April 2006 to administer the police pension schemes. All police schemes are unfunded schemes which are treated as defined benefit schemes and provide defined benefits to members (retirement lump sums and pensions), earned as employees worked.

All police pension schemes are unfunded schemes which are treated as defined benefit schemes paid from revenue (without managed pension assets). Accrued net pension liabilities have been assessed on an actuarial basis in accordance with IAS19 Employee Benefits, the net liability and a pensions reserve for both Pension Schemes has been recognised on the Balance Sheet, as have entries in the CIES for movements in the asset/liability relating to the defined benefit scheme. Transfers into and out of the Scheme representing joining and leaving police officers, are recorded on a cash basis in the Pension Fund, because of the length of time taken to finalise the sums involved.

Following the Code's requirements, IAS19 has been fully recognised in the Chief Constable and Group accounts.

- The liabilities of the police schemes attributable are included in the Balance Sheet on an actuarial basis using the projected unit method - i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc. and projections of projected earnings for current employees

- Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on high quality corporate bond

Police Staff are eligible to join the Local Government Pension Scheme (LGPS) administered by West Sussex County Council. This is a funded scheme. The employer's contribution rate is determined by the Fund's actuary based on valuations every three years.

Additional contributions are payable to cover the cost of any early retirements except those due to ill-health. In addition the Chief Constable is responsible for all pension payments relating to any added years' benefits, together with the related increases.

- The assets of the LGPS attributable to Sussex Police are included in the Balance Sheet at their fair value:
 - quoted securities - current bid price
 - unquoted securities - professional estimate
 - unitised securities - current bid price
 - property - market value

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

- **current service cost** - the increase in liabilities as a result of years of service earned this year allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
- **past service cost** - the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years - debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
- **interest cost** - the expected increase in the present value of liabilities during the year as they move one year closer to being paid - debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- **expected return on assets** - the annual investment return on the fund assets attributable to the Police and Crime Commissioner, based on an average of the expected long-term return - credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- **gains or losses on settlements and curtailments** - the result of actions to relieve the Police and Crime Commissioner of liabilities or events that reduce the expected future service or accrual of benefits of employees - debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs

- **actuarial gains and losses** - changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions - debited to the Pensions Reserve
- **contributions paid to the pension fund** - cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Group to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Police and Crime Commissioner has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the relevant Pension Scheme.

The Police and Crime Commissioner also has restricted powers to make material payments in relation to injury awards. Any liabilities estimated to arise as a result of an award to any member of staff or police officer are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the relevant pension scheme.

Fair Value Measurement

The Police and Crime Commissioner measures some non-financial assets, surplus assets and assets held for sale at fair value at each reporting date using the IFRS13 Fair Value market approach. Fair value is the price that would be received to sell an asset or be 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 Police and Crime Commissioner uses External Valuers to measure the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

This fair value measurement 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 Valuers use valuation techniques that are appropriate to the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The Police and Crime Commissioner follows the fair value hierarchy prescribed by IFRS13 to increase consistency and comparability in fair value measurements and related disclosures. This hierarchy categorises into three levels the inputs to valuation techniques used to measure fair value as follows:

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

Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Police and Crime Commissioner becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For the PCC borrowings held, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the CIES is the amount payable for the year according to the loan agreement.

The Group has adopted CIPFA's Treasury Management in the Public Services: Code of Practice and has set treasury management indicators to control key financial instrument risks in accordance with CIPFA's Prudential Code.

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI) if or when any financial instruments are held at fair value through other comprehensive income or has designated assets as such financial instruments. The PCC doesn't currently hold any FVOCI assets.

The authority's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

Soft Loans are offered at less than market rates, where an objective would justify the authority making a concession. The authority does not hold any soft loans.

Expected Credit Loss

The authority will recognise material expected credit losses on all of its financial assets held at amortised cost [or where relevant FVOCI], either on a 12-month or lifetime basis.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

The Material value for the Investment portfolio is £10,000.

Financial Assets Measured at Fair Value through Profit or Loss

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

The fair value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

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

Any gains and losses that arise on the de-recognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Financial Assets Measured at Fair Value through Other Comprehensive Income

Financial assets that are measured at FVOCI are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Movements in amortised cost are recognised in the Surplus or Deficit on the Provision of Services, but movements in the fair value are recognised as Other Comprehensive Income and Expenditure.

Interest is credited to the Surplus or Deficit on the Provision of Services using the effective interest rate method. Movements in impairment loss allowances are recognised in the Surplus or Deficit on the Provision of Services, with a compensating amount to Other Comprehensive Income and Expenditure to offset the movements against gains/losses on fair value (i.e. not against the carrying amount of the asset).

Loans and Receivables

Loans and receivables are recognised on the Balance Sheet when the Police and Crime Commissioner becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. The Police and Crime Commissioner does not currently make any soft loans.

Foreign Currency Translation

Where the Group has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the year-end, they are reconverted at the spot exchange rate at 31 March. Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Interests in Companies and Other Entities

All the financial transactions incurred during the year for policing Sussex have been recognised and recorded within the Statement of Accounts of the Police and Crime Commissioner for Sussex, which sets out the overall financial position of the Police and Crime Commissioner and Chief Constable Group for the year ended 31 March.

The Group position therefore reflects the consolidated accounts of the Police and Crime Commissioner and its 100% subsidiary the Chief Constable. Where the Group position differs from the Police and Crime Commissioner position this is made clear within the statements and notes. Separate statutory accounts are prepared for the Chief Constable.

Note 39 - Accounting Standards Issued, Not Adopted

A number of future accounting policy changes will need to be reported with effect from 1 April 2021.

Paragraph 3.3.2.13 of the 2020/2021 code requires changes in accounting policy to be applied retrospectively unless alternative transitional arrangements are specified in the Code.

Paragraph 3.3.4.3 requires an authority (including police bodies) to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Code for the relevant financial year. Disclosure requirements are expected to be included in a subsequent edition of the Code.

Paragraph 3.3.4.3 and Appendix C of the Code adapt IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* on an annual basis to limit the impact of standards that have been issued but not yet adopted to those listed in Appendix C of the Code in the relevant year of account (in this case the 2021/22 Code). This adaptation has been in place since the inception of the IFRS based Code in 2010/11. Additional clarification confirming this adaptation has been included in the 2021/22 Code. This clarification has not changed the Code's requirements in this area.

This means the requirements for IAS 8 for standards that have been issued but not yet adopted exclude IFRS 16 *Leases* and IFRS 17 *Insurance Contracts* from being necessary in these reporting requirements.

The standards introduced by the 2021/22 Code and relevant for additional disclosures that will be required in the 2020/21 Financial Statements in accordance with the requirements of paragraph 3.3.4.3 of the Code are:

- Definition of a Business: Amendments to IFRS 3 Business Combinations
- Interest Rates Benchmark Reform: Amendments to IFRA9, IAS 39, and IFRS 7
- Interest Rates Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS7, IFRS 4 and IFRS 16.

The CIPFA LASAAC Local Authority Accounting Code Board has agreed to defer the implementation of IFRS 16 *Leases* in the Code until the 2022/23 financial year. This aligns with the decision at the Government's Financial Reporting Advisory Board to establish a new effective date of 1 April 2022 for implementation of IFRS 16.

It is not expected that any of these amendments other than IFRS 16 will have a material impact on the information provided in the financial statements for any of the Sussex Police group accounts.

Police Pension Fund Account Statements as at 31 March 2021

These statements show the contributions and benefits payable for the year

The Chief Constable is responsible for administering the Police Pension Fund in accordance with the Police Reform and Social responsibility Act 2011. During the year all payments and receipts are made to and from the PCC Police Fund. This standalone statement shows income and expenditure for the police pension schemes and does not form part of the Chief Constable or the PCC Group's statement of accounts.

Sussex Police Pension Fund Account Statement

| As at March 2020 | | | As at March 2021 | |
|------------------|-----------------|---|------------------|-----------------|
| £000 | £000 | | £000 | £000 |
| | | Contributions Receivable | | |
| | | From Employer: | | |
| (29,282) | | - Normal | (31,293) | |
| (767) | | - Early Retirements | (343) | |
| (12,736) | | From Members | (13,569) | |
| | (42,785) | | | (45,205) |
| | | Transfers In | | |
| | (545) | Individual Transfers in From Other Schemes | | (510) |
| | (43,330) | Total Inflows | | (45,715) |
| | | Benefits Payable | | |
| 70,853 | | Pensions | 72,095 | |
| 11,503 | | Commutations and Lump Sums | 12,816 | |
| 88 | | Lump Sum Death Benefits | 0 | |
| | 82,444 | | | 84,911 |
| | | Payments To and On Account of Leavers | | |
| 78 | | Refund of Contributions | 108 | |
| 415 | | Individual Transfers Out To Other Schemes | 306 | |
| | 493 | | | 414 |
| | 82,937 | Total Outflows | | 85,325 |
| | 39,607 | Net amount payable for the year from the Group (equal to deficit amount) | | 39,610 |
| | (39,607) | Additional contribution from the Group to fund the deficit for the year * | | (39,610) |
| | 0 | Net Amount Payable for the Year | | 0 |

* The annual deficit on the Police Pensions Account is funded by the Home Office Pension's Top-up grant. This income is shown in the PCC and Group Income and Expenditure account.

Police Pension Fund Net Assets Statement

| 2019/20 | Net Current Assets And Liabilities | 2020/21 |
|----------|---------------------------------------|----------|
| £000 | | £000 |
| | Current Assets: | |
| 0 | Contributions due from the PCC | 0 |
| 0 | Recoverable overpayments of pensions | 0 |
| | Current Liabilities: | |
| 0 | Unpaid pensions benefits | 0 |
| 0 | Surplus for the year owing to the PCC | 0 |
| 0 | Net Assets / (Liabilities) | 0 |

Police Pension Funds - Notes

Accounting Policies

The Police Pension Account Statements have been prepared to meet the requirements of Regulation 7(1) (d) of the Accounts and Audit Regulations 2003, which states that Chief Constables are obliged to include the police pensions account in their statement of accounts. They also meet the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom 2021 based on International Financial Reporting Standards IAS19, as last amended on 1 January 2019. The Accounts have been prepared on an accruals basis. The statements do not take account of liabilities to pay pensions and other benefits in the future. This is reported upon separately in the Actuary's statement.

Explanatory Notes to the Police Pension Fund Account Statements

The Chief Constable is required to include a separate police pension account in their Statement of Accounts and is responsible for paying the pension of its former police officers. The Pension Fund is administered by the Chief Constable in accordance with the Police Pension Fund Regulations 2007 (SI 2007 No 1932).

On 1 April 2006 new arrangements came into being for funding and accounting for the Police Pension Schemes. Before 1 April 2006 these pensions were paid from the Revenue Account and the Authority (preceding the Police Reform and Social Responsibility Act 2011 creating the two corporation sole bodies; the Police and Crime Commissioner for Sussex and the Chief Constable of Sussex) received funding from central government as part of the general funding formula to support payments of pensions. Prior to 1 April 2006, there were no employer contributions based on pensionable pay and no top-up grants.

From 1 April 2006 pensions are paid from a separate local police pensions account, rather than direct from the Income and Expenditure Account. Overall the change to the financial arrangements for police officer pensions is intended to be 'cost neutral' with no impact on either the national or local council tax payer.

There are currently three Police Officer pension schemes. Officers in the 'old scheme' currently contribute between 14.25% and 15.05% depending upon level of basic annual salary (prior to 1 April 2012 officers in the 'old scheme' contributed 11% of pensionable pay). Officers in the 'new scheme' currently contribute between 11.0% and 12.75% depending upon level of basic annual salary (prior to 1 April 2012 officers in the 'new scheme' contributed 9.5% of earnings or 6% if ineligible for ill-health benefits). From 1 April 2015 the Police Pensions Scheme 2015 came into effect and all current active members were transferred to this scheme – with the exception of those qualifying for protections allowing them to remain in their current scheme. Officers contribute between 12.44% and 13.78% depending on their basic salary. The Chief Constable of Sussex makes an employer's contribution of 31% of pensionable pay. Employee's and Employer's contribution levels are based on percentages of pensionable pay set nationally by the Home Office and are subject to triennial revaluation by the Government Actuary's Department. The Police Pension scheme has no assets to cover its liabilities, therefore the total payments to pensioners in any year must be paid for by current officer and employer contributions.

Under the current financing arrangements the Pension Account is balanced to nil at the end of the year. In the event that the Pension Account is in deficit, the Home Office reimburse the Police and Crime Commissioner.

The Net Asset Statement does not include liabilities to pay pensions and other benefits after the balance sheet date.

Liabilities to pay future pension benefits have been disclosed separately at Note 34 in accordance with IAS 19 'Employee Benefits'.

The New Police Pension Scheme (NPPS) applies to police entrants who joined the service on or after 6 April 2006 up to 31 March 2015, or who chose to transfer from the previous Police Pension Scheme (PPS) to the NPPS. The Police Pensions Scheme 2015 applies to all current active members who do not qualify for any protections allowing them to remain in their original scheme. Benefits payable under all three schemes are shown in tabular form below:

| | Police Pension Scheme (PPS) (1987) | New Police Pension Scheme (NPP) (2006) | Police Pensions Scheme 2015 |
|---------------------------------------|--|---|--|
| What is maximum pension | 2/3 final salary, with option to exchange part of the pension for a lump sum | ½ final salary plus fixed lump sum of 4 times the pension, with option to exchange part or all of lump sum for extra pension | Pension at retirement is the sum of each of the accrued pension pots, subject to revaluation at a rate of CPI +1.25% per year |
| Final salary basis | Pensionable remuneration is normally the average remuneration in the employee's final year | Earnings over the last ten years are taken into account via best average over 3 consecutive years | Scheme is a Career Average Revalued Earnings scheme |
| Length of service for maximum pension | 30 years | 35 years | No maximum length of membership |
| Earliest age to receive pension | Age 50 after 25 years of service Any age after 30 years of service Age 55 for less than 25 years of service Age 60 if leave service before compulsory retirement age with less than 25 years of service | Age 55 if remain in police service until that age Age 65 if leave police service before age 55 or opting out of the scheme | Age 60 if remain in police service until that age. State pension age if leave police service before age 60. |
| Pension increases | All pensions in payment, deferred pensions and children's pensions are increased annually in line with the Consumer Price Index. | All pensions in payment, deferred pensions and children's pensions are increased annually in line with the Consumer Price Index. | All pensions in payment, deferred pensions and children's pensions are increased annually in line with the Consumer Price Index. |
| How is pension accumulated | 1/60 of final salary for first 20 years of service, plus 1/30 for final 10 years of service up to a maximum pension entitlement of 40/60. | 1/70 of final salary for each year of service up to a maximum 50% of final pensionable after 35 years of service. | 1/55.3th of pensionable earnings each year is added to the members' pension pot for each year of membership. |

Glossary of Financial Terms

This section explains key terms and specialist financial language used in the Statement of Accounts

ACCRUAL

An accrual is a liability for expenditure relating to goods and services that have been received or supplied but are not invoiced until the following financial year.

ACCRUED INCOME

Income earned in the financial year which has not yet been received.

ACTUARIAL GAINS AND LOSSES (PENSIONS)

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

AMORTISATION

An annual charge made to the overall budget, reducing the value of an intangible asset to zero, over a period of time.

ASSET

Tangible or intangible resources owned by the force and which have future economic value that can be measured and can be expressed in pounds.

BILLING AUTHORITY

The local authority is responsible for administering the collection fund. These are either district or borough councils in East and West Sussex, or the Unitary Authority in Brighton and Hove.

CAPITAL EXPENDITURE

Expenditure spent on the acquisition or construction of a non-current asset or expenditure which adds to, and not merely maintains, the value of an existing non-current asset e.g. land and buildings.

CAPITAL AND INVESTMENT PROGRAMME

A statement of proposed capital and revenue investment projects for current and future years. Included in this category are the purchase of land and buildings, the erection of new buildings and works, design fees and the acquisition of vehicles and major equipment items.

CAPITAL RECEIPTS

Income from the disposal (sale) of non-current assets valued more than £10,000, which can only be used to finance new capital expenditure or repay outstanding debt on assets, financed from loans. Usable capital receipts are those capital receipts which are not set aside for specific purposes but are available to be used for any capital purchases.

CC

Chief Constable

CIPFA

The Chartered Institute of Public Finance and Accountancy is one of the professional accountancy bodies in the UK. CIPFA specialises in the public services and has responsibility for setting accounting standards for these services. More details can be found on the CIPFA website: www.cipfa.org.uk

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

The main revenue fund detailing all income received from precept, government grants and other income sources and all the costs of providing services.

CREDITORS

Individuals or organisations, to whom money is owed at the end of the financial year.

CODE

These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom (The Code) and the Service Reporting Code of Practice, both issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), and supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 7 of the 2011 Regulations. More details can be found on the CIPFA website: www.cipfa.org.uk

COLLECTION FUND

A fund administered by each Billing Authority. Council tax monies are paid into the fund whilst part of the net revenue spending of the Police and Crime Commissioner, County, Unitary Authority and District Councils are met from the fund.

CONTINGENCY PROVISION

An amount set aside for exceptional budget requirements in the financial year.

COUNCIL TAX

Council tax payable locally is based upon house values. Each dwelling is valued and placed into one of eight bands, which determines the level of Council Tax payable.

CURRENT SERVICE COST (PENSIONS)

The increase in the present value of a defined benefit scheme's liabilities expected to arise from employee service in the current period.

CURTAILMENT (PENSIONS)

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. Curtailments include:-

- Termination of employees' services earlier than expected, and
- Termination of or amendment to the terms, of a defined benefit scheme so that some or all future service by current employees will no longer qualify for benefits or will qualify only for reduced benefits

DEBTORS

Individuals or organisations, who owe money at the end of the financial year for services provided during the year.

DEFINED BENEFIT SCHEME (PENSIONS)

A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded.

DEFINED CONTRIBUTION SCHEME (PENSIONS)

A pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

DEPRECIATION

The measure of the cost, or revalued amount of the benefit, of a non-current asset, that has been consumed during the period. Consumption includes the wearing out, using up or other reduction in the useful life of a non-current asset, whether arising from the use, passage of time or obsolescence through either changes in technology or demand for the goods and services produced by the asset.

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.

EXPENSE

Money spent or cost incurred by the force to police and protect the county, representing the cost of policing.

FAIR VALUE

The fair value of an asset is the price at which it could be exchanged in an arm's length transaction less, where applicable, any grants receivable towards the purchase or use of the asset.

FINANCE LEASE

A finance lease is one that transfers substantially all of the risks and rewards of ownership of a non-current asset to a lessee.

FIXED ASSET (NON-CURRENT ASSET)

The value of fixed (non-current) assets for capital accounting purposes represents depreciated replacement cost or open market value for land and buildings and the depreciated historic cost of other assets.

GENERAL FUND BALANCES

Accumulated surplus amounts which are maintained to meet expenditure, pending the receipt of income, and to provide a fallback for expenditure being higher, or income lower, than expected.

GOING CONCERN

The concept that the organisation will remain in operational existence for the foreseeable future, in particular that the revenue accounts and Balance Sheet assume no intention to curtail significantly the scale of the 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 in return for past or future compliance with certain conditions relating to the activities of the PCC Group.

IAS19

International Accounting Standard 19 (IAS19) for Employee Benefits sets out the accounting treatment and disclosure for employee benefits and pensions.

IFRS

International Financial Reporting Standards

IMPAIRMENT

A reduction in the value of a non-current asset below its carrying amount on the Balance Sheet due to significant decline in its market value during the period, evidence of obsolescence or significant physical damage to the non-current asset or significant adverse change in the statutory or regulatory environment in which the PCC Group operates.

INCOME

Income is money (or some equivalent value) that the force, usually receives in exchange for providing a police service.

INTANGIBLE ASSETS

Intangible assets occur when capital expenditure does not result in the acquisition of a non-current asset, for example software licenses and training for development purposes etc.

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.

INVESTMENTS (PENSION FUND)

The investments of the pensions fund will be accounted for in the statement of that fund. However, the PCC Group is also required to disclose, as part of the disclosures relating to retirement benefits, the attributable share of pension scheme assets associated with their underlying obligations.

JOINT AUDIT COMMITTEE (JAC)

The JAC is an independent Joint External Audit Committee of the Sussex Police and Crime Commissioner and the Chief Constable of Sussex providing a key component of corporate governance arrangements for both corporations sole.

LAAP

The Local Authority Accounting Panel issues LAAP Bulletins to assist practitioners with the application of the requirements of the Code of Practice on Local Authority Accounting and Prudential Code, and to provide advice on emerging or urgent accounting issues. Bulletins provide influential guidance that is intended to be best practice, but are not prescriptive and do not have the formal status of the Code or Prudential Code.

LEVIES

A levy is an amount of money a local authority is compelled to collect (and include in its budget) on behalf of another organisation – for example, a government agency – and which appears as a separate item on the council tax bill.

LIABILITY

An obligation that legally binds an individual or company to settle a debt.

LIQUID RESOURCES

Current asset investments that are readily disposable by the PCC Group without disrupting its business and are either readily convertible to known amounts of cash at or close to the carrying amount or traded in an active market.

MINIMUM REVENUE PROVISION (MRP)

The statutory minimum amount which the PCC is required to set aside on an annual basis, as a provision to repay external debt

NATIONAL NON DOMESTIC RATE (NNDR) – or BUSINESS RATES

The rate in the pound charged on non-domestic properties. It is the same for all businesses in England and is set annually by Government, on whose behalf it is collected by billing authorities. The Police and Crime Commissioners then receive a share of the national pool as part of its resources used to meet Total Net Expenditure.

NET BOOK VALUE

The amount at which non-current assets are included in the Balance Sheet, i.e. their historic cost or current value less the cumulative amounts provided for depreciation.

NET CURRENT REPLACEMENT COST

The cost of replacing a particular asset in its current condition and use (i.e. the cost of like-for-like replacement or nearest equivalent asset, adjusted to reflect the current condition of the existing asset).

NET OPERATING EXPENDITURE

The total net expenditure before financing from Central Government grants or local Council Tax and before the movements shown in the Statement of Movement on the General Fund Balance.

NON-CURRENT ASSETS (FIXED ASSET)

Tangible assets that are expected to yield benefits to the PCC Group and the services it provides for a period of more than one year.

OPERATING LEASE

A lease other than a finance lease.

PAST SERVICE COSTS (PENSIONS)

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.

PCC

Police and Crime Commissioner

POLICE GRANT

A specific grant paid to the PCC by Central Government to support its revenue expenditure. It is a fixed sum calculated by the Government on an assumed needs basis.

PRECEPT

An amount determined by the PCC (the preceptor) which is collected on its behalf by the local unitary Authority and District Councils (the billing authorities) as part of the Council Tax.

PREPAYMENT

Any amounts that have been paid for goods and services not received by the end of an accounting period are shown as prepayments in the debtors section of the balance sheet.

PRIVATE FINANCE INITIATIVE (PFI)

Private Finance Initiative (PFI) allows the public sector to contract with the private sector to provide quality services on a long-term basis, typically 25-30 years, so as to take advantage of private sector infrastructure delivery and service management skills, incentivised by having private finance at risk. The private sector takes on the responsibility for providing a public service against an agreed specification of required outputs prepared by the public sector.

The private sector carries the responsibility and risks for designing, financing, enhancing or constructing, maintaining and operating the infrastructure assets to deliver the public service in accordance with the public sector's output specification.

PROJECTED UNIT METHOD (PENSIONS)

An accrued benefits valuation method in which the scheme liabilities make allowance for projected earnings. An accrued benefits valuation method is a valuation method in which the scheme liabilities at the valuation date relate to:

- The benefits for pensioners and deferred pensioners (i.e. individuals who have ceased to be active members but are entitled to benefits payable at a later date) and their dependents, allowing where appropriate for future increases; and
- The accrued benefits for member in service on the valuation date.

PROVISION

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

RELATED PARTIES

Two or more parties are related parties when at any time during the financial period:

- one party has direct or indirect control of the other party, or
- the parties are subject to common control from the same source, or
- one party has influence over the financial and operational policies of the other party to an extent that the other party might be inhibited from pursuing at all times its own separate interests, or
- the parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate interests.

RELATED PARTY TRANSACTION

A related party transaction is the transfer of assets or liabilities or the performance of services by, to or for a related party irrespective of whether a charge is made.

RESERVE

An amount set aside for a specific purpose and carried forward to meet expenditure in future years. General reserves represent accumulated balances which may be used to support future spending. Earmarked reserves are those reserves set aside to meet specific policy purposes.

RESIDUAL VALUE

The net realisable value of an asset at the end of its useful life. Residual values are based on prices prevailing at the date of acquisition (or revaluation) of the asset and do not take account of expected future price changes.

REVENUE BUDGET

The Revenue Budget estimates annual income and expenditure requirements, and sets out the financial implications of the PCC Group policies and the basis of the annual precept to be levied on collection funds.

REVENUE SUPPORT GRANT

Central Government grant supporting the cost of public services.

SCHEME LIABILITIES (PENSIONS)

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

SETTLEMENT (PENSIONS)

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

- a lump sum cash payment to scheme members in exchange for their rights to receive specified pension benefits
- the purchase of an irrevocable annuity contract sufficient to cover vested benefits, and
- the transfer of scheme assets and liabilities relating to a group of employees leaving the scheme.

SPECIFIC GRANTS

Central Government grants towards specific services, usually on a fixed percentage for a particular service such as Police. These are included as income on the Income & Expenditure Account.

TOTAL NET EXPENDITURE

Total net spending requirement after deducting specific grants and other local income is financed by Central Government grants and local Council Tax

WORK IN PROGRESS/ASSETS UNDER CONSTRUCTION

The cost of work expended on an incomplete project as at the end of the year.