

THE CHIEF CONSTABLE OF SUSSEX

Statement of Accounts 2022/23



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Chief Constable of Sussex

Officers of the Chief Constable of Sussex from 1 April 2022:

Mrs Jo Shiner up to Sep 2024 and reappointed in October 2024	Chief Constable Sussex Police Headquarters, Lewes, BN7 2DZ
Mr David McLaren from Sep 2024 to Oct 2024	Temporary Chief Constable Sussex Police Headquarters, Lewes, BN7 2DZ
Mr Peter Gillett CPFA up to 19 June 2022	Executive Director of Commercial and Financial Services (Chief Finance Officer to the Chief Constable of Sussex) Sussex Police Headquarters, Lewes, BN7 2DZ
Mr Anthony Croxford FCMA from 20 June 2022 To 30 June 2023	Chief Digital and Information Officer and Interim Executive Director of Commercial and Financial Services (Chief Finance Officer to the Chief Constable of Sussex) Sussex Police Headquarters, Lewes, BN7 2DZ
Mr Peter Appleton from 1 July 2023	Executive Director of Commercial and Financial Services (Chief Finance Officer to the Chief Constable of Sussex) Sussex Police Headquarters, Lewes, BN7 2DZ

Chief Constable's Command Team

Deputy Chief Constable

Assistant Chief Constable – Local Policing

Assistant Chief Constable – Operations

Executive Director of Commercial and Finance Services (Chief Finance Officer)

Director of People Services



Sussex Police

This document is available in large print

Please contact:

John Moyles, Service Director, Finance and Regional Services

Tel: 07973 951208

HQ Secretariat, Police Headquarters,

Malling House, Church Lane, Lewes, East Sussex BN7 2DZ

Narrative Report

1 Introduction

The purpose of this narrative report is to provide a guide to the most significant matters reported in the 2022/23 Financial Statements for the Chief Constable of Sussex. The narrative report explains the purpose of the Financial Statements, a summary of the financial activities and the financial position as at 31 March 2023.

Sussex Police Force provides policing services to East, West and Mid Sussex and the city of Brighton & Hove. The police force area covers 1,460 square miles with approximately 150 miles of coastline. Around 1.7 million people live mainly in the urban centres, especially along the south coast, which includes the city of Brighton and the towns of Hove, Bognor Regis, Hastings, and Horsham. Urban areas and more sparsely populated rural areas present contrasting policing challenges from alcohol and drug related crime to wildlife crime.

The resident population is increased significantly by university students, seasonal workers and the very large numbers who visit, socialise in, or travel through the area each year, with ports and Gatwick airport being points of entry for overseas travellers.

The force priorities for Sussex Police are to protect communities, catch criminals, and deliver an outstanding service. We must continue to modernise how we develop and deliver our services, exploiting the latest technology and newest legislation. For example we have been implementing telematics in our frontline vehicles which serves a multitude of purposes from helping to reduce road traffic incidents and identify criminals, to creating efficiencies through monitoring vehicle usage and supporting insurance claims.

Since 2010, Sussex Police has had to address significant challenges created by financial constraints, resulting in fewer people and some areas of service being stretched, made worse by increasing demand and changes in complexity of policing. Since 2018/19, additional funding was secured by the Police and Crime Commissioner through a rise in precept, to the benefit of Sussex communities. This investment has been used to strengthen Local Policing, improve Public Contact with Sussex Police and Modernising Policing by investing in technology that makes the Force better at tackling crime, reducing costs. This makes it easier for our officers and staff to do their jobs and supports our work with partners and other agencies. Through Operation Uplift, the Government's commitment to recruiting 20,000 police officers, we have been able to recruit more police officers, putting them where they are most needed to deliver effective services across Sussex. Additional funding from Government Uplift and Precept income sources provided additional posts.

The policing landscape continues to change at pace and scale. We must be able to meet modern demand and strike a balance between visible policing and specialist police services. Visible policing provide reassurance to the public but there are also largely unseen police services that work to prevent, disrupt and investigate serious and complex crime and manage public protection.

Investment helps us to build preventative, proactive and specialist policing capabilities. It also helps us to prevent, disrupt and tackle serious and violent crime, focusing on violence and knife crime linked to organised crime groups and county line drug activity. Increasing our capacity enables us to investigate complex crimes and those that cause greatest harm, allowing us to increase policing visibility with more officers in local communities, on our roads, preventing, responding and providing public reassurance.

With further investment we can further strengthen our position – prevent more crimes, catch more criminals, protect more victims, solve more crimes and keep Sussex even safer.

Nationally, forces continue to recruit 20,000 officers as part of the Government’s three-year Operation Uplift programme. In Sussex not only were we able to recruit all the officers but we exceeded the target.

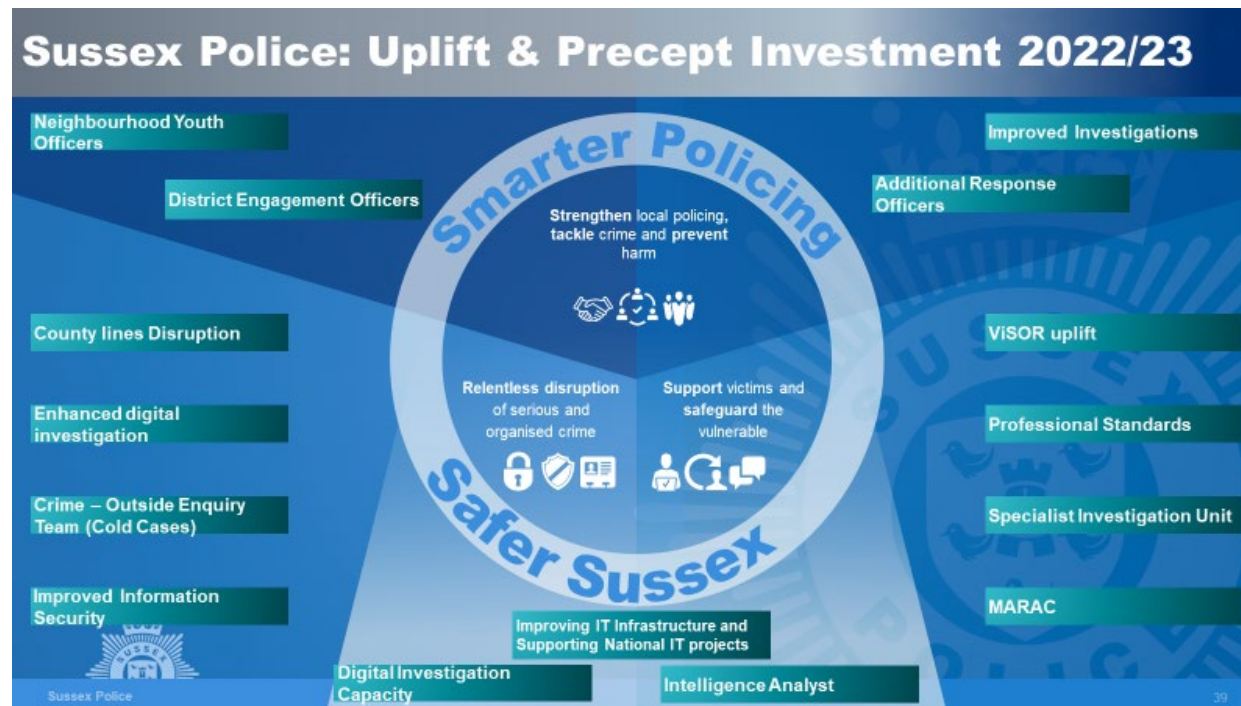
During 2022/23 Sussex Police recruited over 450 new officers which meant that we were able to replace all those officers who left us, usually as a result of retirement, as well as achieving the growth funded by the Governments Operation Uplift and the PCC precept rise.

This meant that by the end of March 2023, compared with the previous financial year, Sussex had a net growth of 172 officer posts (including 9 regional posts) from the Government funded Operation Uplift. We have made full use of the range of new entry routes including the direct entry route for Detectives and officers recruited are continued to be trained. Additionally, the 2022/23 precept included funding for 20 officers and 24 staff posts.

Throughout the year we have looked to in bring in as much diversity as possible and we have recruited more female officers and Black, Asian and Minority Ethnic officers than ever before.

Through the precept and uplift funding available in 2022/23, we have undertaken a range of improvements to our service overseen by the Investment Delivery Board.

Investment includes:



In line with the Police and Crime Plan priorities the resources were allocated as follows:

Police and Crime Plan Priority 1 - Strengthen Local Policing

- Continue to invest in local policing, particularly in volume crime investigations.
- Increase the number of sergeants in Sexual Investigation Unit and Violent Offender and Sex Offenders Register (ViSOR).
- Invest in youth engagement with an increase in Neighbourhood Youth Officers.
- Continue to extend the contracts for staff statement takers to reduce pressure on investigators around case file disclosure and complexity.

- Continue to implement the public engagement tool across the Force with business change activity to maximise usage and engagement opportunities with local neighbourhoods.
- Increase the number of District Engagement Officers on division.

Police and Crime Plan Priority 2 - Relentless Disruption of Serious & Organised Crime

- Further investment in County Lines disruption.
- Explore and embrace digital technology opportunities to improve investigative capabilities. For instance, specialist software for remote statement taking, using video conferencing and automatic transcription.
- Continued review of the impact of the new Digital Investigation Support Unit and look at further opportunities to nurture the culture of digital policing across the Force through upskilling and training opportunities.
- Investment in solving unsolved serious crime to try and bring closure to the families of victims.

Police and Crime Plan Priority 3 - Support Victims & Safeguard the Vulnerable

- Continued design and implementation of the Improving Volume Crime Project to improve the timeliness and quality of investigations, maximise outcomes, and improve victim satisfaction and therefore trust and confidence in Sussex Police. This will include an uplift in officers available to deal with crimes and incidents through the officer uplift.
- Further uplift to the ViSOR team, managing some of the highest harm perpetrators.
- Uplift to Professional Standards Department in recognition of the challenges around policing legitimacy.
- Investment in the Firearms and Explosives Licencing Unit managing the licensing of firearms, shotguns, firearms dealers, explosives, shooting/gun clubs, clay grounds and licensing of storage facilities for explosives.
- Uplift the number of researchers to support the Multi-Agency Referral Assessment Conference (MARAC) process, supporting the risk assessment and management of high-risk domestic abuse cases.

Whilst we invest to improve our services on the one hand, we must also continue to find efficiency savings. National and global factors have significantly impacted the economy and rates of inflation and so Sussex Police, like all public services, must deal with the associated economic impact on our finances.

2 The financial year ahead

Following a period of growth, due to the pandemic and other additional ongoing spending pressures, the financial outlook has changed for Sussex Police, as it has for all public and private sector organisations.

In January 2023, additional investment in Sussex Police was announced by the Sussex Police and Crime Commissioner, Katy Bourne, with an increase to the policing element of council tax by an extra £15 per year, per household (for an average band D property).

This investment will be used to protect the improvements we have been making to our service in recent years. Police funding comes from many different sources, but with a national freeze to the grant sum, the precept is more important than ever and absolutely essential so that we can meet increasing costs, recruit to additional precept and uplift posts and continue to enhance our service.

In January 2023, we received confirmation of the final funding settlement. Total grant funding for Sussex in 2023/24 is £207.1m, which is an increase of £3.7m from 2022/23. This grant needs to contribute to our overall spending, ongoing pay and price increases including unavoidable costs. Within the national settlement for policing there is an expectation that forces will deliver ongoing efficiencies.

Workforce

Uplift and precept funding has previously supported growth in police officers in the Force to deliver against its priorities and has helped to build robust medium-term plans. However 2022/23 was the final year of uplift and the focus for 2023/24 will be to maintain the overall agreed Police Officer baseline which is conditional for receiving the full Uplift Performance Grant. To achieve this, we plan to recruit 320 new officers.

Across the UK, forces are seeing an increase in the number of police officers leaving the service because of retirement, general resignations and transfers. Officer turnover is monitored throughout the year and we are building sufficient flexibility into our recruitment plans to react to any changes in our predictions.

Sussex Police has grown its police officer numbers in the past five years, and the diversity of its workforce, over and above those leaving or retiring.

The financial challenges that the force faces with increasing inflationary costs, the cost-of-living crisis, and financial pressures on partners across the public sector, means that the precept is more important than ever to support the continued modernisation and improvements to our organisation.

Precept investment in 23/24 will be used to support the Force in meeting the increased costs whilst preserving the improvements in capacity, visibility and accessibility that have already been made. Sussex Police has comprehensive transformation plans in place to enable efficiencies that will allow the force to modernise and keep warranted officers on the frontline whilst making necessary savings.

Savings

It remains the case that our base spending has risen at a higher rate than our base funding.

The 3 year financial settlement give the PCC flexibility to increase the precept by up to £10 in 2024/25. We have only been informed of the police grant, however, for 2023/24.

Cost pressures arising from inflation, cost of officer/staff increments, contributions to national programmes and contractual obligations, require us to make savings in the coming financial year and over the medium-term financial planning period.

As part of the Spending Review 2021, the Home Office expects to see at least £100 million of cashable efficiency savings delivered from force budgets by 2024/25, achieved through areas such as working with Blue Light Commercial and management of Corporate Functions.

Over the past 10 years, because of austerity, all police forces have squeezed millions of pounds worth of savings from their budgets and this will make finding savings now, and in future years, more challenging.

In doing so, it is vital we do everything we can to preserve and sustain the gains we have made in recent years, which we know are making a real difference to our local communities.

While a comprehensive and medium-term savings plan is developed, we are making some pragmatic shorter-term savings to balance the books. As ever, it is essential the force continues to make our services as efficient as possible to ensure they represent the best value for money for Sussex council taxpayers. We remain one of the lowest council tax per head forces nationally and are committed to maintaining a necessary focus on efficiency.

We will make as many savings as possible from non-pay budgets, but inevitably, and because this is most of our budget, we will need to consider ways to reduce our overall workforce costs.

To protect our workforce as far as possible and reduce our future savings requirement, we have taken several immediate, short-term measures. These include vacancy management of police staff posts unless by exception, working closely with business leads to capture in-year savings, a reduction in the use of agency workers and contractors and accelerating planned savings.

Holding police staff vacancies for a short time helps us to achieve some of our required savings. These are achieved primarily through natural turnover and we monitor this closely. In 2023/2024 the vacancy rate is 1% for officers 10% for staff and 5% for PCSOs. We carefully manage vacancies when they arise so we can stay within our budget and ensure that there is not an impact upon public services.

Much work is currently underway to identify savings plans for the coming year to ensure that we can deliver a balanced budget. As these proposals are finalised, we will communicate them wider.

Keeping Sussex safe is our priority and we will always focus our funding on protecting local communities. Nevertheless, as with all public sector agencies, the force still faces significant unavoidable additional costs over the coming years which must be funded through compensatory savings.

3 The Chief Constable & The Police and Crime Commissioner

The Chief Constable of Sussex (CC) and The Police and Crime Commissioner for Sussex (PCC) are separate legal entities known as 'corporation sole' bodies. The Chief Constable is a 100% subsidiary of the PCC as set out under the Police Reform and Social Responsibility Act 2011. The "Sussex Police Group" refers to 'The Police and Crime Commissioner for Sussex' and 'The Chief Constable of Sussex' combined.

The Chief Constable

The primary function of the legal entity headed by the Chief Constable is the exercise of operational policing duties under the Police Act 1996. The Chief Constable holds office under the Crown, but is appointed by the PCC and has responsibility for:

- Operational independence to deliver the operational policing plan;
- Direction and control over the force's officers and staff;

- Managing the operational delivery budget; and
- Appointing a qualified person to act as chief finance officer.

The Chief Constable incurs all operating costs (excluding those relating to the Office of the PCC) and receives any associated operating income, the net of which is funded directly by the PCC. The Chief Constable accounts for all pension costs, including the associated pension liability that is shown in the Chief Constable's Balance Sheet.

The Police and Crime Commissioner (PCC)

The primary function of the PCC is to secure the maintenance of an efficient and effective police force in Sussex, and to hold the Chief Constable to account for the exercise of operational policing duties under the Police Act 1996.

The PCC is responsible for the finances of the whole Group and controls all assets, liabilities and reserves. The PCC incurs costs relating to the Office of the Police and Crime Commissioner (OSPCC) and receives all income and funding and makes all the payments for the Group from the overall Police Fund. In turn the Chief Constable of Sussex fulfils his/her functions under the Act within an annual budget (set by the PCC in consultation with the Chief Constable). A Scheme of Consent 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.

Accounting Arrangements

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).

This Statement of Accounts includes all the financial transactions incurred during 2022/23 relating to the Chief Constable. The consolidated Group position including the Chief Constable and PCC, have been prepared in a separate Statement of Accounts.

4 The Statement of Accounts

The Financial Statements for 2022/23, which follow this narrative report, have been prepared in accordance with the Code of Practice on Local Authority Accounting 2021/22, based on International Financial Reporting Standards ('The Code') issued by the Chartered Institute of Public Finance & Accountancy (CIPFA) and comprise of:

Comprehensive Income and Expenditure Statement (CIES)

The 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. The PCC raises taxation to cover expenditure in accordance with 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) may be 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 Movement in Reserves Statement (MiRS).

The Movement in Reserves Statement (MiRS)

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, analysed into 'useable' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves.

The Balance Sheet

This shows the value of the assets and liabilities held as at 31 March for the current and prior years. The net liabilities (assets less liabilities) are matched by the total reserves.

The Cash Flow Statement

This shows the changes in cash and cash equivalents of the Chief Constable during the reporting period. The Chief Constable does not manage any of these transactions and accordingly the net cash impact is nil in these accounts. Movements of monies are included in the PCC's Statement of Accounts and only the net deficit on the provision of services and adjustments for non-cash movements are included in the CC's cash flow statement.

Notes to the Accounts

These provide additional information to support the figures included in the financial statements and are designed to aid the reader. They comprise significant accounting policies and other explanatory information.

In addition to the Financial Statements, the annual accounts include a Statement of Responsibilities for the Accounts and information on the Police Officer Pension Fund (providing statements for pension fund income and expenditure, assets and liabilities).

Governance

The accounts are subject to detailed review by an independent external auditor. The auditor provides assurance that the accounts provide a true and fair view of financial position, are prepared correctly, that proper accounting practices have been followed and that arrangements have been made for securing economy, efficiency and effectiveness in the use of resources.

The Accounts and Audit (England) Regulations 2015 require that the Annual Governance Statement (AGS) should accompany the Statement of Accounts rather than be included in the Statement of Accounts. The separate statement for the Chief Constable explains the governance processes and procedures in place to enable the Chief Constable to carry out functions effectively, by highlighting the internal control environment, commenting on its effectiveness and identifying issues for future work. The AGS document is available on the website of the Chief Constable of Sussex www.sussex.police.uk.

5 Financial Arrangements

Setting the Budget

The Chief Constable delivers the operational policing against a delivery plan and net budget approved by the Police and Crime Commissioner (PCC). The PCC Group total net revenue budget for 2022/23 was set at £346.893m (2021/22: £328.985m) of which £339.623m (2021/22: £314.476m) was attributed to policing under the direction of the Chief Constable for the year, the remaining gross revenue budgets being under the control of the PCC. The Chief Constable's revenue budget for running costs is referred to as the Operational Delivery Budget. For 2022/23 the Chief Constable also managed a capital and investment budget approved by the PCC for major schemes and projects of £18.4m (2021/22: £14.7m).

The following table shows a summary of the annual revenue actual v budget by portfolio expenditure.

Category	CC Outturn		
	Actual £000	Budget £000	Variance £000
Local Policing	210,401	221,103	(10,702)
Operations	20,468	22,751	(2,283)
Specialist Crime	22,154	23,547	(1,393)
Corporate & Support Services	73,008	72,223	785
Total Net Expenditure	326,032	339,624	(13,592)

The capital budget included planned expenditure in line with the Estates Strategy, improvements to IT Infrastructure, replacement programmes for fleet and operational equipment and major projects including digital policing. It also includes investment in the South East Regional Organised Crime Unit Western Hub in collaboration with Thames Valley Police (TVP), Hampshire Constabulary and Surrey Police.

Final Revenue Outturn

Actual expenditure attributable to policing under the direction of the Chief Constable was £326.0m (2021/22: £309.9m) resulting in a £13.6m operational delivery underspend (2021/22: £3.3m underspend)

The following table the actual expenditure for the Chief Constable compared to budget for 2022/23 by subjective cost type.

2022/23 Category	CC Outturn		
	Actual £000	Budget £000	Variance £000
Employees	298,078	309,567	(11,489)
Premises	13,231	12,081	1,150
Transport	6,725	5,505	1,220
Supplies & Services	47,851	49,177	(1,326)
Capital Financing and Reporting	(11)	0	(11)
Total Expenditure	365,874	376,330	(10,456)
Grants & Income	(39,842)	(36,706)	(3,136)
Total Net Expenditure	326,032	339,624	(13,592)

Precept & uplift investments were received towards an additional 215.5 posts (staff and officer), all of which were recruited by 31 March 2023.

Total employee costs were underspent by £11.5m predominantly due to staff vacancies, whilst non-pay budgets were generally overspent.

Premises related expenditure was overspent by £1.1m due to inflationary increases mainly on utilities.

Transport costs came in over budget by £1.2m due to high workshop and inflation on fuel costs.

Supplies & Services underspend by £1.3m mainly due to project timelines being extended mainly within DDaT.

Financing overspent within in-year transfers to reserves being made in support of the Medium Term Financial Plan.

Income exceeded budget this year with additional income and grants received in year including for Op Uplift due to the force exceeding the uplift target.

The 2022/23 underspend will be used in accordance with the approved Medium Term Financial Plan and 2022/23 outturn report.

Comprehensive Income and Expenditure Statement (CIES)

Actual expenditure for the year ended 31 March 2023 compared against the previous year can be seen in the Comprehensive Income and Expenditure Statement.

The Comprehensive Income and Expenditure Statement (CIES) measures the financial performance for the year in terms of resources consumed over the period and the funding provided to finance these resources. The accounting basis used to prepare the CIES is different to the statutory basis used to calculate net expenditure funded from Home Office grants and local taxation. The CIES includes all net expenditure funded from grant and taxation plus notional (non-cash) amounts that are required by accounting regulations e.g. depreciation and changes in the value of property assets, interest charges on leased assets, and calculations of movements in police officer and police staff pension liabilities.

The following table reconciles the Chief Constable's net operational expenditure for 2022/23 to the position reported in the CIES. The table shows how the management accounts outturn position reported to the Chief Constable and the Police and Crime Commissioner is adjusted for accounting regulations and other statutory adjustments to arrive at the deficit on provision of services as reported in the Comprehensive Income and Expenditure Statement.

2021/22 £m	Final Chief Constable Income and Expenditure Position	2022/23 £m
(3.3)	Chief Constable's revenue outturn (surplus) position for the year	(13.6)
3.3	Loss or (Surplus) transfer from/to Reserves	13.6
0.0	Chief Constable's position after surplus transfer to Reserves	0.0
	Adjustments between accounting & funding basis under regulations (note 6 to the Accounts)	
183.8	Pension amounts relating to retirement benefits charged to the CIES	190.4
(88.0)	Pension employer contributions and payments payable to pensioners in year	(85.7)
0.6	Accumulated Absences accrual	1.0
96.4	Deficit on Provision of Services per Comprehensive Income and Expenditure Statement	105.7
(69.1)	Pension re-measurements	(1,216.7)
27.30	Total Comprehensive Income and Expenditure Statement Deficit per Financial Statements	(1,111.0)

For the 2022/23 financial year the value of notional (non-cash) items are significant. They include:

- non-cash items required to be included in statutory accounts but not funded from local taxation including in year pensions costs on an actuarial basis rather than cash basis (£104.7m); and accumulated annual leave not taken by year end (1.0m); and
- a decrease in the pension liability of £1,112.1m based on actuarial assessment.

The overall change in pension liabilities reflected in the CIES and balance sheet is £1,156.8m, including the in-year actuarial pension costs and change in long term liabilities.

Pension liabilities can vary from year to year and have the most significant impact on the statutory accounts. The actuarial assessment each year reflects changes in market conditions, bond yields, assumed rates of increase of salaries and deferred pension, all of these can have a significant effect on the value of liabilities reported. Actuarial assumptions are determined on

a 'best estimate' basis although there are risks and uncertainties associated with whatever assumptions are adopted because they are in effect projections of future investment returns and demographics many years into the future so there is inevitably a great deal of uncertainty.

This deficit has no immediate cash impact on the Chief Constable. The most significant element of this deficit is a change in long term pension liabilities for police staff and police officers based on latest valuations required by accounting standards. Management of these long-term liabilities are subject to funding strategies of West Sussex Local Government Pension Scheme (Police Staff) and Home Office Police Pensions Schemes (Police Officers) and require no immediate action by PCC or CC but may have a financial impact on expenditure in future years.

6 Capital Expenditure Budget

The capital and investment programme is designed to support business enablement and change projects to promote new ways of working and efficient use of resources. Current investment plans include provision for the approved Estates Strategy, fleet replacement programme and in-car technology development, ICT infrastructure and improvement plans, further development of mobile policing.

The DDaT (Digital, Data and Technology) Strategy focus includes upgrading technology with mobile data terminals and hardware refresh projects, updating network infrastructure, network storage, network monitoring and crime reporting tools. Emergency Services Mobile Network (ESMN) is a key project nationally. Much of the capital underspend observed this year related to slippage on complex IT projects.

The estates strategy is a key part of the capital programme and aims to make sure that the property used for policing is in the right place, is fit for purpose and efficient. This involves transforming the property estate, freeing up resources and disposing of unsuitable properties to generate capital receipts.

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 £10.842m in 2022/23 are shown in the financial statements of the Commissioner. An additional amount totalling £0.103m 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).

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

The capital and investment budget for 2022/23 was approved by the PCC in February 2022 at £14.8m. During the year budget virements were agreed, resulting in a revised capital budget of £18.4m.

The final outturn for the capital & investment programme for the year is an underspend of £7.5 million.

Capital and Investment Budget Outturn 2022/23

	Actual	Revised Budget	Variance over/ (under)spend	
	£m	£m	£m	%
DDaT Strategy	2.695	5.108	(2.413)	-47%
ERP	0.000	0.409	(0.409)	-100%
Fleet Strategy	6.089	7.648	(1.559)	-20%
Estates Strategy	1.698	3.658	(1.960)	-54%
Specialist Crime Schemes	0.025	0.997	(0.973)	-98%
Operational Investments	0.311	0.524	(0.213)	-41%
Corporate Services	0.025	0.025	(0.001)	-2%
Total	10.842	18.369	(7.527)	-41%

The Fleet strategy expenditure covers the on-going fleet replacement programme as well as ANPR and Telematics installations in vehicles. Much of the slippage observed this year relating to fleet was due delays in the delivery of vehicles and vehicle parts.

Operational Investments

Operations - £0.311m spent to purchase operational command equipment, ANPR equipment, drones and investments funded by the Sussex Safer Roads Partnership.

Estates Strategy

The Estates Strategy 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 scrutinises revisions to the Estates Strategy through a regular Estates Board to ensure that it continued to provide a working environment fit for 21st century policing, is cost effective and demonstrates 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, improvements to the estate and refurbishments included spend on mechanical & electric project, CTU Improvements at HQ Lewes and Integrated CCTV solutions and other smaller projects.

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	0.000	0.000	0.000	0.0%
Other Grants and Income	0.000	0.291	0.291	2.8%
Capital Receipts	0.000	1.915	1.915	17.6%
Revenue Funding	5.650	0.000	5.650	52.8%
Reserves	0.120	0.025	0.145	0.9%
External Borrowing	0.000	0.000	0.000	0.0%
Internal Borrowing	0.000	2.841	2.841	25.9%
Total	5.770	5.072	10.842	100.0%

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 £0.103m has been assessed as expenditure which cannot be capitalised. This expenditure has been charged to the Operational Delivery revenue account 2022/23 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 are matched by the reserves held.

Chief Constable's Balance Sheet			
	31 March 2022	31 March 2023	Movement
	£m	£m	£m
Current Liabilities	(4.1)	(5.1)	(1.0)
Long Term Liabilities	(3,402.6)	(2,290.5)	1,112.1
Net Liabilities	(3,406.7)	(2,295.6)	1,111.1
Financed by			
Pensions Reserve	3,402.6	2,290.5	(1,112.1)
Accumulated Absences Reserve	4.1	5.1	1.0
Total Reserves	3,406.7	2,295.7	(1,111.1)

The movement between years was (£1,112.1m). This is predominantly due to the decrease in the long-term pension liability of (£1,112.1m) as a result of the annual actuarial review and changes in assumptions used to estimate future pension costs. The present value of the defined benefit obligation and projected pension expense for next year have increased over the year due to a fall in the real discount rate and from using a more up-to-date longevity assumption.

The other minor movement relates to the Accumulated Absences accrual provision.

7 Employee Pension Schemes

The Chief Constable operates separate pension schemes for Police Officers and Police Staff. Police staff can join the Local Government Pension Scheme (LGPS) and police officers can join the Police Pension Scheme. They are both defined benefit schemes, but differ in their operation. A fuller explanation is provided in the Notes to the Financial Statements.

Although benefits from these schemes will not be payable until an officer or staff member retires, the Chief Constable 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 International Accounting Standards (IAS19).

Accounting for this commitment has a substantial impact on the net worth of the Balance Sheet, resulting in a negative pension reserve on the Balance Sheet of £2,290.5m (2021/22: £3,402.6m). The police officer pension schemes have the majority share of this deficit at £2,440.1m (2021/22: £3,349.7m). Statutory arrangements are in place to fund this deficit which means the Chief Constable maintains a healthy financial position and can continue to operate on a going concern basis.

The value of the police staff pension scheme is assessed triennially when the employer's contribution is adjusted in line with the actuary's recommendations. The last valuation was completed in April 2022 and set the rate of employer contributions for 2022/23 at 20.9% (2021/22: 21.9%).

For the police officer pension fund, the employer's contribution rate for the 2022/23 year was set at 31.0%. In 2022/23, costs in excess of the employer's contribution were met by the Home Office by way of the Pension Top Up Grant and an additional Pension Grant from HM Treasury.

8 Further Information

Sussex Police continues to undertake significant change activity through the Policing Together programme with Surrey Police, and also with other forces in the South-East region, in order to meet financial challenges, increase resilience and improve service delivery. The full savings programme and budget reductions achieved by Sussex Police in 2022/23 totalled £4.6m and is shown by portfolio in the chart below.

2022/23 Savings by Portfolio	Total £m
Contact	0.226
Enabling Departmental Savings	0.852
Forcewide	2.300
ICT Contract Review	0.813
Local Policing	0.050
Operational Policing	0.279
Specialist Crime	0.081
Total	4.601

All planned 2022/23 savings were taken at the beginning of the financial year.

Whilst the savings were incorporated into the budget setting process and effectively removed at the start of the year. Savings for the Estates & Facilities restructure and DDaT were removed from the budget however identification of the permanent saves plans were carried forward into the 2023/24 year.

Additional savings of over 0.354m were also achieved during the year primarily driven by FCCCD Front Office.

Within the organisation we continue to develop innovative working practices to maximise our efficiency. This includes investing in better technology, managing digital evidence and sharing information more effectively.

We are monitoring the effectiveness of our digital investments and we are equipping all employees with the right skills and tools to work in a modern way, whilst they face increasingly complex policing challenges, and provide increased visibility and reassurance to the community.

With further investment we can further strengthen our position – protect communities and prevent crimes, catch criminals and deliver an outstanding service to keep Sussex even safer.

The majority of services within the Support Services functions are collaborated including; Procurement, Insurance, Transport, People Services, Information & Communication Technology, and Finance.

Sussex Police are committed to continuous improvement in their arrangements for programme, project and financial management as demonstrated through a number of key initiatives and programmes, including;

Regional collaboration continues with five police forces (Thames Valley, Hampshire, Sussex, Surrey and Kent) working together on counter terrorism and tackling serious and organised crime. This is governed by a joint regional oversight board which the five PCCs chair in rotation.

9 Financial Outlook

The financial statements are prepared on the assumption that the legal entity of the Chief Constable 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 for the group, such reserves are held by the PCC, with the general reserves strategy being to maintain a balance that does not fall below 4% of the budget. A number of earmarked revenue reserves are also held by the PCC for specific purposes or activities of the group. The use of usable reserves assists in financial planning to mitigate any short term predicted funding gaps.

The financial resilience and sustainability of the Force is monitored by the production and review of the Medium Term Financial Strategy (MTFS). The MTFS supports the Operational Delivery Plans incorporating all known financial and business assumptions and the force's approach to efficiency, demand management, investment in priorities and capital investment.

The MTFS provides options for delivering a sustainable revenue budget and capital investment over the medium term. It also sets out how the PCC can provide the Chief Constable with the resources to deliver the priorities in the Police & Crime Plan,

support the mission, vision and values of Sussex Police and meet the requirements of the Strategic Policing Requirement within challenging financial boundaries.

Further Information

Details of the PCC's plans for revenue and capital expenditure in 2022/23 budget can be found in the Sussex Police and Crime Commissioner's Precept Setting proposal. Whilst the annual budget is agreed by the PCC it is scrutinised by the Police and Crime Panel before a final decision is made. Copies of the documents can be obtained from the Office of the Police and Crime Commissioner for Sussex by telephoning: 01273 481561, or from the website at www.sussex-pcc.gov.uk

Statutory accounts for the Chief Constable and separate accounts for The Police and Crime Commissioner and Group are available to view and download on the Police and Crime Commissioner for Sussex website www.sussex-pcc.gov.uk or on the Sussex Police 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: Corporate.Finance@sussex.pnn.police.uk



Peter Appleton

Chief Finance Officer to the Chief Constable of Sussex.

Date: 5 December 2024

Statements of Responsibilities

This section explains the responsibilities for managing the financial affairs of the Chief Constable of Sussex.

Responsibilities of the Chief Constable:

The Chief Constable is required:

- To make arrangements for the proper administration of the Chief Constable of Sussex's financial affairs and to ensure that one of its officers (the Chief Finance Officer) has the responsibility for the administration of those affairs. That officer is the Executive Director of Commercial and Finance Services;
- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- To approve the Statement of Accounts.

Responsibilities of the Executive Director of Commercial & Finance Services as Chief Finance Officer to the Chief Constable of Sussex:

The Chief Finance Officer is responsible for:

- Preparation of the Statement of Accounts for the Chief Constable of Sussex 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, including assessments of going concern; and
- Complied with the code and its application to the Accounts of the Chief Constable of Sussex.
- 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 Statement of Accounts for the year ended 31 March 2023.



Jo Shiner
Chief Constable
Dated: 5 December 2024

I certify that the Draft unaudited Statement of Accounts give 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 2023.



Peter Appleton
Executive Director of Commercial and Chief Financial Officer to the Chief Constable of Sussex.
Dated: 5 December 2024

Independent Auditors' Report to the Chief Constable of 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 Chief Constable of Sussex

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHIEF CONSTABLE OF SUSSEX

Disclaimer of opinion

We were engaged to audit the financial statements of Chief Constable of Sussex for the year ended 31 March 2023. The financial statements comprise the:

- Chief Constable of Sussex Comprehensive Income and Expenditure Statement,
- Chief Constable of Sussex Movement in Reserves Statement,
- Chief Constable of Sussex Balance Sheet,
- Chief Constable of Sussex Cash Flow Statement,
- the related notes 1 to 21 including a summary of significant accounting policies, and
- Chief Constable of Sussex Police Pension Fund Accounts Statements and related notes.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

We do not express an opinion on the accompanying financial statements of the Chief Constable of Sussex. Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

The Accounts and Audit (Amendment) Regulations 2024 (Statutory Instrument 2024/907) which came into force on 30 September 2024 requires the accountability statements for this financial year to be approved not later than 13 December 2024.

We completed the audit of the 2021/22 financial statements and issued our audit opinion on 30 November 2022.

The backstop date and the wider requirements of the local audit system reset meant we did not have the required resources available to complete the detailed audit procedures that would be needed to obtain sufficient appropriate audit evidence to issue an unmodified audit report on the 2022/23 financial statements.

Matters on which we report by exception

Notwithstanding our disclaimer of opinion on the financial statements, performed subject to the pervasive limitation described above, we have nothing to report in respect of whether the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the [Group and the] [Authority/Council]].

We report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 (as amended)
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended)
we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014 (as amended)
- we are not satisfied that the Chief Constable of Sussex has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.

We have nothing to report in these respects.

Responsibility of the Chief Finance Officer

As explained more fully in the Statement of the Chief Finance Officer's/ Responsibilities set out on page 28, the Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the Chief Constable of Sussex financial statements and the Police Pension Fund Accounts Statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022), and for being satisfied that they give a true and fair view and for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the Chief Constable of Sussex's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Chief Constable of Sussex either intends to cease operations, or has no realistic alternative but to do so.

The Chief Constable of Sussex is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the Chief Constable of Sussex's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report.

However, because of the matter described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Chief Constable of Sussex in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Code of Audit Practice 2024 and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice 2024, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General in January 2023, as to whether Chief Constable of Sussex had proper arrangements for financial sustainability, governance and improving economy, efficiency and effectiveness. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Chief Constable of Sussex put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, Chief Constable of Sussex had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 (as amended) to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Certificate

We certify that we have completed the audit of the accounts of Chief Constable of Sussex in accordance with the requirements of the Local Audit and Accountability Act 2014 (as amended) and the Code of Audit Practice issued by the National Audit Office.

Use of our report

This report is made solely to the members of Chief Constable of Sussex, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 (as amended) and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Chief Constable of Sussex and the Chief Constable of Sussex's members as a body, for our audit work, for this report, or for the opinions we have formed.

E. Jackson
Ernst & Young LLP

Elizabeth Jackson (Key Audit Partner)
Ernst & Young LLP (Local Auditor)
Luton
5 December 2024

The following footnote does not form part of our Auditor's Report.

Additional information related to the disclaimer of opinion is set out in our Completion Report for Those Charged with Governance dated 13 November 2024, available on the Authority's website, which includes further explanations about the implementation of the statutory instrument which led to the disclaimer of our opinion on the financial statements.

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.

The Comprehensive Income and Expenditure Statement (CIES) below indicates resources consumed by the Chief Constable at the request of the Police and Crime Commissioner. In practice all the respective costs are paid for by the PCC and the Chief Constable's Comprehensive Income and Expenditure Statement includes an intra-group adjustment to offset income and expenditure other than items relating to IAS19 pension liabilities and employee benefits.

2021/22				2022/23		
Expenditure £000	Income £000	Net £000	Note	Expenditure £000	Income £000	Net £000
352,376	0	352,376		355,326	0	355,326
11,455	0	11,455		13,156	0	13,156
6,471	0	6,471		6,683	0	6,683
45,740	0	45,740		47,613	0	47,613
2,726	0	2,726		2,947	0	2,947
9,975	0	9,975		9,547	0	9,547
0	(37,530)	(37,530)		0	(40,630)	(40,630)
428,743	(37,530)	391,213	Cost of Services	435,272	(40,630)	394,642
0	(362,674)	(362,674)	Intra-Group Funding Transfer	0	(379,356)	(379,356)
67,842	0	67,842	Financing and Investment Income and Expenditure	107,549	(17,128)	90,421
0	(7)	(7)	Taxation and Non-Specific Grant Income	0	(9)	(9)
496,585	(400,211)	96,374	Deficit on Provision of Services	542,820	(437,123)	105,698
		(69,038)	Re-measurement of the net defined benefit liability			(1,216,716)
		(69,038)	Other Comprehensive Income and Expenditure			(1,216,716)
		27,336	Total Comprehensive Income and Expenditure			(1,111,018)

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. This shows the movement from the start of the year to the end on the different reserves, analysed into 'usable reserves' i.e. those that can be applied to fund expenditure or reduce the local taxation and other 'unusable reserves'. The movements are broken down between gains/losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The net increase or decrease line shows the statutory General Fund balance movements in the year following those statutory adjustments. This statement shows only pension and employee liability transactions as all other reserves are managed by the Police and Crime Commissioner for Sussex. The financial consequences of operational activities undertaken by the Chief Constable can be seen in the Comprehensive Income and Expenditure Statement.

	Note	General Fund Balance £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
Balance at 31 March 2022				3,406,715	3,406,715
Movement in reserves during 2022/23					
Surplus or deficit on the provision of services		105,698	105,698	0	105,698
Other Comprehensive Income / Expenditure		0	0	(1,216,716)	(1,216,716)
Total Comprehensive Income and Expenditure		105,698	105,698	(1,216,716)	(1,111,018)
Adjustments between accounting basis and funding basis under regulations	6	(105,698)	(105,698)	105,698	0
Increase or Decrease in 2022/23		0	0	(1,111,018)	(1,111,018)
Rounding				1	1
Balance at 31 March 2023		0	0	2,295,698	2,295,698

	Note	General Fund Balance £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
Balance at 31 March 2021		0	0	3,379,379	3,379,379
Movement in reserves during 2021/22					
Surplus or deficit on the provision of services		96,374	96,374	0	96,374
Other Comprehensive Income / Expenditure		0	0	(69,038)	(69,038)
Total Comprehensive Income and Expenditure		96,374	96,374	(69,038)	27,336
Adjustments between accounting basis and funding basis under regulations	6	(96,374)	(96,374)	96,374	0
Increase or Decrease in 2021/22		0	0	27,336	27,336
Rounding (pension actuary reports)					
Balance at 31 March 2022		0	0	3,406,715	3,406,715

Balance Sheet

This shows the assets and liabilities of the Chief Constable of Sussex as at the Balance Sheet date. The net assets (assets less liabilities) are matched by reserves. As the Police and Crime Commissioner owns all assets, the Chief Constable's Balance Sheet only includes pension fund and employee liability entries.

Reserves are reported in two categories. Usable reserves, i.e. those reserves that may be used to fund the provision of services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The Chief Constable of Sussex does not hold any usable reserves as all usable reserves are held by the Police and Crime Commissioner for Sussex on behalf of the Group.

The second category of reserves is those that the Chief Constable is not able to use to provide services. These are referred to as unusable or non-cash backed reserves. This includes reserves for pensions and accumulated absences that recognise the impact of accounting treatment shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31-Mar-22		Note	31-Mar-23
£000			£000
(4,109)	Short-Term Creditors		(5,159)
(4,109)	Current Liabilities		(5,159)
(3,402,606)	Other Long-Term Liabilities		(2,290,539)
(3,402,606)	Long Term Liabilities		(2,290,539)
(3,406,715)	Net Liabilities		(2,295,698)
<hr/>			
3,406,715	Unusable Reserves	12	2,295,698
3,406,715	Total Reserves		2,295,698

I certify that this 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 2023.



Peter Appleton
Chief Finance Officer to the Chief Constable of Sussex
Dated: 5 December 2024

Cash Flow Statement

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

2021/22		2022/23
£000		£000
96,374	Net (surplus) or deficit on the provision of services	105,698
(96,374)	Adjustment to surplus or deficit on the provision of services for noncash movements	6 (105,698)
0	Net cash flows from operating activities	0
0	Net cash flows from investing activities	0
0	Net cash flows from financing activities	0
0	Net (increase) or decrease in cash and cash equivalents	0
0	Cash and cash equivalents at the beginning of the reporting period	0
0	Cash and cash equivalents at the end of the reporting period	0

All cash payments are made from the Police Fund which is held by the Police and Crime Commissioner for Sussex. Similarly all income receipts and funding are received by the PCC during the year. This is why the statement does not show any cash transactions for the year ended 31 March 2023.

The financial consequences of the Chief Constable's policing activities included in the table above are included in the net (surplus)/deficit as non-cash movements. These can be seen in the Comprehensive Income Expenditure Account.

Note 1 - Expenditure and Funding Analysis

2021/22			2022/23			
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
256,002	96,374	352,376	Employee Costs	249,628	105,698	355,326
11,455	0	11,455	Premises	13,156	0	13,156
6,471	0	6,471	Transport	6,683	0	6,683
45,740	0	45,740	Supplies & Services	47,613	0	47,613
2,726	0	2,726	Third Party Payments	2,947	0	2,947
9,975	0	9,975	Capital Charges: Depreciation, Amortisation, Impairment (Proxy)	9,547	0	9,547
(37,530)	0	(37,530)	Income	(40,630)	0	(40,630)
294,839	96,374	391,213	Net Cost of Services	288,944	105,698	394,642
(294,839)	0	(294,839)	Other Income and Expenditure	(288,944)	0	(288,944)
0	96,374	96,374	(Surplus) or Deficit on Provision of Services	0	105,698	105,698

The Expenditure and Funding Analysis 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 by the Chief Constable's Management Team. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement. The Expenditure and Funding Analysis is a note to the Financial Statements rather than a primary statement itself. It provides a link from the figures reported in the CIES to the General Fund Balance and Usable Revenue Reserves.

The adjustments column represents adjustments between accounting basis and funding basis. For the Chief Constable this includes:

- Accumulated absences amounts by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from the remuneration chargeable in the year in accordance with statutory requirements; and
- Net Change for the Pensions Adjustments - for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income. For services this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.

Note 2 - Going Concern

Going Concern Section 1 – Underlying Principle

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

This note is subject to many variables and should be completed as close to the signing of the audited accounts as possible. The note will therefore be completed when the audit of the accounts is near to completion.

Note 3 - Critical Judgements in Applying Accounting Policies

In applying the accounting policies, the Chief Constable has had to make certain judgements about complex transactions or those involving uncertainty about future events.

The critical judgements made in the Statement of Accounts include 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.

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:

- Calculating employee benefit accruals e.g. unused holiday, this is based on staff time records and an average cost for each grade;
- 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 Chief Constable 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 18 for details of the pension schemes in place for police officers and staff, see also the Police Pension Fund Account Statements towards the end of this document).
- 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 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.

- It has been judged that all working capital is attributable to the Police and Crime Commissioner. The PCC controls the treasury management function and all bank accounts, therefore no working capital balances (cash, current debtors and liabilities) are recognised in the Chief Constable'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.

Pensions 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 remaining in service on 1 April 2015 will 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 2022/23 accounts of the PCC Group for both police and staff pension schemes.

Insurance Actuarial Assumptions

The Chief Constable annually reviews the appropriateness of insurance funding. Independent actuaries Arthur J Gallagher Insurance brokers Ltd (AJG) undertook a review of the adequacy of our insurance claim provision and reserve. The review uses recognised actuarial techniques and generally accepted principles to forecast ultimate claims costs. All reviews are carried out by qualified actuaries in the core AJG 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 Statement of Accounts was authorised for issue by the Chief Finance Officer on 31 May 2023. 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 2023, 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 the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Chief Constable 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 materially different from the assumptions and estimates.

The items in the Chief Constable's Balance Sheet for which there is significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
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 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.</p> <p>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 £50.3m and an increase in the police officer pension scheme pension liability of £185m. However, the assumptions interact in complex ways. During 2022/23, the Chief's actuaries advised that the net pension liability had reduced in total by £1,159.5m 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 Chief Constable 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 £41.7m (£39.4m for 2021/22) and other Pension Grants 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>

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 Chief Constable in the year, in accordance with proper accounting practice, to the resources that are specified by statutory provisions as being available to the Chief Constable to meet future capital and revenue expenditure. All items are adjustments between the general fund and the unusable reserves.

2021/22			2022/23	
General Fund Balance	Movement in Unusable Reserves		General Fund Balance	Movement in Unusable Reserves
£000	£000		£000	£000
		Adjustments primarily involving the Pensions Reserve:		
(183,836)	183,836	Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(190,376)	190,376
88,032	(88,032)	Employers pension contributions and direct payments to pensioners payable in year	85,727	(85,727)
		Adjustment primarily involving the Accumulated Absences Account:		
(570)	570	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	(1,049)	1,049
(96,374)	96,374	Total Adjustments	(105,698)	105,698

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. All Earmarked Reserves belong to the PCC on behalf of the Group. The Chief Constable therefore had no Transfers to/from Earmarked Reserves during the year and had no Usable or Earmarked Reserve balances as at the year end. Movements in the Chief Constable's usable reserves as disclosed in the Chief Constable's Movement in Reserves Statement represent accounting movements only involving the total Comprehensive Income and Expenditure Account transactions in year and the corresponding adjustments between accounting basis and funding basis under regulations.

Note 8 - Financing and Investment Income and Expenditure

2021/22		2022/23
£000		£000
67,842	Net interest on the net defined benefit liability (asset)	90,421
67,842	Total	90,421

Note 9 - Taxation and Non-Specific Grant Income

The Chief Constable has no taxation.

2021/22		2022/23
£000		£000
(7)	Non ring-fenced government grants	(9)
	Redmond Review Local Audit Fees Grant	
(7)	Total	(9)

Note 10 – Grant Income

The Chief Constable credited the following grants and contributions to the income line of the cost of services in the Comprehensive Income and Expenditure Statement:

2021/22		2022/23
£000		£000
(3,263)	PFI	(3,263)
(3,772)	Counter Terrorism	(3,805)
(437)	Collaboration with other Forces	(327)
(1,237)	Other Grants and Contributions	(1,422)
(395)	Assets Recovery Incentive Scheme	(428)
(377)	Conference Policing	0
(9,481)	Total	(9,245)

Note 11 - 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.

2021/22 £000	Description	2022/23 £000
	<i>Employee costs:</i>	
175,835	<i>Police Officers</i>	185,941
101,725	<i>Police Staff & PCSO's</i>	104,199
6,891	<i>Other Employee Costs (includes Ill Health & Injury Pension)</i>	9,938
284,451	Total Employee costs	298,078
11,524	Total Buildings & Premises	13,231
6,475	Total Transport	6,725
44,845	Total Supplies & Services and Third Party Payments	47,840
347,295	Gross Expenditure	365,874
(37,386)	Total Income	(39,842)
309,909	Chief Constable's Net Expenditure	326,032
1,463	Office of the Sussex PCC	1,672
1,698	Community Safety	1,711
(163)	Victim Support & Restorative Justice	(7)
0	Violence Reduction Unit	(91)
0	Video Enabled Justice	(40)
(167)	Non-Delegated income adjustment from Chief	174
8,370	Use of Reserves	11,157
3,225	Financial Provisions (Capital Financing and Treasury Management)	4,920
14,426	PCC's Net Expenditure	19,496
324,335	Total Sussex Police Group	345,528

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 2023.

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 2023.

2022/23 Reconciliation of Outturn from Budget report to Statement of Accounts Subjective Analysis

2022/23 Segmental	2022/23 PCC £000	2022/23 CC £000	2022/23 GROUP £000
Initial Revenue outturn results per Outturn report	19,496	326,032	345,528
Budget Income from Home Office Grant and Local Taxation	(9,076)	(339,624)	(348,700)
(Surplus)/Deficit for the year as per Outturn report	(10,420)	(13,592)	(3,172)
Surplus transfer from Chief Constable to PCC	(13,592)	13,592	
Final transfer adjustments agreed in the Outturn report:			
Final Budget Outturn Position for the year	(3,172)	0	(3,172)
Financial year end accounting adjustments:			
Capital & Investment movements	(10,842)	0	(10,842)
Other Adjustments	(413)	0	(413)
Net Expenditure Chargeable to the General Fund as per EFA	(14,427)	0	(14,427)
Adjustments between accounting basis & funding basis under regulations	2,227	105,698	107,925
Deficit on Provision of Services per Comprehensive Income and Expenditure Statement	(12,200)	105,698	93,498
(Surplus) on revaluation of fixed assets	(8,583)	0	(8,583)
Re-measurements of the net defined benefit liability/(asset)	(3,085)	(1,216,716)	(1,219,801)
Total Comprehensive Income and Expenditure	(23,868)	(1,111,018)	(1,134,886)

2021/22 Reconciliation of Chief Constable Outturn from Budget report to Statement of Accounts Subjective Analysis

2021/22 Segmental	2021/22 PCC £000	2021/22 CC £000	2021/22 GROUP £000
Initial Revenue outturn results per Outturn report	14,426	309,909	324,335
Budget Income from Home Office Grant and Local Taxation	(16,001)	(313,221)	(329,222)
(Surplus)/Deficit for the year as per Outturn report	(1,575)	(3,312)	(4,887)
Surplus transfer from Chief Constable to PCC	(3,312)	3,312	0
Final transfer adjustments agreed in the Outturn report:			
Final Budget Outturn Position for the year	(4,887)		(4,887)
Financial year end accounting adjustments:			
Capital & Investment movements	(5,526)	0	(5,526)
Finance Lease interest IFRS allocation	(30)	0	(30)
PFI Interest IFRS allocation	(651)	0	(651)
Bad Debt adjustment	3	0	3
Rounding	4	0	4
Net Expenditure Chargeable to the General Fund as per EFA	(11,087)	0	(11,087)
Adjustments between accounting basis & funding basis under regulations	2,938	96,374	99,312
Deficit on Provision of Services per Comprehensive Income and Expenditure Statement	(8,149)	96,374	88,225
(Surplus) on revaluation of fixed assets	(8,933)	0	(8,933)
Re-measurements of the net defined benefit liability/(asset)	(572)	(69,038)	(69,610)
Total Comprehensive Income and Expenditure	(17,654)	27,336	9,682

Note 12 - Unusable Reserves

31 March 2022		31 March 2023
£000		£000
3,402,606	Pension Reserve	2,290,539
4,109	Accumulated Absences Account	5,159
3,406,715	Total	2,295,698

31 March 2022	Pension Reserve	31 March 2023
£000		£000
3,375,840	Balance 1 April	3,402,606
(68,038)	Re-measurements of the net defined benefit (liability)/asset	(1,216,716)
183,836	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	190,376
(88,032)	Employer's pensions contributions and direct payments to pensioners payable in the year	(85,727)
3,402,606	Balance 31 March	2,290,539

The Pensions Reserve reflects the timing adjustments 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]. Post-employment benefits are accounted for in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised in line with inflation assumptions, 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 employer makes contribution 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 arrangement will ensure that funding will have been set aside by the time the benefits come to be paid.

31 March 2022	Accumulated Absences Account	31 March 2023
£000		£000
3,539	Balance 1 April	4,109
(3,539)	Settlement or cancellation of accrual made at the end of the preceding year	(4,109)
4,109	Amounts accrued at the end of the current year	5,159
570	Amount by which officer remuneration charged to the CIES on an accruals basis differs to remuneration charged in year in accordance with statutory requirements	1,050
4,109	Balance 31 March	5,159

The Accumulated Absence 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 offset by transfers to or from Account to mitigate the impact on Council Tax.

Note 13 - 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 2022/23 the services provided jointly, included the Operations and Specialist Crime departments along with a number of support functions and projects.

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.

2021/22 Sussex Share £000	Collaboration Area	2022/23 Sussex Share £000
898	Change Delivery	1,230
605	Chief Officers	521
584	Corporate Development	333
974	Digital Transformation Investment	1,013
99	Digital Transformation Investment Projects	55
876	Enterprise Resource Planning (ERP)	319
256	Estates and Facilities	745
1,272	Finance	1,181
12	Estates and Facilities Projects	2
124	Insurance	120
10,835	Digital Data and Technology	12,587
2,174	Digital Data and Technology Projects	1,387
21,802	Operations Department	21,488
314	Operations Department Investment Projects	119
4,488	People Services	4,416
328	Procurement	342
23,054	Specialist Crime Department	25,885
	Specialist Crime Department Projects	21
1,582	Transport	5,567
436	Professional Standards*	460
70,713	Total	77,791

*Previously Vetting

Note 14 - Officers' 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 Chief Constable of Sussex organisations are also required to be separately disclosed as 'Remuneration Paid to Senior Employees'.

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 2022	Gross Remuneration £	Number of employees 31 March 2023
393	50,000-54,999	512
230	55,000-59,999	256
111	60,000-64,999	143
25	65,000-69,999	41
11	70,000-74,999	10
15	75,000-79,999	5
7	80,000-84,999	20
6	85,000-89,999	3
1	90,000-94,999	1
799		991

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

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 2022/23. There were 15 employees who were union officials during the period (13.56 full time equivalents). The total cost of facility time was £169,849 which represents 0.16% of the total pay bill.

Remuneration paid to senior employees during 2022/23

YEAR 22-23	Note	Salary, fees and allowances	* Relocation Costs	Bonus	Employer Pension Contribution	Total Remuneration including Pension contributions	* Annual Leave Accrual	* Pension Accrual	Total	
		£000		£000	£000	£000	£000	£000	£000	£000
Police Officers										
Chief Constable (J SHINER)		182			48	230	9		239	Note 1. Seconded out of force 05/11/2018 onward
Deputy Chief Constable & B O'REILLY	1	162			0	162			162	Note 2. Retired 11th August 2022
Deputy Chief Constable	2	66			15	81			81	Note 3. New Starter 11th July 2022 - Relocation Costs included
Deputy Chief Constable	3	109	43		31	183	2		185	Note 3. New Starter 11th July 2022 - Relocation Costs included
Assistant Chief Constable 1	4	135			37	172			172	Note 4. Secondment ongoing - 16th May 2023
Assistant Chief Constable 2		107		1	33	141			141	Note 5. Temp Promotion 16th May 2022- 22nd Feb 2023
Assistant Chief Constable 3	5	26			4	30			30	Note 6. New Starter 2nd May 2022
Assistant Chief Constable 4	6	121			34	155	3		158	Note 7. Returned to Substantive 23rd February 2023
Chief Superintendent		94			29	123			123	Note 9. Promotion 2nd January 2023
Chief Superintendent		94			29	123	5		128	Note 10. Left 20 th June 2022
Chief Superintendent		95			29	124			124	
Chief Superintendent		94			29	123	4		127	
Chief Superintendent		93			28	121	3		124	
Chief Superintendent		92			28	120	6		126	
Chief Superintendent		63			19	82	5		87	
Chief Superintendent	7	85			25	110			110	
Chief Superintendent - Public Protection	8	70			18	88	1		89	
Secondment Out Of Force		46			14	60			60	
Chief Superintendent	9	23			7	30	2		32	
Police Staff										
Executive Director Commercial & Finance	10/11	31			6	37			37	
Asst Chief Officer - People Services Director		132			25	157			157	
Programme Director - SERIP		129			25	154			154	
Total		2,049	43	1	513	2,576	40	0	2,646	

Remuneration paid to senior employees during 2021/22

Year 2021-22	Note	Salary, fees & allowances	* Comp 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)		183		52	235	8	243
Deputy Chief Constable		151		43	194	8	202
Deputy Chief Constable (B O'REILLY)	1	172			172		172
Assistant Chief Constable 1	2	134		37	171		171
Assistant Chief Constable 2	3	99		28	127		127
Assistant Chief Constable 3	4	111		33	144	1	145
Assistant Chief Constable 4	5	107		30	137		137
Assistant Chief Constable 5	6	100		24	124		124
Chief Superintendent A	7	47		14	61		61
Chief Superintendent B		92		28	120		120
Chief Superintendent C	8	94		28	122		122
Chief Superintendent D	9	9		2	11		11
Chief Superintendent E		92		28	120	9	129
Chief Superintendent F	10	91		28	119	2	121
Chief Superintendent G	11	83		25	108	8	116
Chief Superintendent H	12	87		26	113	1	114
Chief Superintendent I	13	88		26	114		114
Police Staff							
Executive Director Commercial & Finance		144		27	171	7	178
Asst Chief Officer - People Services		130		26	156	2	158
Programme Director Pay & Reward	14	144	25	25	194		194
Programme Director SERIP	15	126		25	151		151
Total		2,284	25	555	2,864	46	2,910

*As per Police Regulation 35

**IFRS adjustment for untaken Annual Leave and related pension contributions Accrued under IAS19 Employee Benefits

- 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 – 31/03/22
- Note 3 Temporary Promotion 11/02/22
- Note 4 Temporary Promotion since 25/01/21
- Note 5 Retiree 01/02/22
- Note 6 Retiree 05/01/22
- Note 7 Retiree 01/10/21
- Note 8 Promotion from 01/06/21
- Note 9 Retiree 26/04/2021
- Note 10 Temp Promotion since 08/06/20
- Note 11 Temp Promotion 08/11/21
- Note 12 Temp Promotion 16/08/21
- Note 13 Temp Promotion since 01/02/21
- Note 14 Seconded out of force 11/07/19 onwards
- Note 15 Started 01/04/22

Note 15 - Exit Packages

The 2022/23 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 2023

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 2022/23	No.	No.	No.	£
£0 - £20,000	4	0	4	54,480
£20,001 - £40,000	2	0	2	47,418
£40,001 - £60,000	0	0	0	0
£100,001 - £150,000	1	0	1	122,818
£200,001 - £250,000	1	0	1	235,551
Total	8	0	8	460,267

Exit Packages for the year ended 31 March 2022

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 2021/22	No.	No.	No.	£
£0 - £20,000	4	3	7	71,328
£20,001 - £40,000	1	1	2	46,823
£40,001 - £60,000	1	0	1	57,847
£60,001 - £80,000	0	0	0	0
Total	6	4	10	175,998

One of the above exit package disclosures for the year ended 31 March 2023 within the £20,000-£40,000 band reflects a redundancy that was agreed at the end of 2022/23 but paid in 2023/24.

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 16 - External Audit Costs

The Chief Constable incurred the following costs in relation to the audit of the Statement of Accounts services provided by external auditors to the Chief Constable:

2021/22	2022/23
£000	£000

14	Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	20
21	Prior year Audit costs	18
	PSAA Refund	
35	Total	39

The CC expenditure for External Audit in 2022/23 includes prior year costs and adjustments of £18,338 for additional fee costs relating back to the 2021-22 year following approval by PSAA. The PSAA have agreed a reduction in fees for 2021-22 however we are awaiting the final agree figure.

Note 17 - Related Parties

The Chief Constable is required to disclose material transactions with related parties - bodies or individuals that have the potential to control or influence the Chief Constable or to be controlled or influenced by the Chief Constable. Disclosure of these transactions allows readers to assess the extent to which the Chief Constable 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 Chief Constable.

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 2022/23 year in respect of Legal services and the Police and Crime Commissioner.

Legal services were provided to the Sussex Police Group of circa £1,752,300 (2021/22: £1,183,800) 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 was a board member of the Police Digital Services – PDS (previously known as the national Police ICT Company) – until July 2022. Services were provided to the Sussex Police Group of circa £563,800 (2021/22:

£572,346) by the Police Digital Services – PDS (previously known as the national Police ICT Company) in the normal course of business during the year.

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 was member of the Video Enabled Justice Programme until November 2022. This is funded by Home Office Grant.

The Police and Crime Commissioner is also the Chair of the Association of Police and Crime Commissioners. Annual subscriptions with the Association of circa £53,200 (2021/22: £43,857) are paid in the normal course of business during the year.

The Police and Crime Commissioner is also a Board member of the following organisations; the Roads Policing Review Governance Board (RPRGB), the NPCC Audit and Assurance Board and BlueLight Commercial.

The former Joint Audit Committee member, Dan Worsley, is employed by CIPFA. Mr Worsley's term came to an end in November 2022. Annual subscriptions with CIPFA of circa £41,900 (2021/22: £182,668 this included one off consultancy work in addition to subscriptions) 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). The total net spend for 2022/23 was £54,420 (2021/22: £33,195).

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 Organised Crime Unit (SEROCU).

Central Government and Other Public Organisations

The Police and Crime Commissioner also has business relationships with the Government and several 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.

[Note 18 - Defined Benefit Pension Scheme](#)

18.1 Police Officers: Non Funded Pension Schemes

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 4,025 (2021/22: 4,019) 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 2022/23 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.

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 2022/23 accounts of the PCC Group for both police and staff pension schemes.

18.2 Police Staff: Funded Defined Benefit Pension Schemes

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 1,621 (2021/22: 1,615) 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 20.9% of pensionable pay (2021/22: 21.9%).

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 2022.

The accounting balance sheet position as at 31 March 2023 and the projected charge to the Comprehensive Income and Expenditure account for 2022/23 are based on a roll forward from the 2022 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 2023 and the projected pension expense for the year to 31 March 2024 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

18.3 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.

	2021/22				2022/23		
	CC LGPS	Police Officer Pensions	Total		CC LGPS	Police Officer Pensions	Total
	£000	£000	£000		£000	£000	£000
Comprehensive Income and Expenditure Statement							
Cost of Services							
				Service cost comprising:			
	38,541	77,410	115,951	Current service cost	35,104	64,650	99,754
	43	0	43	Past service cost	201	0	201
	0	0		(Gain) / loss from curtailments			
	(12,567)		(12,567)	Financing and Investment Income and Expenditure	(17,128)	0	(17,128)
	14,369	66,040	80,409	Net interest expense	18,839	88,710	107,549
	40,386	143,450	183,836	Total charged to Deficit on Provision of Services	37,016	153,360	190,376
Other post-employment benefits charged to the Comprehensive Income and Expenditure Statement							
	CC LGPS	Police Officer Pensions	Total		CC LGPS	Police Officer Pensions	Total
	£000	£000	£000		£000	£000	£000
				Re-measurement of the net defined benefit liability comprising:			
	14,230	0	14,230	Return on plan assets (excluding the amount included in the net interest expense)	34,785	0	34,785
	1,621	22,870	24,491	Actuarial gains and losses - experience	70,448	191,780	262,228
	(4,025)		(4,025)	Actuarial gains and losses arising on changes in demographic assumptions	(42,891)	(60,950)	(103,841)
	(59,764)	(43,970)	(103,734)	Actuarial gains and losses arising on changes in financial assumptions	(285,438)	(1,124,450)	(1,409,888)
	(47,938)	(21,100)	(69,038)	Total charged to Other CIES	(223,096)	(993,620)	(1,216,716)
	(7,552)	122,350	114,798	Total charged to the CIES	(186,080)	(840,260)	(1,026,340)

2021/22

2022/23

CC LGPS	Police Officer Pensions	Total		CC LGPS	Police Officer Pensions	Total
£000	£000	£000		£000	£000	£000
(40,386)	(143,450)	(183,836)	Reversal of net charges made to the Surplus or Deficit on the Provision of Services	(37,016)	(153,360)	(190,376)
16,572	71,460	88,032	Actual amount charged against the general fund balance for pensions in the year: Employers' contributions payable to scheme	16,417	69,310	85,727
(23,814)	(71,990)	(95,804)	Total Pensions Adjustments between Accounting and Funding Basis in year	(20,599)	(84,050)	(104,649)

2021/22			Pensions Assets and Liabilities Recognised in the Balance Sheet	2022/23		
CC LGPS	Police Officer Pensions	Total		CC LGPS	Police Officer Pensions	Total
£000	£000	£000		£000	£000	£000
(670,618)	(3,349,710)	(4,020,328)	Present value of the defined obligation	(458,585)	(2,440,140)	(2,898,725)
617,722	0	617,722	Fair value of plan assets	608,186	0	608,186
(52,896)	(3,349,710)	(3,402,606)	Net (liability) / asset arising from the defined benefit obligation	149,601	(2,440,140)	(2,290,539)

2021/22			Movement in the Value of Scheme Assets	2022/23		
CC LGPS	Police Officer Pensions	Total		CC LGPS	Police Officer Pensions	Total
£000	£000	£000		£000	£000	£000
607,587	0	607,587	Opening fair value of scheme assets	617,722	0	617,722
12,567	0	12,567	Interest income	17,128	0	17,128
0	0	0	Re-measurement gain / (loss): - Actuarial gains / (losses) - experience	(3,035)	0	(3,035)

(14,230)	0	(14,230)	- The return on plan assets, excluding the amount included in the net interest expense	(34,785)	0	(34,785)
16,572	71,460	88,032	Contributions from employer	16,417	69,310	85,727
4,959	13,930	18,889	Contributions from employees into the scheme	5,174	14,430	19,604
0	870	870	Transfers in	0	160	160
0	(160)	(160)	Transfers out	0		
(9,733)	(86,100)	(95,833)	Benefits / transfers paid	(10,435)	(83,900)	(94,335)
617,722	0	617,722	Closing value of scheme assets	608,186	0	608,186

		2021/22		Movements in the Fair Value of Scheme Liabilities		2022/23	
CC LGPS	Police Officer Pensions	Total		CC LGPS	Police Officer Pensions	Total	
£000	£000	£000		£000	£000	£000	
(684,607)	(3,298,820)	(3,983,427)	Opening balance at 1 April	(670,618)	(3,349,710)	(4,020,328)	
(38,541)	(77,410)	(115,951)	Current service cost	(35,104)	(64,650)	(99,754)	
(14,369)	(66,040)	(80,409)	Interest cost	(18,839)	(88,710)	(107,549)	
(4,959)	(13,930)	(18,889)	Contributions from scheme participants	(5,174)	(14,430)	(19,604)	
			Re-measurement gains and losses:				
(1,621)	(22,870)	(24,491)	- Actuarial gains / (losses) - experience	(67,413)	(191,780)	(259,193)	
4,025	0	4,025	- Actuarial gains / (losses) from changes in demographic assumptions	42,891	60,950	103,841	
59,764	43,970	103,734	- Actuarial gains / (losses) from changes in financial assumptions	285,438	1,124,450	1,409,888	
(43)	0	(43)	Past service cost	(201)	0	(201)	
0	0		Gains / (losses) on curtailments	0	0		
0	(870)	(870)	Transfers in	0	(160)	(160)	
0	160	160	Transfers out	0			
9,733	86,100	95,833	Benefits / transfers paid	10,435	83,900	94,335	
0	0	0	Rounding	0	0		

The liabilities show the underlying commitments that the Chief Constable has in the long run to pay post-employment (retirement) benefits. The total liability of £2,291m (2021/22: £3,403m) 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 by the Chief Constable to the Local Government Pension Scheme in the year to 31 March 2023 is £15,762m.

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 2023.

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

	Local Government Pension Scheme		Police Pension Schemes	
	2021/22	2022/23	2021/22	2022/23
Investment returns: The return on the Fund in market value terms is estimated based on actual Fund returns. Total Fund Returns from April to March	-0.3%	-2.8%	0.0%	0.0%
Mortality assumptions: Longevity at 65 for current pensioners:				
• Men	21.9 years	21.8 years	22.1 years	21.9 years
• Women	24.2 years	24.2 years	23.8 years	23.5 years
Longevity at 65 for future pensioners:				
• Men	22.8 years	23.9 years	23.8 years	23.5 years

• Women	25.9 years	26.2 years	25.4 years	25.0 years
Rate of inflation	3.7%	4.5%	3.0%	2.6%
Rate of increase in salaries	3.7%	4.5%	4.8%	3.9%
Rate of increase in pensions	3.2%	3.0%	3.0%	2.6%
Rate for discounting scheme liabilities	2.8%	4.8%	2.7%	4.7%
CARE Revaluation Rate (CPI Prior year)	2.8%	3.2%	4.3%	3.9%

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 2023. The Local Government Pension Scheme's assets consist of the following categories, by proportion of the total assets held:

31 March 2022 £000	31 March 2022 %	Local Government Pension Scheme Assets	31 March 2023 £000	31 March 2023 %
		Equity Securities:		
0	0%	Consumer	0	0%
0	0%	Manufacturing	0	0%
0	0%	Energy and Utilities	0	0%
0	0%	Financial Institutions	0	0%
0	0%	Health and Care	0	0%
0	0%	Information Technology	0	0%
0		Other	0	
		Debt Securities:		
0	0%	UK Government	0	0%
		Private Equity:		
12,622	2%	All	17,322	3%
		Real Estate:		
60,284	10%	UK Property	60,529	10%
		Investment Funds and Unit Trusts:		
289,051	47%	Equities	300,984	49%
213,519	35%	Bonds	173,267	28%
26,554	4%	Infrastructure	29,596	5%
13,463	2%	Other	23,245	4%
	0%	Cash & Cash Equivalents:		0%
2,229	0%	All	3,243	1%
617,722	100%		608,186	100%

History of Experience Gains and Losses

The actuarial gains identified as movements on the Pensions Reserve in 2022/23 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2023.

Local Government Pension Scheme

	CC 2020/21	CC 2021/22	CC 2022/23
	%	%	%
Differences between expected and actual return on assets	18.9%	(2.3%)	(5.7%)
Experience gains and (losses) on liabilities	(0.7%)	0.2%	(15.4%)

Police Pension Scheme

	CC 2020/21	CC 2021/22	CC 2022/23
Experience gains and (losses) on liabilities	%	%	%
Combined Schemes	0.48%	(0.68%)	(7.86%)

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:

Police Pension Schemes Change in financial assumptions at year ended 31 March 2023	Approximate % impact on Defined Benefit Obligation	Approximate monetary amount £000
0.5% increase in Real Discount Rate	-7.5%	(189,000)
1 year decrease in member life expectancy	2.5%	63,000
0.5% increase in the Salary Increase Rate	1.0%	24,000
0.5% increase in the Pensions Increase Rate (CPI)	7.5%	184,000

Staff Pension Scheme:

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

LGPS Change in financial assumptions at year ended 31 March 2023	2022/23 %	2022/23 £000
0.1% decrease in Real Discount Rate	2%	10,064
0.1% increase in the Salary Increase Rate	0%	1,000
0.1% increase in the Pensions Increase Rate (CPI)	2%	9,206

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

2022/23 Total Chief Pension CIES Movements	Cost of Services	Cost of Service	(Surplus)/Deficit Provision of Services	(Surplus)/Deficit 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	Adjustments between accounting basis & funding basis under regulations
• current service costs	99,754	0	0	0	0	0	0
• past service costs	0	201	0	0	0	0	0
• interest cost	0	0	107,549	0	0	0	0
• interest income on plan assets	0	0	(17,128)	0	0	0	0
• actuarial (gains) and losses	0	0	0	0	(1,216,716)	1,216,716	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	(190,376)
• employers' contributions payable to scheme	(16,417)	0	0	0	0	0	16,417
• retirement benefits payable to pensioners	(69,310)	0	0	0	0	0	69,310
Sub-total	14,027	201	90,421	0	(1,216,716)	1,216,716	(104,649)
• pension top up grant	41,700	0	0	0	0	0	0
Total Pension Charges	55,727	201	90,421	0	(1,216,716)	1,216,716	(104,649)
TOTAL	146,349				(1,216,716)	1,112,067	

Note 19 - Contingent Liabilities

Although the accounts include (through the establishment of provisions and creditors) known liabilities faced by the Chief Constable at 31 March 2023, they exclude potential costs where the liability is not yet established and/or the amounts are uncertain.

At 31 March 2023, the Chief Constable of Sussex has no known contingent liabilities.

Note 20 - 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, 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 (Statement of accounts) included here represent the accounts of the Chief Constable of Sussex as designated by the Police Reform and Social Responsibility Act 2011 and the Home Office Financial Management Code of Practice for the Police Service, England and Wales 2012. The accounts cover the 12 months to 31 March 2023.

The Police Reform and Social Responsibility Act 2011 (Transitional Provision) Order 2013 allows the same provisions of the Local Government Act 2003 for financial arrangements to apply in relation to the Chief Constable as they apply in relation to a local authority.

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 Chief Constable 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 Chief Constable’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 and CC 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 Chief Constable’s principal accounting policies that have been reviewed and adopted in 2022/23.

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 but 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*.

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 Chief Constable's financial position or financial performance.

Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

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 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.

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

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 Executive Director of Commercial & Finance Services 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 Executive Director of Commercial & Finance Services and PCC's CFO up to a maximum of a cumulative value of £50,000 in any one financial year. The PCC will approve where appropriate the writing off of debts in excess of the CFOs delegated authority.

Reserves

The Chief Constable maintains reserves to manage the accounting processes for retirement benefits and other employee benefits. These reserves do not represent usable resources for the Chief Constable or the Group.

The nature and purpose of each reserve set up by the Chief Constable 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 CC/Group arrangements for accountability and financial performance.

Provisions and Contingent Liabilities

Provisions

Provisions are made where an event has taken place that gives the Chief Constable 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 Chief Constable 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 Chief Constable. 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.

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. The Chief Constable does not submit a separate VAT return.

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 Chief Constable. 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 Chief Constable 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 Chief Constable 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 Chief Constable 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 Chief Constable, 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 Chief Constable 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 Chief Constable 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 Chief Constable 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 Chief Constable 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.

Note 21 - Accounting Standards Issued, Not Adopted

A number of future accounting policy changes will need to be reported with effect from 1 April 2023.

Paragraph 3.3.2.13 of the 2022/23 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.

The standards introduced by the 2023/24 Code where disclosures are required in the 2022/23 financial statements in accordance with the requirements of paragraph 3.3.4.3 of the Code are:

- IFRS 16 Leases will be adopted in 2024/25 when implantation is mandatory. (but only for those local authorities that have decided to adopt IFRS 16 in the 2022/23 year, which doesn't therefore apply to this set of police accounts).
- Definition of Accounting Estimates (Amendments to IAS 8) issued in February 2021.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) issued in February 2021.
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) issued in May 2021.

- Updating a Reference to the Conceptual Framework (Amendments to IFRS 3) issued in May 2020.

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 2023

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 2022			As at March 2023	
£000	£000		£000	£000
		Contributions Receivable		
		From Employer:		
(32,138)		- Normal	(34,430)	
(403)		- Early Retirements	(604)	
(13,929)		From Members	(14,511)	
	(46,470)			(49,545)
		Transfers In		
	(916)	Individual Transfers in From Other Schemes		(157)
	(47,386)	Total Inflows		(49,702)
		Benefits Payable		
73,512		Pensions	78,920	
12,880		Commutations and Lump Sums	12,161	
142		Lump Sum Death Benefits	201	
	86,534			91,282
		Payments To and On Account of Leavers		
120		Refund of Contributions	120	
148		Individual Transfers Out To Other Schemes	0	
	268			120
	86,802	Total Outflows		91,402
	39,416	Net amount payable for the year from the Group (equal to deficit amount)		41,700
	(39,416)	Additional contribution from the Group to fund the deficit for the year *		(41,700)
	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

2021/22	Net Current Assets And Liabilities	2022/23
£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 2022/23 based on International Financial Reporting Standards IAS19. 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 taxpayer.

In the current year there were three Police Officer pension schemes in operation. Officers in the 1987 'old scheme' contributed 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 2006 'new scheme' contributed 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). The new scheme applied to police entrants who joined the service on or after 6 April 2006, up to 31 March 2015.

From 1 April 2015 the Police Pensions Scheme 2015 came into effect and all current active members were transferred to this scheme – except for those qualifying for protections allowing them to remain in the scheme they were already in. From 1 April 2022, these protections no longer apply to anyone and all serving officers are effectively transferred to the 2015 CARE (Career Average Revalued Earnings) pension scheme from that date. Officers now 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 quadrennial 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 16 in accordance with IAS 19 'Employee Benefits'.

From 1 April 2022, the Police pension CARE Scheme 2015 applies to all police officers, regardless of any previous protections they may have been entitled to. This means that from that date they start to accrue the pension benefits available under that scheme, even if they were previously accruing benefits under an older scheme. Benefits already accrued remain in place and form part of the calculation of final benefits, but all future benefits accrue under the 2015 scheme. Benefits payable under all three schemes are shown in the following table:

	Police Pension Scheme (PPS) (1987)	New Police Pension Scheme (NPP) (2006)	Police Pensions Scheme 2015
Eligibility for membership	The 1987 scheme is closed to new members	The 2006 scheme is closed to new members	Subject to medical clearance for the purposes of ill-health benefits only for new

			joiners. Open to all police officers (including 1987 and 2006 scheme members)
Final salary basis	Final salary based on pensionable remuneration which was normally the average remuneration in the employee's final year	Final salary with earnings over the last ten years considered for best average over 3 consecutive years	Career Average Revalued Earnings scheme
How is pension accumulated	1/60 of final salary for first 20 years of service, plus 2/60 for final 10 years of service up to a maximum pension entitlement of 40/60. With option to exchange part of the pension for a lump sum commutation.	1/70 of final salary for each year of service up to a maximum of 35 years of service. With option to exchange part of the pension for a lump sum commutation.	1/55.3 of pensionable earnings each year is added to the members' pension pot for each year of membership.
Commutated lump sum	Commutation of ¼ of annual pension at rates depending on age at retirement.	Additional rather than by commutation at 4x initial annual pension	£12 lump sum for each £1 of pension commuted
Length of service for maximum pension	30 years	35 years	No maximum length of membership
Normal Pension Age (NPA)	Any age after 30 years of service. From age 50 with 25 years of service. Age 55 for all constables and sergeants with less than 25 years of service. Age 60 for all other cases.	Age 55	Age 60. A retirement pension paid on or after NPA is not subject to actuarial reduction. Retirement pension (other than ill-health related pension) paid before NPA is subject to actuarial reduction.
Deferred Pension Age	Age 50 if with 25 years' service, otherwise from age 60.	Age 65 if member opts out or leaves the police force before age 55.	State pension age if opt out or leave police service before age 60 or before NPA without taking a pension.
Pension increases	In line with the Consumer Price Index.	In line with the Consumer Price Index.	In line with the Consumer Price Index.

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.

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.

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.

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

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

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.

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.

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.

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

INCOME

Income is money (or some equivalent value) that the force, usually receives in exchange for providing a police service.

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.

LIABILITY

An obligation that legally binds an individual or company to settle a debt.

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.

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.

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.

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.

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
- purchase of an irrevocable annuity contract sufficient to cover vested benefits, and
- transfer of scheme assets and liabilities relating to a group of employees leaving the scheme.

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.