The Police and Crime Commissioner for Sussex and Group

Statement of Accounts 2022/23

Sussex Police & Crime Commissioner

Sussex Police

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Police and Crime Commissioner for Sussex

Mrs Katy Bourne OBE	Police and Crime Commissioner Sackville House Brooks Close Lewes BN7 2FZ

Office of the Police and Crime Commissioner for Sussex

Officers of the Police and Crime Commissioner for Sussex from 1 April 2022

Mr Mark Streater	Chief Executive Sackville House Brooks Close Lewes BN7 2FZ
Mr Iain McCulloch FCPFA	Chief Finance Officer Sackville House Brooks Close Lewes BN7 2FZ
Ms Hannah Walsh	Solicitor c/o Sackville House Brooks Close Lewes BN7 2FZ

Chief Constable of Sussex

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

Mrs Jo Shiner until Sep 24, reappointed in Oct 24	Chief Constable Sussex Police Headquarters Lewes BN7 2DZ
Mr David McLaren from Sep 24 to Oct 24	Temporary Chief Constable Sussex Police Headquarters Lewes BN7 2DZ
Mr Peter Gillett CPFA up to 19 June 2022	Executive Director Commercial and Finance Services Sussex Police Headquarters Lewes BN7 2DZ
Mr Anthony Croxford FCMA from 20 June 2022 to 23 July 2023	Interim Executive Director Commercial and Finance Services Sussex Police Headquarters Lewes BN7 2DZ
Mr Peter Appleton CPFA from 24 July 2023	Executive Director Commercial and Finance Services Sussex Police Headquarters Lewes BN7 2DZ

Preface

Katy Bourne OBE – Police and Crime Commissioner for Sussex

Welcome to my 2022/23 Statement of Accounts.

In May 2021, I was honoured to be elected by Sussex residents to serve a third term as your PCC. November 2022 marks the tenth anniversary of the establishment of Police & Crime Commissioners (PCCs) – one of the biggest changes to police governance for many years. In that time, PCCs throughout England and Wales have worked hard to re-establish the cherished connection between local people and their police force.

I have reached out extensively to hear from all areas and sections of our communities and I have developed better channels and improved opportunities for people to tell me what matters most to them. This year-round dialogue gives me the information I need to ensure that the Chief Constable and her officers deliver the most effective and efficient police service possible.

Financial planning sits at the heart of good public financial management. Alongside budget preparation, performance management and reporting, the ability to look strategically beyond the current budget period is a crucial process to support our resilience and long-term financial sustainability. Our four-year strategic financial planning tool – the Medium-Term Financial Strategy (MTFS) – is one of the key planning tools that helps identify available resources and options for delivering the three 'Public Priorities' within my Police & Crime Plan as well as the national Strategic Policing Requirements.

I worked closely with the Chief Constable and her senior team to understand the operational needs of Sussex Police for 2022/23 and the financial pressures on the Force. The decision to increase the police precept to fund operational policing was based on these extensive discussions and the results from my substantial online public consultation, including 64 focus groups with parish, town and district councillors.

The £10 a year increase per Band D property was supported and endorsed by the Sussex Police & Crime Panel at their meeting in January 2022.

These additional funds enabled the continuation and conclusion of my Sussex programme to recruit an additional 250 officers through our multi-year precept investment that began in 2018. A further 20 officers were recruited utilising these funds during 2022/23.

The Government also continued to fund additional police officers through Operation Uplift – the national campaign to recruit 20,000 new police officers in England and Wales by the end of March 2023. This included the recruitment of an additional 163 police officers into Sussex and 9 to the South East Regional Organised Crime Unit (SEROCU). Sussex Police now has an additional 429 police officer posts compared with 2020 (including 15 posts for SEROCU). This translated into a total of 3,194 officers (head count) in post as of 31 March 2023.

I am pleased that Sussex Police were not only able to recruit all the officers but they also exceeded their target. Sussex Police has grown its police officer numbers in the past five years, including the diversity of its workforce, over and above those leaving or retiring. I am reassured that Sussex Police will maintain police officer numbers throughout 2023/24 and that they are planning to recruit over 270 officers in the year ahead to replace those who leave or retire.

There have been many other highlights of 2022/23 which can be read in full in my Annual Report 2022/23 including the following areas:

- Enhancing the Rural Crime Team
- Road Safety
- Responding to a shift in demand for public contact
- Business and Retail Crime
- Burglary
- Anti-Social Behaviour
- Technology
- Estates
- Victims Services
- Community Safety
- Public Engagement

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

Thank you for your support and for helping Sussex Police to keep us all 'Safer in Sussex'.

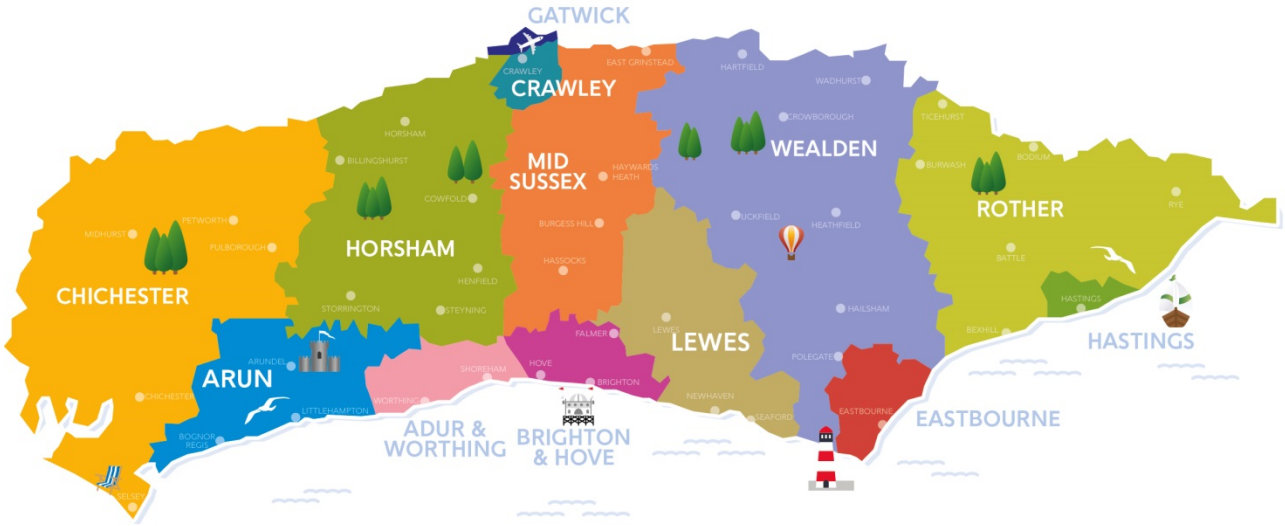
Katy Bourne OBE
Sussex Police and Crime Commissioner

Narrative Report

Introduction

The Statement of Accounts presents the Commissioner's and Group's (including the Chief Constable) financial performance for the year ended 31 March 2023, presents their overall financial position at the end of that period and the cost of services provided. When read in conjunction with the Commissioner's Annual Report, the Statement provides an insight into the activities of the Commissioner and the Force during the year.

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



The Statement of Accounts

The primary statutory duty and electoral mandate of the Police and Crime Commissioner (PCC) is to ensure an efficient and effective police force in Sussex, and to hold the Chief Constable to account on behalf of the public for the exercise of operational policing duties under the Police Act 1996. These are the seventh statutory accounts to be prepared under the arrangements introduced under the Police Reform and Social Responsibility Act 2011.

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

All the financial transactions incurred during 2022/23 for policing in Sussex have been recognised and recorded within this Statement of Accounts, which sets out the overall financial position of the PCC and the PCC's Group (the Group) for the year ended 31 March 2023. The Group position reflects the consolidated accounts of the Commissioner and her subsidiary, the Chief Constable. Separate statutory single entity accounts are prepared for the Chief Constable.

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

Relationship between the Police and Crime Commissioner and the Chief Constable

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

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

Director of Commercial and Finance Services Surrey Police and Sussex Police fulfils the role of Chief Finance Officer for the Chief Constable of Sussex.

Responsibilities of the Police and Crime Commissioner:

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

Responsibilities of the Chief Constable:

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

Responsibilities of the PCC's Chief Finance Officer:

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

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

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

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

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

Accounting arrangements between the PCC and the Chief Constable

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

The Statement of Accounts sets out the overall financial position of the Sussex Police Group for the year ending 31 March 2023. The Group position 'Sussex Police' reflects the consolidated accounts of 'The Police and Crime Commissioner for Sussex' and its subsidiary 'The Chief Constable of Sussex.' Where the Group position differs from the individual Police and Crime Commissioner for Sussex or the Chief Constable of Sussex position, this is made clear in the statements and notes. Separate statutory accounts are prepared for the Chief Constable of Sussex.

The Statement of Accounts for 2022/23 is prepared in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting 2022/23 and specific CIPFA police accounting guidance.

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

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

Financial Context 2022/23

We continue living in times of heightened uncertainty. Russia's invasion of Ukraine sent geopolitical shockwaves around the globe and exacerbated the economic damage caused by the Covid-19 pandemic. Rising inflation, slowing economic growth, the cost of energy, increasing interest rates, stresses in supply chains, labour shortages, and changes in consumer behaviour are just some of the challenges the PCC group faced. And in the background, the effects of climate change and carbon reduction targets around the world present an increasingly concerning and urgent issue.

Sussex Police group was impacted by all these factors which manifested in rising costs, additional financial risks, delayed delivery of vehicles to the fleet, but also savings because a competitive labour market led to more unfilled vacant posts. Overall, this has enabled the Group to set aside resources from 2022/23 to reserves to be utilized to meet future budget deficits.

Revenue Budget Expenditure and Income Summary

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

The PCC worked closely with the Chief Constable and her senior team to understand the operational needs of Sussex Police for 2022/23 and the financial pressures on the Force. The decision to increase the police precept to fund operational policing was based on these extensive discussions and the results from the substantial online public consultation, including sixty-four focus groups with parish, town and district councilors.

The £10 a year increase per Band D property was supported and endorsed by the Police & Crime Panel at their meeting in January 2022.

These additional funds enabled the continuation of the Sussex programme to recruit an additional 250 officers through the multi-year precept investment. A further thirty officers were recruited during 2022/23. That investment programme is completed as of 31 March 2023.

The Government also continued to fund additional police officers through Operation Uplift – the campaign to recruit 20,000 new police officers in England and Wales by the end of March 2023. This included the recruitment of an additional 163 police officers in Sussex and nine to the Regional Serious and Organised Crime Unit (SEROCU). The table below sets out the investment in additional police officer posts since 2018/19.

Police Officers Increase Table (POSTS)	**2018/19**	**2019/20**	**2020/21**	**2021/22**	**2022/23**	**Total**
Op Uplift - Local			129	122	163	**414**
Op Uplift - Region				6	9	**15**
Precept	120	30	50	30	20	**250**
Total	**120**	**30**	**179**	**158**	**192**	**679**

Sussex Police achieved a head count of 3,194 officers by 31 March 2023 which is a 457 increase and twenty-eight over the target of 3,166.

The 2022/23 revenue budget was approved by the PCC in February 2022 at £347m. This consisted of the following:

- Government grant for Sussex in 2022/23 of £203.4m – increased from previous year's figure of £192.5m.
- The precept was increased by £10, generating £9.2m of additional income.
- Provision for increases in pay and prices, including growth, inflation and cost pressures of £16.7m.
- The requirement to make a further £4.4m of savings.

- The PCC delegated £341.2m (98%) of the net revenue resources to the Chief Constable for 2022/23 to enable the discharge of operational policing under police direction and control.

Original Revenue Budget (Net)	**2022/23** **£m**
Operational Delivery Budget	341.186
Office of the PCC	1.491
PCC	0.123
Community Safety	1.702
Victim Support, Restorative Justice	0.591
Other OPCC Financing Budgets including reserves transfers	1.800
Total Net Budget Requirement	**346.893**

The capital and investment budget, which funds the purchase, enhancement and replacement of long-term asset, was approved by the PCC in February 2022 at £14.8m which was subsequently uplifted for slippage from 2021/22 to £18.4m.

For full details of the 2022/23 revenue and capital budget including funding details and assumptions please see the **Sussex PCC Medium Term Financial Strategy 2022 – 2026.**

Summary of financial performance 2022/23

During 2022/23 the revenue budget was revised. The budget to the actual expenditure is shown in the table below with a variance surplus of £3.2m arising by 31 March 2023.

Sussex	Total 2022/23 Budget £m	Total 2022/23 Outturn £m	Variance £m
PCC Budget	4.7	3.2	(1.5)
Financial Provisions & Reserves	2.4	16.1	13.7
Operational Delivery Budget	339.8	326.2	(13.6)
Total 2022/23 Budget	**346.9**	**345.5**	**(1.4)**
Funding	(346.9)	(348.7)	(1.8)
Grand Total	**0.0**	**(3.2)**	**(3.2)**

Throughout 2022/23 the revenue budget has been subject to regular monitoring. PCC controlled budgets are also regularly consolidated with the Chief Constable's budgets to consider the group position which is published on the PCC's website as part of governance and transparency arrangements. These regular updates include a review of budgets and spending forecasts for both revenue and capital expenditure and include consideration of certain other key financial items such as capital control limits.

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

The financial highlights of Sussex Police can be found in the Chief Constables Statement of Accounts for 2022/23.

The budget for the Office of the Police and Crime Commissioner (OPCC) includes the costs of running the office including PCC, staff salaries and office costs to cover the statutory functions of scrutiny, internal and external audit, performance management, community engagements, independent custody visiting scheme, financial management, legal services, bank and treasury costs and complaints handling. A surplus of £1.5m arose over several budget lines but consisted in the main of

resources brought forward from the previous year that were not spent in relation to victim's services, staff vacancy saving and in travel and subsistence budgets as more meetings are held online and other small variations.

The PCC also provides Victims Services, grants for Community Safety initiatives, funding for Community Safety Partnerships. Further details of the on the PCC Annual Report for 2022/23.

The Commissioner's Annual Report includes further details of the progress against the policing and crime objectives and provides supporting information. It also includes the services, funding received and expended and the outcomes. The draft annual review will be presented to the Police and Crime Panel at the end of June 2022 and published in the summer.

Capital Expenditure and Capital Financing

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

Under the terms of the funding arrangement between the PCC and the Chief Constable, all non-current assets are under the control of the PCC. Details of capital expenditure and funding in relation to the acquisition and enhancement of assets, which amounted to £10.841m in 2022/23 are shown in the financial statements. All of the total £10.841m investment in long term fixed assets has been capitalised as property, plant, equipment (PPE) and intangibles. 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 Police and Crime Commissioner is required to make a prudent amount of Minimum Revenue Provision (MRP) as a set aside for the repayment of external loans. In the case of finance leases and on balance-sheet PFI contracts, the MRP requirement is regarded as met by a charge equal to the amount that has been taken to the balance sheet to reduce the liability. The Capital Financing Requirement increased by £1.975m to £28.759m – see Note 13 for more details.

Balance Sheet

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

Group Balance Sheet - Summary

	31-Mar-22 £m	31-Mar-23 £m	Movement £m
Long Term Assets	193	200	7
Current Assets	83	96	13
Current Liabilities	(47)	(45)	2
Long Term Liabilities	(3,435)	(2,321)	1,114
Net Liabilities	**(3,206)**	**(2,070)**	**1,136**
Financed by			
Usable Reserves	(32)	(47)	(15)
Unusable Reserves	3,238	2,117	(1,121)
Total Reserves	**3,206**	**2,070**	**(1,136)**

Movement between years:
The movement between years was £1,114m. The major change arose with the reduction of the pension liability which are explained in further detail in Notes 34 & 36.

Employee Pension Schemes:

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

The total long term pension liability reduced by £1,114m to £2,288m and has a substantial impact on the net worth of the

Group. This is the main constituent of the total Net Liabilities on the Balance Sheet. The Police Officer Pension received the largest reduction reducing the deficit from £3,350m to £2,395m. The Local Government Pension on the other hand moved from a deficit to a surplus.
Retirement benefits (pensions) are offered to employees as part of the terms and conditions of employment. Employees can choose to opt out of the scheme at any time. Although benefits will not be payable until employees retire, the Group has a commitment to account for these at the time that employees earn their future entitlement.

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

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

Police staff and OPCC staff can be members of the West Sussex Pension Scheme, a Local Government Pension Scheme administered by West Sussex County Council. The Chief Constable and PCC make employer contributions based on an agreed percentage of employees' pensionable salaries to the West Sussex Pension Fund. Employer contributions are based on an independent actuarial valuation of the fund which is conducted every three years. The Chief Constable also must meet the pension costs of employees who have left employment due to ill health or where early retirements have been agreed and makes additional contributions to make good the shortfall in the pension fund, known as deficiency payments.

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

The PCC Group is required to maintain a pensions reserve on the Balance Sheet for officers and staff. The reserve is termed

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

The pension liability shows the underlying commitment that the Group has in the long run to pay post-retirement benefits. The total liability of £2,288m (£3,403m in 2021/22) has a substantial impact on the net worth of the Group as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Group remains healthy.

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

Reserves

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

The PCC's policy on reserves is based on a thorough understanding of needs and risks. Part of this process is to give a clear explanation of the existing and proposed use of reserves. The detailed reserves policy can be found in the Medium Term Financial Strategy and the balances held can be found in Note 7 and Note 23 to the accounts.

Total useable reserves totaled £46.650m as of 31 March 2023 of which £32.932m is earmarked. The General Fund Reserve at 31 March 2023 is £13.7m and represents 4% of the Net Revenue Expenditure Budget of £346.9m. This is in line with the approved Reserves Policy which sets a minimum target for the General Reserve of 4% of Net Revenue Expenditure Budget. The additions to the earmarked reserves will, subject to PCC scrutiny and approval, be allocated to help Sussex Police achieve the changes to enable it to make ongoing revenue savings to meet the forecast deficits in future financial years.

Other

Insurance – Municipal Mutual Insurance (MMI) Liability is in run off. MMI, former insurers, triggered the Municipal Mutual Insurance Scheme of Arrangement in November 2012 as it entered insolvent liquidation. A provision of £0.9m is maintained to account for any future claims that could arise.
Assets Held for Sale The assets held for sale balance at 31 March 2023 comprises of six sites surplus to current requirements. These sites are at Astley House in Lewes, and Polegate, East Sussex, and Chichester, Midhurst, Pulborough

and East Grinstead in West Sussex. All of these properties are expected to be sold within the next 12 months in line with the Estates Strategy.

Financing and Investment Income – Interest receivable has increased from £95k in 2021/22 to £1.364m in 2022/23 reflecting the increase in interest rates for deposits over the financial year.

Governance

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

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

Value for Money

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

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

- Financial Regulations establish the principles of financial control. They are designed to ensure that the PCC conducts its financial affairs in a way which complies with statutory provision and reflects best professional practice. Contract Standing Orders set out the rules to be followed in respect of contracts for the supply of goods and services.
- Responsibility and accountability for resources rest with managers who are responsible for service provision.

- The PCC has adopted the CIPFA Code of Practice on Treasury Management requiring the PCC to consider, approve and publish an annual treasury management strategy including an annual investment strategy.

- In accordance with the Prudential Code and proper accounting practice the Chief Constable and PCC produce a Medium Term Financial Strategy (MTFS), capital programme and prudential indicators. These are reviewed on an on-going basis and form the core of resource planning, setting the precept level, the annual revenue budget, use of reserves and capital programme.

- The MTFS includes provision for inflation, known commitments and other expenditure items which the Chief Constable has identified as necessary to deliver both national and local policing priorities.

- The annual revenue budget provides an estimate of the annual income and expenditure requirements for the PCC and police service and sets out the financial implications of the PCC's policies. It provides Chief Officers with the authority to incur expenditure and a basis on which to monitor the financial performance of the PCC.

- The PCC is required to present precept proposals to the Police and Crime Panel for their consideration prior to finalising the budget and precept.

- Capital expenditure is an essential element in the development of the PCC's service since it represents major investment in new and improved assets. The PCC approves a four-year capital programme each year with the MTFS and monitors its implementation and funding closely at management meetings.

- The PCC approved a balanced budget for 2022/23 with a £10 increase in the council tax precept. Further savings have been identified to balance the budget for 2023/24 and work is ongoing to meeting the savings gap over the remaining financial planning period.

- Monthly financial performance reports and quarterly group budget monitoring reports are presented to the Chief Constable and PCC and are published as 'key decisions.'

- Performance reports are presented and discussed with the PCC regularly and reviewed at the public Performance and Accountability meetings which are webcast.

- The PCC receives reports from HMIC and will act on recommendations as required.

- The Internal Audit Service is required to objectively examine, evaluate and report upon the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of the PCC and Chief Constable's resources. This is achieved through the delivery of a risk based annual audit plan which is monitored by the independent Joint Audit Committee on a quarterly basis. The Chief Internal Auditor also prepares an annual report based on the work of the Internal Audit Service which provides an independent and objective opinion on the internal control, governance and risk environments of the PCC and Chief Constable based on the work undertaken by the Internal Audit Service throughout 2022/23.

- The Joint Audit Committee (JAC) provides a non-executive independent assurance to the PCC and Chief Constable and helps to ensure efficient, effective and adequate assurance arrangements are in place. Their Terms of Reference set out their role in full.

The Financial Year Ahead

The Medium-Term Financial Strategy 2023/24 to 2026/2027 and the budget for 2023/24 were approved in February 2023 by the PCC following extensive public consultation and planning with Sussex Police.

The PCC approved an increase to the precept by an extra £15 per year, per household for 2023/24.

The resources allocated through the four-year 2023/27 MTFS will enable the Chief Constable to plan the resource requirements for Sussex Police more effectively. The PCC and the public, as we know from our survey and consultation results, want to maintain the investment that has been made to date in police officers, staff, PCSOs and systems and capabilities. There is no appetite to go backwards.

The approach set out in the MTFS is expected to deliver a balanced budget for 2023/24 but the future is uncertain with a £17.6m remaining to be met, based on current assumptions, through to 2026/27. It sets out how the general reserve will be resourced up to £15.0m in line with the reserve strategy and maintained through to 2027. The management of 2023/24 budget is planned to be achieved through well-constructed and managed workforce plans, the use of one-off reserves in a managed way, rationalisation of estates, new operating model efficiencies, non-pay savings and increases to the precept. This will require careful monitoring, scrutiny and commitment to develop realistic and credible savings that will achieve a sustainable budget going forward. The PCC and Chief Constable are fully committed to taking the necessary decisions to achieve this outcome and the budget plans and actions will be closely monitored and scrutinised by both Chief Finance Officers.

May 2023: The geopolitical situation around the world and in Europe continues to create financial pressures. Whilst some commentators wish for lower inflation many of the cost increases are already baked into the operating costs for the Group. Whilst some reductions are being seen in liquid fuel, utility costs are not reducing, interest rates are increasing and suppliers continue to try to transfer the risk they are exposed to on to the Group. The largest risk at the time of writing this narrative is that the Police Officer and staff side pay negotiations have not yet concluded. The estimates for 2023/24 assume a 2.0% increase for Police Officers (With a 0.5% contingency set aside), and 2% for Police Staff. These assumptions seem too low compared with other public pay settlements which have been agreed to date and therefore poses a significant risk to the group finances. Plans are being drawn up to try to mitigate any cost pressures but with the Group income fixed in terms of government grant and council tax it will be reserves which become the safety net until other income resources can be secured, if at all.

The PCC will work with the Chief Constable to reduce the carbon and emissions from vehicles and the estate. Some 60% of carbon emissions are created by the vehicles that are used for policing. The government commitment to stop the sale of fossil fuelled vehicles from 2030 and hybrid vehicles by 2035 remains and plans need to be costed and implemented. The PCC and Police owned Blue Light Commercial are leading the way on this topic and Sussex Police and other forces will be consulting with them to draw up plans and actions to change fleet vehicles. Work will also continue on carbon reduction generated by the estate complementing the actions already taken including the installation of solar photovoltaic panels, led lights, better water and boiler management.

Audit Backlog

I must make you aware of a serious issue that has impacted on the majority of local authorities, PCCs and Chief Constables through no fault of their own which is the back-log in completed external audits of statements of accounts.

The reasons for the delays to complete the financial audit are complex, but in simple terms there are fewer skilled auditors to complete the reviews.

The Local Audit and Accountability Act 2014 makes the Comptroller and Auditor General (C&AG) responsible for the preparation and maintenance of the Code of Audit Practice. It gives the C&AG the power to issue guidance to auditors in support of the Code, to which auditors must have regard when carrying out their work. Schedule 6 of the 2014 Act requires that the Code be reviewed, and revisions considered, at least every five years. The current Code came into force on 1 April 2020.

The then Department for Levelling Up, Housing and Communities (DLUHC) worked collaboratively with the Financial Reporting Council (FRC), as incoming shadow system leader, and other system partners, to develop measures to address the delay in local audit. Proposals were developed to maintain auditor independence and enable compliance with International Standards

on Auditing (UK) (ISAs (UK)).

The proposals consisted of three phases:

> Phase 1: Reset involving clearing the backlog of historic audit opinions up to and including financial year 2022/23.
> Phase 2: Recovery from Phase 1 in a way that does not cause a recurrence of the backlog by using backstop dates to allow assurance to be rebuilt over multiple audit cycles.
> Phase 3: Reform involving addressing systemic challenges in the local audit system and embedding timely financial reporting and audit.

The development of these proposals has involved widespread engagement since summer 2023 with auditors and finance teams.

To support the further development and testing of the measures, consultations are taking place, in partnership with the FRC, to receive further feedback and inform the decision on how to proceed. A Joint Statement, issued by the FRC, DLUHC and NAO, sets out an overview of the proposals under consultation to support the local audit system to reset and recover. More information on each consultation and supporting material can be found below.

What is Being Proposed?

To clear the backlog of historic accounts, DLUHC consulted on proposals to legislate for a statutory backstop date of 30 September 2024 for local bodies to publish outstanding audited accounts. There will also be a series of dates covering the financial years 2023/24 to 2027/28 as part of a process of rebuilding assurance over time, reducing the risk of a new backlog being created.

The duty for local bodies to publish a delay notice where the audit has not been concluded by the existing deadline will also be withdrawn.

The National Audit Office is also consulting on changes to the Code of Audit Practice which will require auditors of local bodies to comply with these statutory backstop dates by giving their opinions in time for audited accounts to be published.

The Chartered Institute of Public Finance and Accountancy (CIPFA) consultation on temporary changes to the accounting code for preparation of the financial statements. The proposed temporary changes to the financial reporting framework have an impact on both how the financial statements are prepared and our audit procedures necessary to gain assurance.

The Result

Due to the General Election on July 4th 2024 the change to legislation was postponed until the new government took office. The backstop date is now expected as 13 December 2024 for the audits for financial years through to 2022/23.

Our external auditors Ernst Young have been working with the audit system leaders to understand what their expectations will be on all auditors to implement the government's policy proposals effectively. They have also reviewed the auditing standards and the work
required to move to a disclaimed opinion. Primarily, whilst they do not need to complete detailed testing of the financial statements they will need to review them, complete certain tasks to plan their approach to the audit, understand the business, get updates on key areas to ensure that they are sighted on developments, form a view on aspects that they report on, and communicate the outcome of this work
to those charged with governance.

Therefore, once they have completed their work, in addition to the auditor's report including the disclaimed opinion for each year, they will issue one completion report for those charged with governance per authority that includes:

- details of the work undertaken for planning;
- the results from the work completed for that process;
- and the value for money commentary.

For organisations with more than one open year to 31 March 2023, there will be one completion report to cover all open years.

I have received an External Audit Value for Money Interim Report 2022/23 dated February 2024 which has been received and reviewed by our Joint Audit Committee. It can be found at this link: https://www.sussex-pcc.gov.uk/media/8088/it-10-external-audit-value-for-money-interim-report-2022-23.pdf

Financial Standing and Going Concern

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

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

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

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

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

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

Significant changes since 2021/22

There were no changes to reporting within the 2022/23 Code of Practice on Local Authority Accounting which were identified as having significant impact for Sussex Police.

Explanation of the Key Accounting Statements

The Statement of Accounts set out the PCC and Chief Constable's financial standing and performance for the year ended 31 March 2023. The Statements represent the accounts for the PCC and those for the PCC Group. The accounts for the Chief Constable of Sussex are available separately.

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

The Accounts Comprise:

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

Statements of Responsibilities
This explains the financial responsibilities of the PCC and Chief Finance Officer and how these responsibilities are properly conducted.

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

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

The Comprehensive Income and Expenditure Statement
The Comprehensive Income and Expenditure Statement (CIES) consolidates all income, expenditure, gains and losses

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

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

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

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

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

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

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

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

5 December 2024

Iain McCulloch FCPFA
Chief Finance Officer
Office of The Police and Crime Commissioner for Sussex

Statements of Responsibilities

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

The Police and Crime Commissioner Responsibilities

The Police and Crime Commissioner is required to:

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

The Chief Finance Officer Responsibilities

The Chief Finance Officer is responsible for:

- the preparation of the Statement of Accounts for the Police and Crime Commissioner in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the Code').

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

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

During the year, the Chief Finance Officer has also:

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

I approve the Statements of Accounts of the PCC for Sussex and the Group for the year ended 31 March 2023.

Katy Bourne OBE
Police and Crime Commissioner
Dated: 5 December 2024

I certify that the Draft unaudited Statement of Accounts gives a true and fair view of the financial position of the PCC for Sussex and the Group at the accounting date and of the income and expenditure for the year ended 31 March 2023.

Iain McCulloch FCPFA
Chief Finance Officer
Dated: 5 December 2024

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

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

INDEPENDENT AUDITOR'S REPORT TO THE POLICE AND CRIME COMMISSIONER FOR SUSSEX

Disclaimer of opinion

We were engaged to audit the financial statements of Police and Crime Commissioner for Sussex and the Group for the year ended 31 March 2023. The financial statements comprise the:

- Police and Crime Commissioner for Sussex and Group Comprehensive Income and Expenditure Statement,
- Police and Crime Commissioner for Sussex and Group Movement in Reserves Statement,
- Police and Crime Commissioner for Sussex and Group Balance Sheet,
- Police and Crime Commissioner for Sussex and Group Cash Flow Statement,
- the related notes 1 to 39 including a summary of significant accounting policies, and
- Police and Crime Commissioner Police Pension Fund Account Statements and the 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 Police and Crime Commissioner and Group. 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 Police and Crime Commissioner and Group.

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 Police and Crime Commissioner and Group 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 29, the Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the Police and Crime Commissioner's and Group financial statements and the Police Pension Fund Account 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 Police and Crime Commissioner and Group'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 Police and Crime Commissioner and Group either intends to cease operations, or has no realistic alternative but to do so.

The Police and Crime Commissioner 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 Police and Crime Commissioner's and the Group 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 Police and Crime Commissioner and Group 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 Police and Crime Commissioner for 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 Police and Crime Commissioner for 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, Police and Crime Commissioner for 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.

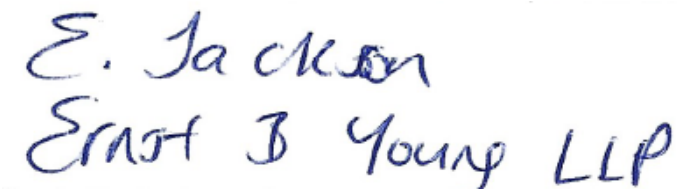
We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Certificate

We certify that we have completed the audit of the accounts of Police and Crime Commissioner for Sussex and Group 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 Police and Crime Commissioner for Sussex and Group, 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 Police and Crime Commissioner for Sussex and Group and the Police and Crime Commissioner for Sussex and Group's members as a body, for our audit work, for this report, or for the opinions we have formed.



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.

Group

2021/22					2022/23		
Expenditure	**Income**	**Net**		**Note**	**Expenditure**	**Income**	**Net**
£000	**£000**	**£000**			**£000**	**£000**	**£000**
355,305	0	355,305	Employee Costs		358,141	0	358,141
11,569	0	11,569	Premises		13,230	0	13,230
6,476	0	6,476	Transport		6,694	0	6,694
54,422	0	54,420	Supplies & Services		56,740	0	56,740
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
0	(48,252)	(48,252)	Income		0	(52,034)	(52,034)
440,473	**(48,252)**	**392,219**	**Net Cost of Services**		**447,299**	**(52,034)**	**395,265**
1,962	0	1,962	Other Operating Expenditure	8	1,614	0	1,614
69,370	(249)	69,121	Financing and Investment Income and Expenditure	9	92,043	(1,458)	90,585
0	(375,077)	(375,077)	Taxation and Non-Specific Grant Income	10	0	(393,967)	(393,967)
			Rounding		1	0	1
511,805	**(423,578)**	**88,225**	**(Surplus) or Deficit on Provision of Services**		**540,957**	**(447,459)**	**93,498**
		(8,933)	(Surplus) or Deficit on revaluation of Property, Plant and Equipment	14			(8,583)
		(69,610)	Re-measurement of the net defined benefit liability	34			(1,219,801)
		(78,543)	**Other Comprehensive Income and Expenditure**				**(1,228,384)**
		9,682	**Total Comprehensive Income and Expenditure**				**(1,134,886)**

PCC

2021/22					2022/23		
Expenditure	**Income**	**Net**		**Note**	**Expenditure**	**Income**	**Net**
£000	**£000**	**£000**			**£000**	**£000**	**£000**
2,929	0	2,929	Employee Costs		2,815	0	2,815
114	0	114	Premises		74	0	74
5	0	5	Transport		13	0	13
8,680	0	8,680	Supplies & Services		9,124	0	9,124
0	0	0	Third Party Payments		0	0	0
0	(10,722)	(10,722)	Income		0	(11,403)	(11,403)
11,728	**(10,722)**	**1,006**	**Net Cost of Services**		**12,026**	**(11,403)**	**623**
362,674	0	362,674	Intra-Group Funding Transfer		379,356	0	379,356
1,962	0	1,962	Other Operating Expenditure	8	1,614	0	1,614
1,528	(249)	1,279	Financing and Investment Income and Expenditure	9	1,622	(1,458)	164
0	(375,070)	(375,070)	Taxation and Non-Specific Grant Income	10	0	(393,957)	(393,957)
377,892	**(386,041)**	**(8,149)**	**(Surplus) or Deficit on Provision of Services**		**394,618**	**(406,818)**	**(12,200)**
		(8,933)	(Surplus) or Deficit on revaluation of Property, Plant and Equipment	14			(8,583)
		(572)	Re-measurement of the net defined benefit liability	34			(3,085)
		(9,505)	**Other Comprehensive Income and Expenditure**				**(11,668)**
		(17,654)	**Total Comprehensive Income and Expenditure**				**(23,868)**

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.

GROUP 2022/23	Note	General Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Total Usable Reserves	Unusable Reserves	Total Reserves
		£000	£000	£000	£000	£000	£000
Balance at 31 March 2022		**(13,719)**	**(18,451)**	**0**	**(32,170)**	**3,237,641**	**3,205,471**
Movement in reserves during 2022/23							
Surplus or deficit on the provision of services		93,498	0	0	93,498	0	**93,498**
Other Comprehensive Income / Expenditure		0	0	0	0	(1,228,384)	**(1,228,384)**
Total Comprehensive Income and Expenditure		**93,498**	**0**	**0**	**93,498**	**(1,228,384)**	**(1,134,886)**
Adjustments between accounting basis and funding basis under regulations	6	(107,925)	0	0	(107,925)	107,925	**0**
Net Increase or Decrease before Transfers to Earmarked Reserves		**(14,427)**	**0**	**0**	**(14,427)**	**(1,120,459)**	**(1,134,886)**
Transfers to / from Earmarked Reserves		14,428	(14,428)	0	0	0	**0**
Increase or Decrease in 2022/23		**1**	**(14,428)**	**0**	**(14,427)**	**(1,120,459)**	**(1,134,886)**
Rounding		**(1)**			**(1)**	**2**	**1**
Balance at 31 March 2023		**(13,719)**	**(32,879)**	**0**	**(46,598)**	**2,117,184**	**2,070,586**

GROUP 2021/22	Note	General Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Total Usable Reserves	Unusable Reserves	Total Reserves
		£000	£000	£000	£000	£000	£000
Balance at 31 March 2021		**(12,379)**	**(8,704)**	**0**	**(21,083)**	**3,216,872**	**3,195,789**
Movement in reserves during 2021/22							
Surplus or deficit on the provision of services		88,225	0	0	88,225	0	**88,225**
Other Comprehensive Income / Expenditure		0	0	0	0	(78,543)	**(78,543)**
Total Comprehensive Income and Expenditure		**88,225**	**0**	**0**	**88,225**	**(78,543)**	**9,682**
Adjustments between accounting basis and funding basis under regulations	6	(99,312)	0	0	(99,312)	99,312	**0**
Net Increase or Decrease before Transfers to Earmarked Reserves		**(11,087)**	**0**	**0**	**(11,087)**	**20,769**	**9,682**
Transfers to / from Earmarked Reserves		9,746	(9,746)	0	0	0	**0**
Increase or Decrease in 2021/22		**(1,341)**	**(9,746)**	**0**	**(11,087)**	**20,769**	**9,682**
Rounding		**1**	**(1)**				
Balance at 31 March 2022		**(13,719)**	**(18,451)**	**0**	**(32,170)**	**3,237,641**	**3,205,471**

PCC 2022/23	Note	General Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Total Usable Reserves	Unusable Reserves	Total Reserves
		£000	£000	£000	£000	£000	£000
Balance at 31 March 2022		**(13,719)**	**(18,451)**	**0**	**(32,170)**	**(169,074)**	**(201,244)**
Movement in reserves during 2022/23							
Surplus or deficit on the provision of services		(12,200)	0	0	(12,200)	0	**(12,200)**
Other Comprehensive Income / Expenditure		0	0	0	0	(11,668)	**(11,668)**
Total Comprehensive Income and Expenditure		**(12,200)**	**0**	**0**	**(12,200)**	**(11,668)**	**(23,868)**
Adjustments between accounting basis and funding basis under regulations	6	(2,227)	0	0	(2,227)	2,227	**0**
Net Increase or Decrease before Transfers to Earmarked Reserves		**(14,427)**	**0**	**0**	**(14,427)**	**(9,441)**	**(23,868)**
Transfers to / from Earmarked Reserves		14,428	(14,428)	0	0	0	**0**
Increase or Decrease in 2022/23		**1**	**(14,428)**	**0**	**(14,427)**	**(9,441)**	**(23,868)**
Rounding		(1)			(1)	1	0
Balance at 31 March 2023		**(13,719)**	**(32,879)**	**0**	**(46,598)**	**(178,514)**	**(225,112)**

PCC 2021/22	Note	General Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Total Usable Reserves	Unusable Reserves	Total Reserves
		£000	£000	£000	£000	£000	£000
Balance at 31 March 2021		**(12,379)**	**(8,704)**	**0**	**(21,083)**	**(162,507)**	**(183,590)**
Movement in reserves during 2021/22							
Surplus or deficit on the provision of services		(8,149)	0	0	(8,149)	0	**(8,149)**
Other Comprehensive Income / Expenditure		0	0	0	0	(9,505)	**(9,505)**
Total Comprehensive Income and Expenditure		**(8,149)**	**0**	**0**	**(8,149)**	**(9,505)**	**(17,654)**
Adjustments between accounting basis and funding basis under regulations	6	(2,938)	0	0	(2,938)	2,938	**0**
Net Increase or Decrease before Transfers to Earmarked Reserves		**(11,087)**	**0**	**0**	**(11,087)**	**(6,567)**	**(17,654)**
Transfers to / from Earmarked Reserves		9,746	(9,746)	0	0	0	**0**
Increase or Decrease in 2021/22		**(1,341)**	**(9,746)**	**0**	**(11,087)**	**(6,567)**	**(17,654)**
Rounding		1	(1)				
Balance at 31 March 2022		**(13,719)**	**(18,451)**	**0**	**(32,170)**	**(169,074)**	**(201,244)**

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Police and Crime Commissioner. The net assets of the Police and Crime Commissioner (assets less liabilities) are matched by the reserves held by the Police and Crime Commissioner.

31-Mar-22				31-Mar-23	
PCC	Group		Note	PCC	Group
£000	£000			£000	£000
190,535	190,535	Property, Plant and Equipment	14	197,560	197,560
1,448	1,448	Investment Property	15	1,524	1,524
1,411	1,411	Intangible Assets	16	1,119	1,119
193,394	**193,394**	**Long Term Assets**		**200,203**	**200,203**
20,111	20,111	Short-Term Investments	36	35,218	35,218
3,749	3,749	Assets Held for Sale	17	3,951	3,951
1,721	1,721	Inventories	18	1,525	1,525
43,322	43,322	Short-Term Debtors	19	50,071	50,071
14,278	14,278	Cash and Cash Equivalents	20	5,395	5,395
83,181	**83,181**	**Current Assets**		**96,160**	**96,160**
(755)	(755)	Short-Term Borrowing	36	(755)	(755)
(37,808)	(41,917	Short-Term Creditors	21	(35,628)	(40,787)
(4,312)	(4,312)	Provisions	22	(4,415)	(4,415)
(42,875)	**(46,984)**	**Current Liabilities**		**(40,798)**	**(45,957)**
(17,862)	(17,862)	Long-Term Borrowing	36	(17,148)	(17,148)
(13,678)	(3,416,284)	Other Long-Term Liabilities	34&36	(9,479)	(2,300,019)
(916)	(916)	Grants Receipts in Advance – Capital	12	(3,825)	(3,825)
(32,456)	**(3,435,062)**	**Long Term Liabilities**		**(30,453)**	**(2,320,992)**
201,244	**(3,205,471)**	**Net Assets/(Liabilities)**		**225,112**	**(2,070,586)**
(32,170)	(32,170)	Usable Reserves	23	(46,598)	(46,598)
(169,074)	3,237,641	Unusable Reserves	24	(178,514)	2,117,184
(201,244)	**3,205,471**	**Total Reserves**		**(225,112)**	**2,070,586**

I certify that this Draft Statement of Accounts gives a true and fair view of the financial position of the Police and Crime Commissioner of Sussex and the Chief Constable of Sussex Group at the accounting date and of the income and expenditure for the year ended 31 March 2023.

Iain McCulloch FCPFA
Chief Finance Officer
Dated: 5 December 2024

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

The Balance Sheet tables show the value as at 31 March 2023 of the assets and liabilities recognised by the Group and the Police and Crime Commissioner (PCC). The net liabilities of the Group (assets less liabilities) are matched by the reserves held by the Group.

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

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

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

Cash Flow Statement

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

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

2021/22 PCC £000	2021/22 Group £000	CASH FLOW STATEMENT	Note	2022/23 PCC £000	2022/23 Group £000
(8,149)	88,225	Net (surplus)/deficit on the provision of services		(12,200)	93,498
9,264	(87,110)	Adjustment to (surplus)/deficit on the provision of services for non-cash movements	6	9,142	(96,556)
(14,522)	(14,522)	Adjustment for items included in the net deficit on the provision of services that are investing or financing activities		(12,770)	(12,770)
(13,407)	**(13,407)**	**Net cash flows from operating activities**		**(15,828)**	**(15,828)**
25,371	25,371	Net cash flows from investing activities		23,611	23,611
(3,425)	(3,425)	Net cash flows from financing activities		1,099	1,099
8,539	**8,539**	**Net (increase) or decrease in cash and cash equivalents**		**8,883**	**8,883**
22,817	22,817	Cash and cash equivalents at the beginning of the reporting period	20	14,278	14,278
14,278	**14,278**	**Cash and cash equivalents at the end of the reporting period**		**5,395**	**5,395**

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

- Cash Flow from operating Activities

The cash flows for operating activities include the following items:

2021/22			2022/23	
PCC	Group	OPERATING ACTIVITIES - INTEREST	PCC	Group
£000	£000		£000	£000
(95)	(95)	Interest received	(1,364)	(1,364)
1,507	1,507	Interest paid	1,600	1,600
1,412	**1,412**	**Total**	**236**	**236**

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

2021/22			2022/23	
PCC	Group	OPERATING ACTIVITIES ADJUSTMENTS FOR NON-CASH	PCC	Group
£000	£000		£000	£000
(8,390)	(8,390)	Depreciation	(8,922)	(8,922)
(947)	(947)	Impairment and downward valuations	(596)	(596)
(1,585)	(1,585)	Amortisation	(625)	(625)
(153)	(153)	(Increase)/decrease in creditors	1,185	1,185
5,870	5,870	Increase/(decrease) in debtors	6,749	6,749
826	826	Increase/(decrease) in inventories	(197)	(197)
(96,197)	(96,197)	Movement in pension liability	(104,951)	(104,951)
(732)	(732)	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	(2,345)	(2,345)
110,571	14,197	Other non-cash movements charged to the (surplus)/deficit on provision of services	118,845	13,147
1	1	Rounding	(1)	(1)
9,264	**(87,110)**	**Total**	**9,142**	**(96,556)**

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

2021/22 PCC £000	2021/22 Group £000	OPERATING ACTIVITIES ADJUSTMENTS INVESTING/FINANCING	2022/23 PCC £000	2022/23 Group £000
5,000	5,000	Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	375,000	375,000
35	35	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	1,915	1,915
(19,557)	(19,557)	Other items for which the cash effects are investing or financing cash flows	(389,685)	(389,685)
(14,522)	**(14,522)**		**(12,770)**	**(12,770)**

- Cash Flow from Investing Activities

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

The daily average lending for 2022/23 was £59.8m, a increase of £17.6m compared with £42.2m during 2021/22 and is reflected above within the figures for purchase of investments and proceeds from the sale of investments. This is a reasonable activity to support the primary function of policing Sussex and yielded £1.364m of investment interest received for the year.

2021/22 PCC & Group £000	INVESTING ACTIVITIES	2022/23 PCC & Group £000
10,849	Purchase of property, plant, equipment, investment property and intangible assets	10,842
20,000	Purchase of short-term and long-term investments	390,000
(35)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(1,915)
(5,000)	Proceeds from short-term and long-term investments	(375,000)
(443)	Other receipts from investing activities	(315)
25,371		**23,611**

- Cash Flow from Financing Activities

2021/22 PCC & Group £000	FINANCING ACTIVITIES	2022/23 PCC & Group £000
(14,076)	Other receipts from short-term and long-term borrowing	0
651	Cash payments reducing outstanding liabilities relating to finance leases and on-Balance-Sheet PFI	1,099
10,000	Repayments of short and long term borrowing	0
(3,425)		**1,099**

Note 1 -Expenditure and Funding Analysis

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

Group EFA:

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**
258,561	96,744	355,305	Employee Costs	252,118	106,023	358,141
11,569	0	11,569	Premises	13,230	0	13,230
6,476	0	6,476	Transport	6,694	0	6,694
54,420	0	54,420	Supplies & Services	56,740	0	56,740
2,726	0	2,726	Third Party Payments	2,947	0	2,947
0	9,975	9,975	Capital Charges; Depreciation, Amortisation, Impairment (Proxy)	0	9,547	9,547
(947)	947	0	(Gains)/Losses on PPE Revaluations	(869)	869	0
(48,252)	0	(48,252)	Income	(52,034)	0	(52,034)
284,553	**107,666**	**392,219**	**Net Cost of Services**	**278,826**	**116,439**	**395,265**
(295,640)	(8,354)	(303,994)	Other Income and Expenditure	(293,252)	(8,514)	(301,766)
			Rounding	(1)	0	(1)
(11,087)	**99,312**	**88,225**	**(Surplus) or Deficit on Provision of Services**	**(14,427)**	**107,925**	**93,498**
(21,083)			Opening Combined General Fund Balance	(32,170)		
(11,087)			Plus Surplus on the General Fund Balance for the Year (Statutory Basis)	(14,427)		
			Rounding	(1)		
(32,170)			**Closing Combined General Fund Balance**	**(46,598)**		

PCC EFA:

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**
2,559	370	2,929	Employee Costs	2,490	325	2,815
114	0	114	Premises	74	0	74
5	0	5	Transport	13	0	13
8,680	0	8,680	Supplies & Services	9,124	0	9,124
0	0	0	Third Party Payments	0	0	0
(9,975)	9,975	0	Capital Charges: Depreciation, Amortisation, Impairment (Proxy)	(9,575)	9,575	0
(947)	947	0	(Gains)/Losses on PPE Revaluations	(857)	857	0
(10,722)	0	(10,722)	Income	(11,403)	0	(11,403)
(10,286)	**11,292**	**1,006**	**Net Cost of Services**	**(10,134)**	**10,757**	**623**
(801)	(8,354)	(9,155)	Other Income and Expenditure	(4,292)	(8,530)	(12,822)
			Rounding	(1)		(1)
(11,087)	**2,938**	**(8,149)**	**(Surplus) or Deficit on Provision of Services**	**(14,427)**	**2,227**	**(12,200)**
(21,083)			Opening Combined General Fund Balance	(32,170)		
(11,087)			Plus Surplus on the General Fund Balance for the Year (Statutory Basis)	(14,427)		
			Rounding	(1)		
(32,170)			**Closing Combined General Fund Balance**	**(46,598)**		

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

Note 2 – Going Concern

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. The Police and Crime Commissioner for Sussex and the Chief Constable of Sussex have assessed going concern and that cash flow requirements can be met for the assessment period to March 2025.

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

Police funding is under the remit of the Home Office and the Home Office approved an additional £650m in 2023/24 and £800m in 2024/25 for Policing. In addition, PCC's were given the flexibility to increase Council Tax by up to £10 (Band D property) without incurring a referendum for 2023/24, 2024/25 and 2025/26. For 2024/25 Sussex PCC has increased Council Tax by £13 (Band D property).

Going Concern Section 2 – Current & Forecast Financial Position

2022/23 Budget

The 2023/24 revenue budget was set in February 2023 as a balanced budget of £369.4m. A capital and investment programme budget was also set in February 2023, providing a further £12.6m in 2023/24 to be financed by a combination of government grant, capital receipts, borrowing and revenue contributions. The capital programme supports investment in the estate, fleet replacement and equipment, Information Technology, business led IT Projects and operational equipment. This is essential to ensure fit-for-purpose services, to deliver savings and generate income to balance the budgets over the medium term financial plan period to 2026/27.

The Medium Term Financial Strategy forecast was revised at the end of June 2022 estimated a savings requirement totalling £21.1m over the 4 year period of the strategy with £8.5m being required in 2023/24. This has to be met from tactical efficiency savings and reshaping

of services. The General Reserves are projected to remain at 4% which is the minimum level set by the s.151 finance officers. The Chief Constable and Chief Finance Officer engaged with PA Consulting to work with the force to identify areas to make savings and/or generate income, business cases are now being developed to assist with achieving a balanced budget in 2024/25 and beyond.

A forecast balanced revenue and capital budget for 2022/23 was estimated at the end of June 2022. This has been estimated taking into account a number of cost increases which have been greater than assumed in the original estimates. These include the increased police officer pay award, an assumed increase for police staff pay in line with police officers, and actual rates of police officer attrition being higher than budgeted with replacement new recruits joining at lower pay rates. This is in part offset by a one off grant provided by the Home Office. Further cost pressures are also arising from increased utility price costs, liquid fuel and many more supplies and services that are purchased. The cost of borrowing which funds the capital programme is has also doubled compared with the time the budget was approved and is now included in the revised forecast.

2024/25 Budget

The 2024/25 revenue budget was set in February 2024 as a balanced budget of £396.5m. A capital and investment programme budget was also set in February 2024, providing a further £15.6m in 2024/25 to be financed by a combination of government grant, capital receipts, borrowing and revenue contributions. The capital programme supports investment in the estate, fleet replacement and equipment, Information Technology, business led IT Projects and operational equipment. This is essential to ensure fit-for-purpose services, to deliver savings and generate income to balance the budgets over the medium term financial plan period to 2026/27.
MTFFS Strategy 2024/25 to 2027/28.

The key principles underlying the PCC's MTFS 2024/25 to 2027/28 are:

- Overall expenditure will be contained within approved estimates each year;
- The PCC will seek to maintain a General Reserve of a minimum of 4% of Net Revenue Expenditure of which 1% is for operational requirements and 3% to cover any major unforeseen expenditure or loss of funding. The PCC will review the cost of maintaining reserves at this level against the benefits of alternative approaches on a regular basis and a flexible approach will be adopted appropriate to circumstances;
- The PCC will maintain earmarked reserves for specific purposes when appropriate, consistent with achieving objectives;
- The PCC will continue to prioritise the achievement of value for money and efficiency in establishing the framework for policing within Sussex and in commissioning and procurement decisions;

The Medium Term Financial Strategy forecast published in Feb 24 estimated a savings requirement totalling £30.4m over the 4 year period of the strategy with £6.0m being required in 2024/25. This has to be met from tactical efficiency savings and reshaping of services.
£0.9m savings for 2023/24 were achieved as part of the budget setting process. Additional tactical savings have been identified and actioned in-year resulting in £1.0m over-achieved savings totalling £1.0m, and £2.0m savings confirmed for 2024/25 budget setting. Joint Force Change, working with Change Delivery, are developing, and delivering Business Cases to realise efficiencies and cashable benefits, and have committed to £3.0m savings for 2024/25.

A forecast balanced revenue and capital budget for 2023/24 was estimated at the end of February 2024. This has been estimated taking into account a number of cost increases which have been greater than assumed in the original estimates. These include the increased police officer pay award, an assumed increase for police staff pay in line with police officers, and actual rates of police officer attrition being higher than budgeted with replacement new recruits joining at lower pay rates. This is in part offset by a one off grant provided by the Home Office. Further cost pressures are also arising from increased utility price costs, liquid fuel and many more supplies and services that are purchased. The cost of borrowing which funds the capital programme is has also doubled compared with the time the budget was approved and is now included in the revised forecast.

Going Concern Section 3 – Cash Position

The PCC for Sussex had £56.7m were held at 29 February 2024 (£12.7m in MMFs and £44m in fixed term investments no more than 12 months), compared to £41.9m (£6.9m in MMFs and £35m in fixed term investment)
The PCC for Sussex deems the uncertainty on income cash flows low as the majority of its income is receivable from the Home Office and local billing authorities. The PCC for Sussex also remains confident in its ability to maintain sufficient cash for its activities throughout the medium term and has a borrowing strategy in place to borrow against capital investment as plans are approved. The PCC for Sussex is also able to mitigate any short term deposit timing cash flow requirements with its ability to borrow short term monies from other institutions and local authorities at short notice.

In a 'stressed' case scenario whereby income is constrained further in the event of unexpected economic shocks and income recovering only very slowly, the PCC for Sussex has sufficient levels of reserves and investments that it would not run out of cash during 2024/25.

Going Concern Section 4 – Conclusion

The 2022/23 accounts have been prepared on a going concern basis, with the projected underspend and targets in 2023/24 within the level of general useable reserves and a plan to produce a balanced budget in 2023/24.

Note 3 - Critical Judgements in Applying Accounting Policies

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

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

- Establishing valuations of operational and investment properties, which are assessed by an independent qualified Valuer (see Note 38 for details of the accounting policy relating to the valuation process and see Notes 14 and 15 for details of revaluation amounts).
- Depreciation is calculated based on asset value and expected useful life of the asset. If the useful life of an asset is reduced then the depreciation charge to the CIES will increase. The PCC monitors the useful life of assets to identify where changes to the depreciation charge are required during the year.
- Capitalisation of non-current assets and intangible assets requires management judgement to ensure expenditure incurred during the year is correctly capitalised as Property, Plant & Equipment (PPE) or Intangible Assets. If expenditure does not meet the capital criteria it is released as revenue.
- Calculating employee benefit accruals e.g. unused holiday, this is based on staff time records and an average cost for each grade (see Notes 38 and 24 for the accounting policy and amounts respectively).
- Costs of pension arrangements require estimates assessed by an independent qualified actuary regarding future cash flows that will arise under the scheme liabilities. The assumptions underlying the valuation used for IAS19 reporting are the responsibility of the Group as advised by their actuaries. The financial assumptions are largely prescribed at any point and reflect market expectations at the reporting date. Assumptions are also made around the life expectancy of the UK population (see Note 34 for details of the pension schemes in place for police staff and police officers, see also the separate Chief Constable accounts for the Police Pension Fund Account Statements).
- Future levels of funding for Local Government - The Police and Crime Commissioner has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Police and Crime Commissioner might be impaired as a result of a need to close facilities and reduce levels of service provision.

- Independently reviewed PFI accounting models are used to calculate future liabilities for interest and capital repayments, which are based on the current retail price index as listed by the Office of National Statistics. This is reviewed annually, to assess any change affecting the current year and future year charges.
- A judgement has been made of the expenditure allocated between the Police and Crime Commissioner's and Chief Constable's accounts to reflect financial resources of the Police and Crime Commissioner consumed at the request of the Chief Constable. The basis adopted for this allocation was determined by the Group in accordance with the subjective activities for each corporate body included in the Comprehensive Income & Expenditure Account. In arriving at this approach, interested parties, including senior management in both corporate bodies were consulted and careful consideration given to the Police Reform and Social Responsibility Act 2011 and Home Office guidance.

Accruals of Income and Expenditure

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

- Fees, charges and rents due are accounted for as income at the date the Police and Crime Commissioner provides the relevant goods or services.
- Where income and expenditure is recognised but cash has not been received or paid, a debtor or creditor for the relevant year is recorded in the Balance Sheet. Estimates are used when appropriate based on expectation, experience, relevant documentary evidence and other support such as advice from specialist consultants.
- Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to the Comprehensive Income and Expenditure Statement for the income that might not be collected.
- Working capital has been judged as being attributable in full to the Police and Crime Commissioner. The PCC controls the treasury management function and all bank accounts, therefore all working balances (cash, current debtors and liabilities) are recognised in the PCC's Balance Sheet.

Pensions Actuarial Assumptions

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

A rise in the net discount rate will have an opposite effect of similar magnitude. The effect of a change in the net discount rate on the value placed on the liabilities of each scheme is shown in the sensitivity analysis schedule below.

There is also uncertainty around the life expectancy of the UK population. The value of current and future pension benefits will depend on how long they are assumed to be in-payment. The mortality assumptions have changed from the previous accounting period to take account of recent mortality experience. Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2021 model, an allowance for smoothing of recent mortality experience and long term rates of improvement of 1.5% p.a. for males and females.

Impact of McCloud/Sargeant court of appeal

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

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

In respect of the Police pension schemes, a case management was held in October 2019 resulted in an Order including an interim declaration that claimants are entitled to be treated as if they had been given full transitional protection and had remained in their existing scheme after 1 April 2015. The Government later issued a Ministerial Statement on 25 March 2020 that non-claimants would also be treated in the same way. On 16 July 2020, HM Treasury issued a consultation on transitional arrangements for public sector pensions to eliminate discrimination identified via McCloud/Sargeant cases. This meant that members of the pension scheme on or before 31 March 2012 and 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 Group annually reviews the appropriateness of its insurance funding. Independent Actuaries Arthur J Gallagher Insurance Brokers Ltd (AJG) undertook a review on the adequacy of our insurance claim provision and reserves. The review utilises recognised actuarial techniques and generally accepted principles to forecast ultimate claims costs. All reviews are carried out by qualified actuaries in the core 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 Future and Other Major Sources of Estimation Uncertainty

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

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment Valuations and Depreciation	Assets are independently assessed by professional valuers. Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate and related difficulties could lead to uncertainty that the Police and Crime Commissioner will be able to sustain its current spending on repairs and maintenance, this in turn could impact on the useful lives assigned to assets. The Police and Crime Commissioner carries the assets used under the PFI contract on its Balance Sheet as part of Property, Plant and Equipment. The original recognition of these assets at fair value (based on the cost to purchase the property) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by approximately £34,518 for every year that useful lives had to be reduced.
Intangible Assets	Intangible Assets are assessed by the business and amortised over useful lives that are dependent on assumptions about the use and potential obsolescence in relation to individual assets. The PCC carries intangible assets for purchased computer software and systems development including those purchased at the end of the Equip project. The standard period of amortisation noted within the Financial Regulations is 3 years.	If the useful life of assets is reduced, amortisation increases and the carrying amount of the asset falls. It is estimated that the annual amortisation charge would increase by £0.193m if useful lives were reduced by 1 year.
Pensions Liability	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. 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. 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.	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 Group's actuaries advised that the net pension liability had reduced in total by £1,159.5m as a result of revised actuarial assumptions.
Item (cont'd)	**Uncertainties**	**Effect if Actual Results Differ from Assumptions**
Pensions Costs	There are three pension schemes for police officers, the 2006 Police Officer Pension Scheme (NPPS), the Police Pension Scheme (PPS) and the Police Pension Scheme 2015 (2015 scheme); all of which are unfunded, defined benefit schemes. An unfunded scheme treated as a defined benefit scheme has no investment assets to meet its pension liability the Group must generate cash to meet the actual pension payments as they fall due.	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 Grant to the PCC. Further details of the schemes can be found in the Police Officer Pension Fund Accounts at the end of these statements.
Insurance Claims Liability	The level of potential claims facing the Police and Crime Commissioner is independently assessed by professional actuaries Arthur J Gallagher Insurance Brokers Limited (Gallagher) on an annual basis. This assesses the future potential cost on the Police and Crime Commissioner of claims both known and unknown. Claims more likely to materialise in terms of probability, cost and timing, are carried as provision on the balance sheet. Funding for more intangible claims is held in the insurance reserve. The assessment is subject to peer review.	Additional resources required to cover claims costs would be require in the event that actual claims are higher than predicted.
Debtors	At 31st March 2023, the Police and Crime Commissioner had a balance of sundry debtors of £4.3m relating to customers. A review of significant balances suggested that a provision for bad and doubtful debts of £0.03m was appropriate.	Based on the balance outstanding at 31 March 2023, If collection rates were to deteriorate, every 1% decrease would require an additional impairment provision of £0.04m.

Income & Expenditure	The majority of funding to the Group is from Government Grants and Precept income.	Currently 63.4% of the Net Budget Requirement is met by Government Grant Funding and 36.6% by Precept collections.

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

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

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

Group

2021/22		2021/22		2022/23		2022/23
Usable Reserves				Usable Reserves		
General Fund Balance	Capital Receipts Reserve	Movement in Unusable Reserves		General Fund Balance	Capital Receipts Reserve	Movement in Unusable Reserves
£000	£000	£000		£000	£000	£000
			Adjustments primarily involving the Capital Adjustment Account:			
			Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement (CIES):			
(8,390)	0	8,390	Depreciation and impairment of non-current assets	(8,922)	0	8,922
(947)	0	947	Revaluation Losses on Property Plant and Equipment	(596)	0	596
0	0	0	(Gains)/losses on Held for Sale property revaluations	(273)	0	(273)
135	0	(135)	Movements in the market value of Investment Properties	76	0	76
(1,585)	0	1,585	Amortisation of intangible assets	(625)	0	625
6,092	0	(6,092)	Capital grants and contributions applied	6,086	0	(6,086)
(696)	0	731	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to CIES	(179)	(1,915)	2,094
			Insertion of items not debited or credited to the CIES:			
1,007	0	(1,007)	Statutory provision for the financing of capital investment	1,976	0	(1,976)
			Adjustments primarily involving the Capital Receipts Reserve Account:			
0	(35)	0	Transfer of cash sale proceeds credited as part of the (gain)/loss in CIES	0	0	0
0	35	(35)	Application of capital receipts to finance new capital expenditure	0	1,915	(1,915)
			Adjustments primarily involving the Pensions Reserve:			
(184,517)	0	184,517	Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(190,928)	0	190,928
88,320	0	(88,320)	Employers pension contributions/direct payments to pensioners payable in year	85,977	0	(85,977)
			Adjustments primarily involving the Collection Fund Adjustment Account:			
1,816	0	(1,816)	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	556	0	(556)
			Adjustment primarily involving the Accumulated Absences Account:			
(547)	0	547	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in year in accordance with statutory requirements	(1,072)	0	1,072
(99,312)	**0**	**99,312**	**Total Adjustments**	**(107,925)**	**0**	**107,925**

PCC

2021/22		2021/22		2022/23		2022/23
Usable Reserves				Usable Reserves		
General Fund Balance	Capital Receipts Reserve	Movement in Unusable Reserves		General Fund Balance	Capital Receipts Reserve	Movement in Unusable Reserves
£000	£000	£000		£000	£000	£000
			Adjustments primarily involving the Capital Adjustment Account:			
			Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement (CIES):			
(8,390)	0	8,390	Depreciation and impairment of non-current assets	(8,922)	0	8,922
(947)	0	947	Revaluation Losses on Property Plant and Equipment	(596)	0	596
0	0	0	(Gains)/losses on Held for Sale property revaluations	(273)	0	273
135	0	(135)	Movements in the market value of Investment Properties	76	0	(76)
(1,585)	0	1,585	Amortisation of intangible assets	(625)	0	625
6,092	0	(6,092)	Capital grants and contributions applied	6,086	0	(6,086)
(696)	0	731	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to CIES	(179)	(1,915)	2,094
			Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:			
1007	0	(1007)	Statutory provision for the financing of capital investment	1,967	0	(1,967)
			Adjustments primarily involving the Capital Receipts Reserve Account:			
0	(35)	0	Transfer of cash sale proceeds credited as part of the (gain)/loss in CIES	0	0	0
0	35	(35)	Application of capital receipts to finance new capital expenditure	0	1,915	(1,915)
			Adjustments primarily involving the Pensions Reserve:			
(681)	0	681	Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(552)	0	552
288	0	(288)	Employers pension contributions and direct payments to pensioners payable in year	250	0	(250)
			Adjustments primarily involving the Collection Fund Adjustment Account:			
1,816	0	(1,816)	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	556	0	(556)
			Adjustment primarily involving the Accumulated Absences Account:			
23	0	(23)	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	(23)	0	23
(2,938)	**0**	**2,938**	**Total PCC Adjustments**	**(2,227)**	**0**	**2,227**

Note 7 - Transfers to/from Earmarked Reserves

This note sets out the usable reserves and amounts set aside from the General Fund balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure during the year. The General Fund Reserve at 31 March 2023 is £13.7m and represents 4% of the Net Revenue Expenditure Budget of £346.9m. This is in line with the approved Reserves Policy which sets a minimum target for the General Reserve of 4% of Net Revenue Expenditure Budget. All Earmarked Reserves belong to the PCC on behalf of the Group.

	Balance at 1 April 2021	Transfers In 2021/22	Transfers Out 2021/22	Balance at 31 March 2022	Transfers In 2022/23	Transfers Out 2022/23	Balance at 31 March 2023
	£000	£000	£000	£000	£000	£000	£000
Earmarked Reserves:							
Insurance Reserve	**(2,762)**	0	89	**(2,673)**	0	102	**(2,570)**
Capital & Investment Reserve	**(412)**	(7,965)	5,629	**(2,748)**	(5,593)	5,650	**(2,691)**
Asset Seizures Reserve	**(366)**	(125)	221	**(270)**	(41)	0	**(311)**
Delegated Budget Holder Reserve	**(2,467)**	(2,924)	1,700	**(3,691)**	(8,142)	1,101	**(13,260)**
Covid 19	**0**	(2,379)	176	**(2,203)**	0	435	**(1,768)**
Cost of Change	**0**	(4,131)	0	**(4,131)**	(7,960)	513	**(8,999)**
Sussex Safer Roads Partnership Reserve	**(2,697)**	(248)	210	**(2,735)**	(829)	284	**(3,280)**
Total Earmarked Reserves	**(8,704)**	(17,772)	8,025	**(18,451)**	(22,565)	8,085	**(32,879)**

Note 8 - Other Operating Expenditure

2021/22 £000		2022/23 £000
1,266	Levies	1,163
696	Gains/losses on the Disposal of Non-Current Assets	451
1,962	**Total Other Operating Expenditure**	**1,614**

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

Note 9 - Financing and Investment Income and Expenditure

2021/22			2022/23	
PCC	Group		PCC	Group
£000	£000		£000	£000
1,507	1,507	Interest payable and similar charges	1,600	1,600
21	67,863	Net interest on the net defined benefit liability (asset)	22	90,443
(95)	(95)	Interest receivable and similar income	(1,364)	(1,364)
(154)	(154)	Income and expenditure in relation to investment properties and changes in their fair value	(94)	(94)
1,279	**69,121**	**Total**	**164**	**90,585**

Note 10 - Taxation and Non-Specific Grant Income

Figures in the table below relate to the PCC and the Group

31 March 2022			31 March 2023	
PCC	Group		PCC	Group
£000	£000		£000	£000
(136,383)	(136,383)	Council tax income	(144,151)	(144,151)
(232,595)	(232,602)	Non ring-fenced government grants	(243,721)	(243,730)
(6,092)	(6,092)	Capital grants and contributions	(6,086)	(6,086)
0	0	Rounding	1	1
(375,070)	**(375,077)**	**Total**	**(393,957)**	**(393,966)**

Note 11 - Precept Income

The Police and Crime Commissioner for Sussex is not a statutory tax raising body. Local authorities classified as billing authorities act as an agent and collect a precept (council tax) from local tax payers on behalf of the PCC. The Police and Crime Commissioner is required to include on the balance sheet and within the Income and Expenditure Account, their attributed share of the surplus or deficit on the council tax collection fund held by the billing authorities at the year end.
The Collection Fund is the agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities (including the PCC) and the Government of council tax and non-domestic rates. The transactions of the Collection Fund are wholly prescribed by legislation.

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

Valuation Band	Amount
	£ p
A	149.94
B	174.93
C	199.92
D	224.91
E	274.89
F	324.87
G	374.85
H	449.82

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

The Brighton and Hove City Council and the District Borough Councils collectively were due to make payments to the PCC for 2022/23 of £143,202,783. The following table sets out the amounts due and received from the individual local authorities.

Precepts Due and Collected 2022/23

Local Authority	Precept Due 2022/23	Additional amounts received / (retained) in respect of collection fund surplus/(deficit)	Share on movement on collection fund in 2022/23	Net Total
	£	£	£	£
Brighton and Hove	20,512,692	(260,779)	69,039	20,320,952
East Sussex				
Eastbourne Borough Council	7,816,522	93,531	36,187	7,946,240
Hastings Borough Council	5,900,964	40,866	87,826	6,029,656
Lewes District Council	8,260,180	289,582	20,948	8,570,710
Rother District Council	8,597,635	(20,305)	167,888	8,745,218
Wealden District Council	15,111,231	116,102	4,429	15,231,761
West Sussex				
Adur District Council	4,880,480	(68,344)	97,182	4,909,318
Arun District Council	14,171,804	(80,811)	(42,368)	14,048,625
Chichester District Council	12,379,834	68,447	(97,590)	12,350,691
Crawley Borough Council	8,042,377	28,061	64,941	8,135,379
Horsham District Council	14,399,076	102,788	(58,631)	14,443,233
Mid Sussex District Council	14,221,194	149,770	84,322	14,455,286
Worthing Borough Council	8,908,798	(66,409)	121,754	8,964,143
Total	143,202,783	392,499	555,927	144,151,209

In the table above, the first two columns of figures record the cash amounts received in year (for precepts due in the current 2022/23 year plus any final adjustments from the previous year). These are reflected in calculation of the budget requirement and PCC funding during the year. The third column of figures calculated on an accruals basis records any remaining amounts due as part of the PCC's attributable share of the carried-forward surplus or deficit on the Collection Fund at the year-end (i.e. sharing out in full the surplus or deficit on the Collection Fund at the end of the year, which will then be distributed to or recovered from the PCC in a subsequent financial year). This is so the PCC as a precepting authority can account in full for the amounts of council tax billed on their behalf.

The year-end surplus or deficit on the Collection Fund is distributed between billing and precepting authorities on the basis of estimates of the year-end balance made on 9 February 2022 for council tax.

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

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

This year the PCC share of the movement on the collection fund was a positive shift in 2022/23 of £0.556m compared to the prior year, giving a total balance of £1.033m (the 2020/21: positive shift of £1.816m) in the Collection Fund Adjustment Account set out in Note 24. Precept income is shown in Note 10 as part of the analysis of taxation and non-specific grant income.

Note 12 - Grant Income

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

31 March 2022			31 March 2023	
PCC	Group		PCC	Group
£000	£000		£000	£000
(116,273)	(116,273)	Home Office Police Grant	(124,245)	(124,245)
(60,943)	(60,943)	DCLG Revenue Support Police Grant	(64,557)	(64,557)
(10,140)	(10,140)	Council Tax Support Grant	(10,140)	(10,140)
(3,062)	(3,062)	Council Tax Freeze Grant	(3,062)	(3,062)
(39,416)	(39,416)	Police Officer Pension Grant	(41,700)	(41,700)
(8)	(8)	Loss of income COVID-19	0	0
(1,913)	(1,913)	Home Office Local Council Tax Support Grant (LCTS)	0	0
(742)	(742)	Tax Income Guarantee (75% Compensation Scheme)	0	0
(83)	(83)	Pension Remedy Grant	0	0
(15)	(22)	Redmond Review Local Audit Fees Grant	(17)	(26)
(6,092)	(6,092)	Capital Grants and Contributions	(6,086)	(6,086)
(238,687)	**(238,694)**	**Total**	**(249,807)**	**(249,816)**

Credited to Services

31 March 2022			31 March 2023	
PCC	Group		PCC	Group
£000	£000		£000	£000
0	(3,263)	PFI	0	(3,263)
0	(3,772)	Counter Terrorism	0	(3,805)
(2,065)	(2,065)	Victims Services Commissioning Grant - Victims	(2,197)	(2,197)
(1,454)	(1,454)	Victims Services Commissioning Grant - Restorative Justice	(149)	(149)
(490)	(490)	Victims Services Commissioning Grant - COVID-19	0	0
0	0	Victims Services Commissioning Grant – Sexual & Domestic Abuse	(2,386)	(2,386)
(2,324)	(2,324)	HO Police Uplift Programme	(3,101)	(3,101)
0	(437)	Collaboration with other Forces	0	(327)
(3,280)	(4,517)	Other Grants and Contributions	(2,788)	(4,210)
0	(395)	Assets Recovery Incentive Scheme	0	(428)
0	(377)	Conference Policing	0	0
(9,613)	**(19,094)**	**Total**	**(10,621)**	**(19,866)**

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

Grants Receipts in Advance (Capital Grants) - Long Term Liabilities

31 March 2022 £000		31 March 2023 £000
0	Capital Grant for ESN Control Room	0
(6)	Laser Scanning Technology	(6)
(12)	Video Enabled Justice	(12)
(36)	Chichester DC - S106 Monitoring	(18)
(130)	Digital Policing Programme	(130)
(11)	Future Drones	(11)
(33)	Beachy Head Chaplaincy Refurbishment	(57)
0	MOPAC SY ARV CBRN Ops Comms	(37)
0	ESMCP Grant DNSP & MFW	(133)
0	Providing S106 Funding To Wellbeing Projects	(197)
(228)	**Total**	**(601)**

Government Grants Unapplied (Receipts in Advance) - Long Term Liabilities

31 March 2022 £000		31 March 2023 £000
(560)	HO Police Transformation Grant (Digital Policing)	(560)
(127)	HO Domestic Abuse Perpetrator	(127)
0	HO DPP-NPCC Reserves 21/22	(708)
0	HO Penalty Notice Transformation	(860)
0	DFT004 DOT Road Policing	(970)
(687)	**Total**	**(3,225)**

Note 13 - Capital Expenditure and Capital Financing

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

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

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

Capital Expenditure and Capital Financing

31 March 2022 £000		31 March 2023 £000
24,178	**Opening Capital Financing Requirement**	**27,894**
	Capital Investment:	
10,322	Property Plant and Equipment	10,673
527	Intangible Assets	168
10,849	**Total Capital Spending**	**10,841**
	Sources of Finance:	
(35)	Capital receipts	(1,915)
(6,092)	Government Grants and other contributions	(6,086)
	Sums set aside from revenue:	
(1,006)	- Minimum revenue provision	(1,975)
(7,133)	**Total Sources of Finance**	**(9,976)**
0	Rounding adjustment	0
27,894	**Closing Capital Financing Requirement**	**28,759**
	Explanation of movements in year:	
(1,006)	**MRP set-aside**	**(1,975)**

All of the total £10.841m investment in long term fixed assets has been capitalised as property, plant, equipment (PPE) and intangibles. 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).

Note 14 - Property, Plant and Equipment

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

Movements to 31 March 2023

	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
Cost or Valuation				
at 1 April 2022	**168,009**	**44,852**	**2,699**	**215,560**
Additions	943	5,164	4,566	**10,673**
Revaluation increases/(decreases) recognised in the Revaluation Reserve	7,985	0	0	**7,985**
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(1,599)	0	0	**(1,599)**
De-recognition – disposals	0	(3,414)	0	**(3,414)**
PPE Impairment of Held for Sale properties	(273)	0	0	**(273)**
Assets reclassified (to)/from within PPE	62	2,257	(2,319)	**0**
Assets reclassified (to)/from Intangible Assets	0	0	(165)	**(165)**
Assets reclassified (to)/from Held for Sale	(1,884)	0	0	**(1,897)**
Rounding	1	1	0	**2**
at 31 March 2023	**173,244**	**48,860**	**4,781**	**226,885**
Accumulated Depreciation and Impairment				
at 1 April 2022	**(68)**	**(24,957)**	**0**	**(25,025)**
Depreciation charge	(1,623)	(7,289)	0	**(8,912)**
Depreciation written out to the Revaluation Reserve	598	0	0	**598**
Depreciation written out to the Surplus/Deficit on the Provision of Services	1,003	0	0	**1,003**
De-recognition – disposals	0	3,021	0	**3,021**
PPE impairment of Held for Sale properties	0	0	0	**0**
Assets reclassified (to)/from Held for Sale	(10)	0	0	**(10)**
Rounding	0	0	0	**0**
at 31 March 2023	**(100)**	**(29,225)**	**0**	**(29,325)**
Net Book Value				
at 31 March 2023	**173,144**	**19,635**	**4,781**	**197,560**
at 31 March 2022	**167,941**	**19,895**	**2,699**	**190,535**

Movements to 31 March 2022

	Land and Buildings	Vehicles, Plant, Furniture & Equipment	Assets Under Construction	Total Property, Plant and Equipment
	£000	£000	£000	£000
Cost or Valuation				
at 1 April 2021	**160,894**	**65,644**	**4,603**	**231,141**
Additions	3,442	4,590	2,290	**10,322**
Revaluation increases/(decreases) recognised in the Revaluation Reserve	8,467	0	0	**8,467**
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(2,437)	0	0	**(2,437)**
De-recognition – disposals	(31)	(29,575)	0	**(29,606)**
Reclassifications and transfer	0	4,193	(4,193)	**0**
Assets reclassified (to)/from Held for Sale	(2,326)	0	0	**(2,326)**
Rounding	0	0	(1)	**(1)**
at 31 March 2022	**168,009**	**44,852**	**2,699**	**215,560**
Accumulated Depreciation and Impairment				
at 1 April 2021	**(465)**	**(47,477)**	**0**	**(47,942)**
Depreciation charge	(1,607)	(6,783)	0	**(8,390)**
Depreciation written out to the Revaluation Reserve	466	0	0	**466**
Depreciation written out to the Surplus/Deficit on the Provision of Services	1,490	0	0	**1,490**
De-recognition – disposals	31	29,303	0	**29,334**
Assets reclassified (to)/from Held for Sale	17	0	0	**17**
at 31 March 2022	**(68)**	**(24,957)**	**0**	**(25,025)**
Net Book Value				
at 31 March 2022	**167,941**	**19,895**	**2,699**	**190,535**
at 31 March 2021	**160,429**	**18,167**	**4,603**	**183,199**

Revaluations

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

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

- methodologies and bases for estimation as set out in professional standards of the Royal Institution of Chartered Surveyors (RICS)
- International Financial Reporting Standards (IFRS)
- Chartered Institute of Public Finance and Accounting Code of Practice on Local Authority Accounting ('The CIPFA Code')

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

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

- Market Value
- Existing Use Value
- Fair Value

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

IAS36 'Impairment of assets' requires an annual assessment of impairment to the value of an asset. As the entire property portfolio was revalued as at 31 March 2023 an impairment review was not necessary.

Property, Plant and Equipment Revaluations

	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment	Total
	£000	£000	£000
Carried at historical cost	0	19,636	19,636
Valued at current value as at:			
31/03/2023	173,142	0	173,142
Total Cost or Valuation	**173,142**	**19,636**	**192,778**

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

Material Change Valuation Review for 2022/23

The full property portfolio was either included within the valuation programme for 2022/23 or subject to a desktop indexation exercise giving a total surplus on revaluation of non-current assets of £8.581m. This increase is reflected in the asset balances as at 31 March 2023.

Physical Assets Held

Physical assets excluding furniture and equipment owned by the Police and Crime Commissioner as at 31 March 2023 comprised:

2021/22 No.		2022/23 No.
46	Operational Buildings	47
4	PFI	4
1	Leased Properties	1
6	Radio Masts	6
4	Investment Properties	4
1,213	Vehicles and Vessels	1,150

The following properties have been transferred from PPE to Held for Sale during 2022/23. The former Police Stations at Pulborough and East Grinstead, the Polegate Traffic Base, and a Police House in Midhurst.

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

Capital & Investment Commitments

At March 2023 the Police and Crime Commissioner had approved a capital programme of £58.5m committed to be spent over 4 years to the end of 2026/27. The original budget approved for 2023/24 amounts to £12.6m.

At 31 March 2023, the Police and Crime Commissioner had entered into a number of contracts for the purchase, construction or enhancement of Intangible Assets and Property, Plant and Equipment and major projects in 2023/24 and future years to the extent of £5.0m.

These are summarised as follows:

- £0.8m – Estates improvements
- £0.4m - Fleet vehicles
- £3.6m – ICT developments
- £0.2m - Equipment

Note 15 - Investment Properties

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

31 March 2022 £000	Investment Property Income and Expenditure	31 March 2023 £000
(21)	Rental income from investment property	(22)
2	Direct operating expenses from investment property	4
(19)	**Net (gain)/loss**	**(18)**

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

31 March 2022 Non-Current £000	Investment Properties Movements in Year	31 March 2023 Non-Current £000
1,313	Opening Balance	1,448
135	Net gains/losses from fair value adjustments	76
	Disposal	
1,448	**Balance at the end of the year**	**1,524**

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

Note 16 - Intangible Assets

The Police and Crime Commissioner accounts for its computer software and systems development as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment.

All expenditure on intangible assets during the year relates to purchased computer software and systems development. The Police and Crime Commissioner does not currently have any internally generated assets capitalised. All software is given a finite useful life and amortised on a straight-line basis over the economic life of the investment to reflect the pattern of consumption of benefits. The useful lives assigned to software and licenses capitalised by the Police and Crime Commissioner are assessed on an individual basis and range between 2 and 10 years. The amortisation of £625k (2022: £1,585k) charged to revenue this year was included as an overhead in the Net Expenditure of Services as it is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

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

31 March 2022 Total £000		**31 March 2023 Total £000**
	Balance at start of year:	
15,265	Gross carrying amounts	12,934
(12,338)	Accumulated amortisation	(11,523)
2,927	**Net carrying amount at start of year**	**1,411**
527	Purchases	168
(4,234)	Disposals	0
0	Reclassifications and transfers	165
1,376	Reversal of past impairment losses recognised in the Deficit on Provision of Services	0
(1,585)	Amortisation for the period	(625)
2,400	Amortisation written off on disposal	0
1,411	**Net carrying amount at end of year**	**1,119**
	Comprising:	
12,934	Gross carrying amounts	13,267
(11,523)	Accumulated amortisation	(12,148)
1,411	**Total**	**1,119**

	Carrying Amount		Remaining Amortisation Period
	31-Mar-22 £000	31-Mar-23 £000	
Software and Licences	48	368	1 years
Software and Licences	736	418	2 years
Software and Licences	627	333	3 years
Software and Licences	-	-	4 years
Total	**1,411**	**1,119**	

Note 17 - Assets Held for Sale

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

31 March 2022 £000		31 March 2023 £000
1,440	Balance outstanding at start of year	3,749
	Assets newly classified as held for sale:	
2,309	Transferred from Property Plant and Equipment	1,893
0	Assets Sold	(1,681)
0	Depreciation	(10)
3,749	**Balance Outstanding year end**	**3,951**

The assets held for sale balance at 31 March 2023 comprises of six sites surplus to current requirements. These sites are at Astley House in Lewes, and Polegate, East Sussex, and Chichester, Midhurst, Pulborough and East Grinstead in West Sussex. All of these properties are expected to be sold within the next 12 months in line with the Estates Strategy.

Note 18 - Inventories

The tables below show the level of stocks held:

Workshop Stores 2021/22 £000	Fuel 2021/22 £000	IS Equipment 2021/22 £000	Total 2021/22 £000	Inventory Stock	Workshop Stores 2022/23 £000	Fuel 2022/23 £000	IS Equipment 2022/23 £000	Total 2022/23 £000
611	131	153	**895**	Balance outstanding at start of year	1,422	216	83	**1,721**
7,263	1,260	474	**8,997**	Purchases	6,729	1,565	813	**9,107**
(6,452)	(1,175)	(544)	**(8,171)**	Recognised as an expense in the year	(7,016)	(1,580)	(708)	**(9,304)**
0	(0)	0	**(0)**	Rounding	1	0	0	**1**
1,422	**216**	**83**	**1,721**	**Balance Outstanding at Year End**	**1,136**	**201**	**188**	**1,525**

Note 19 - Debtors

31 March 2022 £000	Debtors	31 March 2023 £000
3,109	Trade Receivables	4,347
3,122	Prepayments	9,560
37,091	Other Receivable Amounts	36,163
	Rounding	1
43,322	**Total**	**50,071**

The following table provides further detail on items included within debtors

31 March 2022		31 March 2023
£000	**Debtors**	£000
1,186	Council Tax debtor	1,492
5,168	Council Tax receivable from taxpayers	6,054
3,109	Trade debtors	4,347
11,416	Other debtors	4,391
22,468	Prepayments & accrued income	33,812
(25)	Provision for bad debt	(25)
43,322	**Total Debtors**	**50,071**

During the 2022/23 year, total debts of £8,273 were written off in relation to 30 customer balances.

Note 20 - Cash and Cash Equivalents

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

31 March 2022		31 March 2023
£000		£000
105	Cash and Bank balances	105
12,905	Short Term Deposits	6,903
1,268	Bank Balance/(Overdraft)	(1,613)
14,278	**Total Cash and Cash Equivalents**	**5,395**

Note 21 - Creditors

31 March 2022			31 March 2023	
PCC	Group		PCC	Group
£000	£000		£000	£000
(22,129)	(22,129)	Trade payables	(19,443)	(19,443)
(15,679)	(19,788)	Other payables	(16,185)	(21,343)
		Rounding	0	(1)
(37,808)	**(41,917)**	**Total Creditors**	**(35,628)**	**(40,787)**

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

31 March 2022			31 March 2023	
PCC	Group		PCC	Group
£000	£000	**Creditors**	£000	£000
(22,129)	(22,129)	Trade creditors	(19,443)	(19,443)
(2,656)	(2,656)	Council Tax creditors	(2,559)	(2,559)
(3,220)	(3,220)	Council Tax refundable to taxpayers	(3,954)	(3,954)
(886)	(886)	Other tax payable	(886)	(886)
(32)	(32)	Short term finance lease liability	(34)	(34)
(1,100)	(1,100)	Finance lease obligations	(1,153)	(1,153)
		Other Creditors:		
(9)	(9)	Withholding Tax Payable	(6)	(6)
(5,839)	(5,839)	Payroll related control amounts	(5,689)	(5,689)
(6)	(4,115)	Accumulated Absences accrual	(29)	(5,188)
0	0	Unclaimed funds	(34)	(34)
(260)	(260)	Operational funds	(375)	(375)
(1,671)	(1,671)	Deferred Income	(1,337)	(1,337)
0	0	Police Property Act	(128)	(128)
		Rounding	(1)	(1)
(37,808)	**(41,917)**	**Total**	**(35,628)**	**(40,787)**

Note 22 - Provisions

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

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

The Police and Crime Commissioner therefore includes the following provision in the accounts relating to potential future insurance claims following an independent actuarial review. This provision reflects the level of reported outstanding claims. The actual timing of the resulting outflows depends on the final conclusion of the legal claim process and is therefore uncertain, however, they have been included as current liability provisions as the Police and Crime Commissioner has no unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Included within the provision below is £0.9m (2022: £0.9m) in respect of Municipal Mutual Insurance (MMI) Liability. MMI, former insurers, triggered the Municipal Mutual Insurance Scheme of Arrangement in November 2012 as it entered insolvent liquidation.

31 March 2022		Current Provisions	31 March 2023	
Injury and Damage Compensation Claims	**Total**		**Injury and Damage Compensation Claims**	**Total**
£000	**£000**		**£000**	**£000**
(4,223)	(4,223)	Opening Balance	(4,312)	(4,312)
(89)	(89)	Increase in provision during year	(102)	(102)
		Rounding	(1)	(1)
(4,312)	**(4,312)**	**Closing Balance**	**(4,415)**	**(4,415)**

Note 23 - Usable Reserves

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

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

31 March 2022 £000		31 March 2023 £000
(13,719)	**General Fund**	**(13,719)**
	Earmarked Reserves:	
(2,673)	Insurance	**(2,570)**
(2,748)	Capital & Investment Expenditure	**(2,691)**
(270)	Asset Seizures	**(311)**
(3,691)	Delegated Budget Holder	**(13,260)**
(2,203)	Covid19	**(1,768)**
(4,131)	Cost of Change	**(8,999)**
(2,735)	Sussex Safer Roads Partnership	**(3,280)**
(18,451)	**Earmarked Reserves**	**(32,879)**
(32,170)	**Total Usable Reserves**	**(46,598)**

31 March 2022 £000	Capital Receipts Reserve	31 March 2023 £000
0	Balance 1 April	0
(35)	Capital Receipts in year	(1,915)
35	Capital Receipts used for financing	1,915
0	**Balance 31 March**	**0**

Details of Usable Reserves held and their purpose

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

The policy was last reviewed and approved by the Police and Crime Commissioner in March 2023.

Reserve		Level or Target
General Reserves		
General Reserve	Provides a working balance to cover day to day cash flow requirements and to cover exceptional unforeseen financial and operational risks. The target level of the reserve is reviewed as part of the annual budget setting process. This includes 1% available to the Chief Constable for operational priorities without the need for additional approval.	4% of Net Revenue Expenditure Budget as at 31 March each year.
Contingency and Risk Reserves		
Insurance Reserve	Provides for the self-funding of certain uninsurable risks, such as payments of compensation or damages. This Reserve is funded from revenue or transfers from other reserves and adjusted annually, following an independent actuarial review, to reflect inflation and risk up to date management information. To improve consistency in funding claims, there is a need to split claims between a provision on the balance sheet for the cost of claims received and outstanding; and funds held in the reserve to cover claims incurred but not received or quantified. Claims that have been reported and assessed as more likely to be settled are carried as a financial provision whilst known incidents where no claim has yet been made, are covered by the insurance reserve. The revenue account is used to meet any in-year liabilities if they arise. Any year-end variance in the revenue claims budget will not normally be met from or transferred to the general force budget, but transferred to/from the insurance Reserve. The level of the reserve is reviewed annually.	Assessed as part of the annual insurance actuarial review.
Investment Reserves		
Capital and Investment Reserve	To support planned one-off and non-recurring investments of a capital and revenue nature. Change management initiatives providing support for implementing cost-saving initiatives. Financing asset replacement plans and commitments over 5-10 years. As at 31 March 2023 the balance on this reserve was zero following full utilisation during the year for investment purposes.	In line with investment and replacement plans included within the MTFS and dependant on financing requirements of the Capital Strategy. Funded from: approved in year revenue budget surplus; transfers from other reserves; specific approved contributions.

Capital Receipts Reserve	This reserve holds the proceeds from the sale of assets, and can only be used for financing capital expenditure in accordance with regulations.	Receipts from the sale of assets are taken to this reserve.
Capital Grants & Contributions	This reserve holds unused elements of grant and other external funding to be spent in the following financial year in line with the conditions of the grant or external funding.	As determined by the closure of accounts process

Single Use Reserves		
Asset Seizure Reserve	Balance of Proceeds of Crime Act (POCA) income received but not spent during the year to be used in accordance with Home Office guidance.	Target level of 12 months costs of financial investigations.
Delegated Budget Holder Reserve	Under and overspendings on the PCC's and Chief Constable's revenue budgets are managed via this reserve in accordance with the PCC's carry-forward policy.	Agreed annually by the PCC as part of the final outturn.
Covid 19 Reserve	This reserve was set up to facilitate additional cost pressures likely to arise as a result of the Coronavirus pandemic. The remaining balance has been scheduled to be fully utilised in 2023/24 as part of the financial planning process to support the revenue budget.	Assessed as part of the medium term financial planning process.
Cost of Change Reserve	This reserve funds projects that enhance the policing in Sussex and/or deliver savings through the cost of change annual planning cycle.	Assessed as part of the medium term financial planning process and cost of change annual planning cycle.
Sussex Safer Road Partnership (SSRP)	Balance of funding for the Sussex Safer Roads Partnership. This reserve can be used to finance capital or revenue expenditure. The level of this reserve may fluctuate year on year as underspends are transferred in. However £1.2m is ring-fenced so that in the event that the Partnership is dissolved, there are sufficient funds to cover one year of running and decommissioning costs. This reserve belongs to the SSRP Partnership and any funds remaining will be returned to the contributing partners on a pro rata basis.	Transfer of any SSRP under-spend to reserves at year end.

Note 24 - Unusable Reserves

31 March 2022			31 March 2023	
PCC	Group		PCC	Group
£000	£000		£000	£000
(72,532)	(72,532)	Revaluation Reserve	(79,824)	(79,824)
(96,710)	(96,710)	Capital Adjustment Account	(95,542)	(95,542)
639	3,403,245	Pension Reserve	(2,144)	2,288,395
(477)	(477)	Collection Fund Adjustment Account	(1,033)	(1,033)
6	4,115	Accumulated Absences Account	29	5,188
(169,074)	**3,237,641**	**Total**	**(178,514)**	**2,117,184**

Revaluation Reserve

31 March 2022			31 March 2023	
PCC	Group		PCC	Group
£000	£000		£000	£000
(64,069)	**(64,069)**	**Balance 1 April**	**(72,532)**	**(72,532)**
(11,595)	(11,595)	Upward revaluation of assets	(9,749)	(9,749)
2,662	2,662	Downward revaluation of assets and impairment losses not charged to the Surplus or Deficit on the Provision of Services	1,165	1,165
(8,933)	**(8,933)**	**(Surplus) or deficit on revaluation of non-current assets not charged to the Surplus or Deficit on the Provision of Services**	**(8,584)**	**(8,584)**
470	470	Difference between fair value depreciation and historical cost depreciation	540	540
0	0	Accumulated gains on assets reclassified	244	244
0	0	Accumulated losses on assets sold or scrapped	507	507
470	**470**	**Amount written off to the Capital Adjustment Account**	**1,291**	**1,291**
		Rounding	1	1
(72,532)	**(72,532)**	**Balance 31 March**	**(79,824)**	**(79,824)**

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

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

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

Capital Adjustment Account

31 March 2022			31 March 2023	
PCC	Group		PCC	Group
£000	£000		£000	£000
(100,624)	**(100,624)**	**Balance 1 April**	**(96,710)**	**(96,710)**
8,390	8,390	Charges for depreciation and impairment of non-current assets	8,922	8,922
947	947	Revaluation losses/(gains) on non-current assets	596	596
1,585	1,585	Amortisation of intangible assets	625	625
0	0	Accumulated loss/(gain) on assets reclassified	273	273
0	0	Accumulated loss/(gain) on assets sold or scrapped	0	0
732	732	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	2,094	2,094
11,654	**11,654**	**Reversal of Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement**	**12,510**	**12,510**
(470)	(470)	Adjusting Amounts written out of the Revaluation Reserve	(1,291)	(1,291)
11,184	**11,184**	**Net written out amount of the cost of non-current assets consumed in the year**	**11,219**	**11,219**
(35)	(35)	Use of Capital Receipts Reserve to finance new capital expenditure	(1,915)	(1,915)
(6,093)	(6,093)	Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(6,085)	(6,085)
(1,007)	(1,007)	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(1,976)	(1,976)
(7,135)	**(7,135)**	**Capital financing applied in year:**	**(9,976)**	**(9,976)**
(135)	(135)	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	(76)	(76)
		Rounding	1	1
(96,710)	**(96,710)**	**Balance 31 March**	**(95,542)**	**(95,542)**

The Capital Adjustment Account reflects the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisitions, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisitions, constructions or enhancement, as depreciation, impairment losses and amortisation charges are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Police and Crime Commissioner as finance for the costs of acquisition, construction and enhancement.

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

31 March 2022		**Pension Reserve**	31 March 2023	
PCC	**Group**		**PCC**	**Group**
£000	**£000**		**£000**	**£000**
818	**3,376,658**	**Balance 1 April**	**639**	**3,403,245**
(572)	(69,610)	Re-measurements of the net defined benefit (liability)/asset	(3,085)	(1,219,801)
681	184,517	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	552	190,928
(288)	(88,320)	Employer's pensions contributions and direct payments to pensioners payable in the year	(250)	(85,977)
639	**3,403,245**	**Balance 31 March**	**(2,144)**	**2,288,395**

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

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

31 March 2022		Collection Fund Adjustment Account	31 March 2023	
PCC	Group		PCC	Group
£000	£000		£000	£000
1,339	**1,339**	**Balance 1 April**	**(477)**	**(477)**
(1,816)	(1,816)	Amount by which council tax and non-domestic rates income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements	(556)	(556)
(477)	**(477)**	**Balance 31 March**	**(1,033)**	**(1,033)**

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

Accumulated Absences Account

31 March 2022			31 March 2023	
PCC	Group		PCC	Group
£000	£000		£000	£000
29	**3,568**	**Balance 1 April**	**6**	**4,115**
(29)	(3,568)	Settlement or cancellation of accrual made at the end of the preceding year	(6)	(4,115)
6	4,115	Amounts accrued at the end of the current year	29	5,188
(23)	**547**	**Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in year in accordance with statutory requirements**	**23**	**1,073**
6	**4,115**	**Balance 31 March**	**29**	**5,188**

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

Account.

Note 25 – Segmental Analysis of Income and Expenditure

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

2021/22 £000	Description	2022/23 £000
	Employee costs:	
175,835	*Police Officers*	*185,941*
101,725	*Police Staff & PCSO's*	*104,199*
6,891	*Other Employee Costs (includes Ill Health & Injury Pension)*	*7,938*
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	0
Final transfer adjustments agreed in the Outturn report:	0	0	0
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)**
PFI Interest IFRS allocation	0	0	**0**
Bad Debt adjustment	0	0	**0**
Rounding	0	0	**0**
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 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:	0	0	0
Final Budget Outturn Position for the year	**(4,887)**	**0**	**(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 26 - Collaboration Arrangements

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

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

In 2022/23 the services provided jointly, included the Operations and Specialist Crime departments along with a number of support functions and projects. The Police and Crime Commissioners and Chief Constables for Sussex, Surrey and Thames Valley Police delivery of a joint project to procure and implement a new Enterprise Resource Planning system (ERP) was brought to a close during the 2022/23 financial year.

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

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

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
0	Specialist Crime Department Projects	21
1,582	Transport	5,567
436	Professional Standards*	460
70,713	**Total**	**77,791**

*Previously Vetting

Note 27 - Officers' Remuneration

Remuneration

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

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

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

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

In line with Trade Union (Facility Time Publication Requirements) Regulations 2017 (SI 2017/328) the Chief Constable has an obligation to report annually on paid time off provided to trade union representatives for trade union duties and activities. The following details relate to 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 2022/23	Note	Salary, fees and allowances	* Relocation	* 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**
Deputy Chief Constable & B O'REILLY	1	162			0	**162**			**162**
Deputy Chief Constable	2	66			15	**81**			**81**
Deputy Chief Constable	3	109	43		31	**183**	2		**185**
Assistant Chief Constable 1	4	135			37	**172**			**172**
Assistant Chief Constable 2		107		1	33	**141**			**141**
Assistant Chief Constable 3	5	26			4	**30**			**30**
Assistant Chief Constable 4	6	121			34	**155**	3		**158**
Chief Superintendent		94			29	**123**			**123**
Chief Superintendent		94			29	**123**	5		**128**
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**
Chief Superintendent	9	23			7	**30**	2		**32**
Secondment Out Of Force		46			14	**60**			**60**
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**
Officers of the PCC									
Police and Crime Commissioner		90			**18**	108			**108**
Chief Executive		121			**25**	146			**146**
Chief Finance Officer		104			**22**	126			**126**
Total		**2,364**	**43**	**1**	**578**	**2986**	**40**		**3,026**

Note 1. Seconded out of force 05/11/2018 onward
Note 2. Retired 11th August 2022
Note 3. New Starter 11th July 2022 - Relocation Costs included
Note 4. Secondment ongoing - 16th May 2023
Note 5. Temp Promotion 16th May 2022- 22nd February 2023
Note 6. New Starter 2nd May 2022
Note 7. Returned to Substantive 23rd February 2023
Note 8. Promotion 11th July 2022
Note 9 Promotion 2nd January 2023
Note 10. Left 20th June 2022
Note 11. New Executive Director Not Appointed - Acting Executive Director - Anthony Croxford -Surrey Employee

Remuneration paid to senior employees during 2021/22

Year 2021/22	Note	Salary, fees & allowances	Compensation for Loss of Office	Employer Pension Contribution	Total Remuneration including Pension contributions	* Annual Leave Accrual	Total
		£000	£000	£000	£000	£000	£000
Police Officers							
Chief Constable (J Shiner)		183		52	**235**	8	**243**
Deputy Chief Constable		151		43	**194**	8	**202**
Deputy Chief Constable (B O'Reilly)	1	172		0	**172**	0	**172**
Assistant Chief Constable 1	2	134		37	**171**	0	**171**
Assistant Chief Constable 2	3	99		28	**127**	0	**127**
Assistant Chief Constable 3	4	111		33	**144**	1	**145**
Assistant Chief Constable 4	5	107		30	**137**	0	**137**
Assistant Chief Constable 5	6	100		24	**124**	0	**124**
Chief Superintendent A	7	47		14	**61**	0	**61**
Chief Superintendent B		92		28	**120**	0	**120**
Chief Superintendent C	8	94		28	**122**	0	**122**
Chief Superintendent D	9	9		2	**11**	0	**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**	0	**114**
Police Staff							
Executive Director Commercial & Finance		144		27	**171**	7	**178**
Assistant Chief Officer - People Services		130		26	**156**	2	**158**
Portfolio Director	14	144	25	25	**194**	0	**194**
Programme Director Pay & Reward	15	126		25	**151**	0	**151**
Officers of the PCC							
Police and Crime Commissioner	16	87		19	**106**	0	**106**
Chief Executive		119		26	**145**	0	**145**
Chief Finance Officer		101		22	**123**	0	**123**
Total		**2,591**	**25**	622	**3,238**	46	**3,284**

**There have been no relocation costs in 2021/22

Note 1 Seconded out of force College of Policing from 05/11/18

Note 2 Seconded out of force Department of Transport from 20/05/19 31/03/22

Note 3 Temporary Promotion 11/02/22

Note 4 Temporary Promotion since 25/01/22

Note 5 Retired 01/02/22

Note 6 Retired 05/01/22

Note 7 Retired 01/10/21

Note 8 Promotion from 01/06/21

Note 9 Retired 26/04/2021

Note 10 Temp Promotion from 08/06/20

Note 11 Temp Promotion from 08/11/21

Note 12 Temp Promotion from 16/08/21

Note 13 Temp Promotion from 01/02/21

Note 14 Seconded out of force 11/07/19 Onwards

Note 15 Left the force 01/04/22

Note 16 New Fixed Term 12/05/24

Note 28 – 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 amount 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 29 - Related Parties

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

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

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

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

The Chief Executive has written to all Officers and Chief Officers of the Force and the Police and Crime Commissioner to collect this information. Responses were received from all recipients of the letter and related party transactions are disclosed for the 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. For further information of the Grants please refer to Note 12.

The Police and Crime Commissioner is also a member 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 Police, Surrey Police, Hampshire Constabulary, Thames Valley Police and Kent Police signed a section 22 agreement that set out the proposed approach to the national and regional programme for police collaboration 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 a number of other public organisations, such as some local authorities in Sussex.

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

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

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

Note 30 - External Audit Costs

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

2021/22			2022/23	
PCC	Group		PCC	Group
£000	£000		£000	£000
29	43	Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	39	59
(9)	12	Prior year Audit costs	86	104
(8)	(8)	PSAA Refund	(17)	(17)
(1)	(1)	Rounding		
11	**46**	**Total**	**108**	**147**

The group expenditure for External Audit in 2022/23 includes prior year costs and adjustments of £104,185 additional fee costs relating back to the 2021-22 year following approval by PSAA (Public Sector Audit Appointments). The PSAA have agreed a reduction in fees for the Group for 2021-22 total refund of £16,958.

Note 31 - Leases

Police and Crime Commissioner as Lessee

Finance Leases

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

Authority as Lessee - Finance Leases

The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

31 March 2022 £000		31 March 2023 £000
402	Other Land and Buildings	381
402	**Total**	**381**

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

31 March 2022 £000	**Minimum lease payments are made up of the following amounts:**	31 March 2023 £000
	Finance lease liabilities (net present value of minimum lease payments):	
(32)	- current	(34)
(507)	- non-current	(472
(244)	Finance costs payable in future years	(208)
(783)	**Minimum lease payments**	**(714)**

Minimum Lease Payments			Finance Lease Liabilities	
31 March 2022	31 March 2023	The minimum lease payments will be payable over the following periods:	31 March 2022	31 March 2023
£000	£000		£000	£000
(68)	(68)	Not later than one year	(32)	(34)
(272)	(272)	Later than one year and not later than five years	(153)	(163)
(443)	(376)	Later than five years	(354)	(310)
(783)	**(716)**	**Total**	**(539)**	**(507)**

Minimum lease payments don't include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2022/23 there were no contingent rents payable by the PCC (2021/22 £Nil).

Operating Leases

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

Authority as Lessee - Operating Leases

The future minimum lease payments due under non-cancellable operating leases in future years are set out below:

31 March 2022		31 March 2023
£000		£000
1,372	Not later than one year	1,357
4,001	Later than one year and not later than five years	2,836
1,229	Later than five years	1,009
6,602	**Total**	**5,202**

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

The expenditure charged to services in the CIES during the year in relation to these leases was:

31 March 2022		31 March 2023
£000		£000
1,316	Minimum lease payments	1,458
1,316	**Total**	**1,458**

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

Police and Crime Commissioner as Lessor

Finance Leases

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

Operating Leases

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

Authority as Lessor - Operating Leases

The future minimum lease payments receivable under non-cancellable leases in future years are:

31 March 2022		31 March 2023
£000		£000
1,013	Not later than one year	1,014
1,809	Later than one year and not later than five years	1,556
1,583	Later than five years	1,379
4,405	**Total**	**3,949**

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. There were no contingent rents receivable by the Police and Crime Commissioner in 2022/23 (2021/22 £Nil).

Note 32 - Service Concession Arrangements

Private Finance Initiatives and Similar Contracts

In 2001 the Sussex Police Authority (prior to election of the Police and Crime Commissioner) entered into a long term contractual agreement under a Private Finance Initiative (PFI), with Sussex Custodial Services Ltd (the Contractor) whereby the Contractor became responsible for the provision of custody services across Sussex for a period of thirty years. The PFI scheme provided for the construction of four purpose built custody suites in Worthing, Chichester, Brighton and Eastbourne. At the end of the 30 year term ownership of the four purpose-built facilities will transfer to the Police and Crime Commissioner for Sussex for a nominal consideration.

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

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

Movement in PFI Assets – Current Year

2022/23	**PFI**
Cost or Valuation	**£000**
at 1 April 2022	28,860
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(402)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(209)
at 31 March 2023	**28,250**
Accumulated Depreciation and Impairment	
at 1 April 2022	0
Depreciation charge	(369)
Depreciation written out to the Revaluation Reserve	160
Depreciation written out to the Surplus/Deficit on the Provision of Services	209
at 31 March 2023	**0**
Net Book Value	
at 31 March 2023	**28,250**
at 1 April 2022	**28,860**

Movement in PFI Assets – Prior Year

2021/22	PFI
Cost or Valuation	**£000**
at 1 April 2021	28,671
Revaluation increases/(decreases) recognised in the Revaluation Reserve	401
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(212)
at 31 March 2022	**28,860**
Accumulated Depreciation and Impairment	
at 1 April 2021	0
Depreciation charge	(366)
Depreciation written out to the Revaluation Reserve	154
Depreciation written out to the Surplus/Deficit on the Provision of Services	212
at 31 March 2022	**0**
Net Book Value	
at 31 March 2022	**28,860**
at 1 April 2021	**28,671**

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

Movement in PFI Liabilities

2022/23	PFI
	£000
Balance outstanding at start of year	**(12,720)**
Payments during the year	2,247
Other movements	(1,147)
Balance outstanding at year-end	**(11,620)**

2021/22	PFI
	£000
Balance outstanding at start of year	**(13,370)**
Payments during the year	1,856
Other movements	(1,206)
Balance outstanding at year-end	**(12,720)**

This year the actual total unitary charge was £4.474m (2021/22: £4.198m). The table below estimates the amounts payable over the remaining term of the PFI contract.

2021/22 Total £000		Payment for Services £000	Reimbursement of Capital Expenditure £000	Interest £000	2022/23 Total £000
4,102	Payable within one year	2,248	1,153	1,048	4,449
16,408	Payable within two to five years	9,881	4,682	3,235	17,798
20,510	Payable within six to ten years	10,816	5,786	1,197	17,799
41,020	**Total**	**22,945**	**11,621**	**5,480**	**40,046**

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

Note 33 - Impairment Losses

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

All properties were revalued at 31 March 2023 and therefore there has been no requirement for an impairment review.

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

Note 34 - Defined Benefit Pension Scheme

Police Officers

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

The Group participates in three pension schemes for Police officers:

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

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

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

There are currently 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. The McCloud judgement declared this to fall within age discrimination legislation and has since been adjusted for in the accounts for the year ending 31 March 2023.

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 1April 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.

Police Staff

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

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

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

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

The Police Staff Pension Scheme is part of the Local Government Pension Scheme administered by West Sussex County Council in accordance with the Local Government Pension Scheme Regulations 2013. There are 1,621 (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% (2021/22: 21.9%) of pensionable pay.

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

Transactions Relating to Post-employment Benefits

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

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

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

2021/22					2022/23			
PCC LGPS	CC LGPS	Police Officer Pensions	Total		PCC LGPS	CC LGPS	Police Officer Pensions	Total
£000	£000	£000	£000		£000	£000	£000	£000
Comprehensive Income and Expenditure Statement								
Cost of Services								
				Service cost comprising:				
660	38,541	77,410	116,611	Current service cost	530	35,104	64,650	100,284
0	43	0	43	Past service cost	0	201	0	201
0	0	0	0	(Gain) / loss from curtailments	0	0	0	0
(122)	(12,567)		(12,689)	Financing and Investment Income and Expenditure	(172)	(17,128)	0	(17,300)
143	14,369	66,040	80,552	Net interest expense	194	18,839	88,710	107,743
681	**40,386**	**143,450**	**184,517**	**Total charged to Deficit on Provision of Services**	**552**	**37,016**	**153,360**	**190,928**
Other post-employment benefits charged to the Comprehensive Income and Expenditure Statement								
£000	**£000**	**£000**	**£000**		**£000**	**£000**	**£000**	**£000**
				Re-measurement of the net defined benefit liability comprising:				
138	14,230	0	14,368	Return on plan assets (excluding the amount included in the net interest expense)	350	34,785	0	35,135
19	1,621	22,870	24,510	Actuarial gains and losses - experience	1,254	70,448	191,780	263,482
(34)	(4,025)		(4,059)	Actuarial gains and losses arising on changes in demographic assumptions	(651)	(42,891)	(60,950)	(104,492)
(695)	(59,764)	(43,970)	(104,429)	Actuarial gains and losses arising on changes in financial assumptions	(4,038)	(285,438)	(1,124,450)	(1,413,926)
(572)	**(47,938)**	**(21,100)**	**(69,610)**	**Total charged to Other CIES**	**(3,085)**	**(223,096)**	**(993,620)**	**(1,219,801)**
109	**(7,552)**	**122,350**	**114,907**	**Total charged to the CIES**	**(2,533)**	**(186,080)**	**(840,260)**	**(1,028,873)**

2021/22					2022/23			
PCC LGPS	CC LGPS	Police Officer Pensions	Total		PCC LGPS	CC LGPS	Police Officer Pensions	Total
Movement in Reserves Statement								
£000	£000	£000	£000		£000	£000	£000	£000
(681)	(40,386)	(143,450)	(184,517)	Reversal of net charges made to the Surplus or Deficit on the Provision of Services	(552)	(37,016)	(153,360)	(190,928)
				Actual amount charged against the general fund balance for pensions in the year:				
288	16,572	71,460	88,320	Employers' contributions payable to scheme	250	16,417	69,310	85,977
(393)	**(23,814)**	**(71,990)**	**(96,197)**	**Total Pensions Adjustments between Accounting and Funding Basis in year**	**(302)**	**(20,599)**	**(84,050)**	**(104,951)**

2021/22				Pensions Assets and Liabilities Recognised in the Balance Sheet	2022/23			
PCC LGPS	CC LGPS	Police Officer Pensions	Total		PCC LGPS	CC LGPS	Police Officer Pensions	Total
£000	£000	£000	£000		£000	£000	£000	£000
(6,759)	(670,618)	(3,349,710)	(4,027,087)	Present value of the defined obligation	(5,497)	(458,585)	(2,440,140)	(2,904,222)
6,120	617,722	0	623,842	Fair value of plan assets	7,641	608,186	0	615,827
(639)	**(52,896)**	**(3,349,710)**	**(3,403,245)**	**Net (liability) / asset arising from the defined benefit obligation**	**2,144**	**149,601**	**(2,440,140)**	**(2,288,395)**

2021/22				Movement in the Value of Scheme Assets	2022/23			
PCC LGPS £000	CC LGPS £000	Police Officer Pensions £000	Total £000		PCC LGPS £000	CC LGPS £000	Police Officer Pensions £000	Total £000
5,785	**607,587**	**0**	**613,372**	**Opening fair value of scheme assets**	**6,120**	**617,722**	**0**	**623,842**
122	12,567	0	12,689	Interest income	172	17,128	0	17,300
				Re-measurement gain / (loss):				
0	0	0	0	- Actuarial gains / (losses) - experience	1,399	(3,035)	0	(1,636)
(138)	(14,230)	0	(14,368)	- The return on plan assets, excluding the amount included in the net interest expense	(350)	(34,785)	0	(35,135)
288	16,572	71,460	88,320	Contributions from employer	250	16,372	69,310	85,932
107	4,959	13,930	18,996	Contributions from employees into the scheme	100	5,174	14,430	19,704
0	0	870	870	Transfers in	0	0	160	160
0	0	(160)	(160)	Transfers out	0	0	0	0
(44)	(9,733)	(86,100)	(95,877)	Benefits / transfers paid	(50)	(10,390)	(83,900)	(94,340)
6,120	**617,722**	**0**	**623,842**	**Closing value of scheme assets**	**7,641**	**608,186**	**0**	**615,827**

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

2021/22				Movements in the Fair Value of Scheme Liabilities	2022/23			
PCC LGPS £000	CC LGPS £000	Police Officer Pensions £000	Total £000		PCC LGPS £000	CC LGPS £000	Police Officer Pensions £000	Total £000
(6,603)	**(684,607)**	**(3,298,820)**	**(3,990,030)**	**Opening balance at 1 April**	**(6,759)**	**(670,618)**	**(3,349,710)**	**(4,027,087)**
(660)	(38,541)	(77,410)	(116,611)	Current service cost	(530)	(35,104)	(64,650)	(100,284)
(143)	(14,369)	(66,040)	(80,552)	Interest cost	(194)	(18,839)	(88,710)	(107,743)
(107)	(4,959)	(13,930)	(18,996)	Contributions from scheme participants	(100)	(5,174)	(14,430)	(19,704)
				Re-measurement gains and losses:				
(19)	(1,621)	(22,870)	(24,510)	- Actuarial gains / (losses) - experience	(2,653)	(67,413)	(191,780)	(261,846)
34	4,025		4,059	- Actuarial gains / (losses) from changes in demographic assumptions	651	42,891	60,950	104,492
695	59,764	43,970	104,429	- Actuarial gains / (losses) from changes in financial assumptions	4,038	285,438	1,124,450	1,413,926
0	(43)	0	(43)	Past service cost	0	(201)	0	(201)
0	0	0	0	Gains / (losses) on curtailments				
0	0	(870)	(870)	Transfers in	0	0	(160)	(160)
0	0	160	160	Transfers out	0	0	0	0
44	9,733	86,100	95,877	Benefits / transfers paid	50	10,435	83,900	94,385
0	0	0	0	Rounding adjustment	0	0	0	0
(6,759)	**(670,618)**	**(3,349,710)**	**(4,027,087)**	**Balance as at 31 March**	**(5,497)**	**(458,585)**	**(2,440,140)**	**(2,904,222)**

The liabilities show the underlying commitments that the Group has in the long run to pay post-employment (retirement) benefits. The total pension liability of £2,288m (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 to the Local Government Pension Scheme by the Group in the year to 31 March 2023 are as follows:

	PCC £000	CC £000	Group £000
LGPS Employer contributions and expected charges to 31 March 2023	238	15,524	15,762

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 Fund in market value terms estimated 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	21.9 years
• Women	24.2 years	24.2 years	23.8	23.5 years
Longevity at 65 for future pensioners:				
• Men	22.8 years	23.9 years	23.8	23.5 years
• Women	25.9 years	26.2 years	25.4	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 %	GROUP 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%
		Other		
0	0%	Debt Securities:	0	0%
0	0%	UK Government	0	0%
		Private Equity:		
12,747	2%	All	17,540	3%
		Real Estate:		
60,881	10%	UK Property	61,290	10%
		Investment Funds and Unit Trusts:		
291,915	47%	Equities	304,765	49%
215,634	35%	Bonds	175,444	28%
26,817	4%	Infrastructure	29,967	5%
13,596	2%	Other	23,537	4%
	0%	Cash & Cash Equivalents:		0%
2,251	0%	All	3,284	1%
623,842	**100%**		**615,827**	**100%**

31 March 2022 £000	31 March 2022 %	PCC 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	
	0%	Debt Securities:		0%
0	0%	UK Government	0	0%
		Private Equity:		
125	2%	All	218	3%
		Real Estate:		
597	10%	UK Property	761	10%
		Investment Funds and Unit Trusts:		
2,864	47%	Equities	3,781	49%
2,115	35%	Bonds	2,177	28%
263	4%	Infrastructure	372	5%
133	2%	Other	292	4%
	0%	Cash & Cash Equivalents:		0%
22	0%	All	41	1%
6,120	**100%**		**7,641**	**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

	PCC 2020/21	CC 2020/21	Group 2020/21	PCC 2021/22	CC 2021/22	Group 2021/22	PCC 2022/23	CC 2022/23	Group 2022/23
	%	%	%	%	%	%	%	%	%
Differences between expected and actual return on assets	18.6%	18.9%	18.9%	(2.3%)	(2.3%)	(2.3%)	(4.6%)	(5.7%)	(5.7%)
Experience gains and (losses) on liabilities	(0.8%)	(0.7%)	(0.7%)	(0.3%)	0.2%	0.2%	(22.8%)	(15.4%)	(15.5%)

Police Pension Scheme

	PCC 2020/21	CC 2020/21	Group 2020/21	PCC 2021/22	CC 2021/22	Group 2021/22	PCC 2022/23	CC 2022/23	Group 2022/23
Experience gains and (losses) on liabilities	%	%	%	%	%	%	%	%	%
Combined Schemes	0.00%	0.48%	0.48%	0.00%	(0.68%)	(0.68%)	0.00%	(7.86%)	(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:

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 Chief Constable Local Government Pension Scheme for staff are set out in the following table:

Change in financial assumptions at year ended 31 March	CC 2022/23 %	CC 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

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

Change in financial assumptions at year ended 31 March	PCC 2022/23 %	PCC 2022/23 £000
0.1% decrease in Real Discount Rate	3%	141
0.1% increase in the Salary Increase Rate	0%	17
0.1% increase in the Pensions Increase Rate (CPI)	2%	126

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

2022/23 Total Group Pension CIES Movements	**Cost of Services**	**Cost of Service**	**(Surplus)/Deficit on Provision of Services**	**(Surplus)/Deficit on Provision of Services**	**Other Comprehensive I&E**	**MIRS**	**MIRS**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
	Police Services	Non Distributed Costs	Financing & Investment I&E	Taxation and Non-Specific Grant Income	Actuarial (gains)/losses on assets/liabilities	Transfer to Reserve	Adjustments between accounting basis & funding basis under regulations
• current service costs	100,284	0	0	0	0	0	0
• past service costs	0	201	0	0	0	0	0
• interest cost	0	0	107,743	0	0	0	0
• interest income on plan assets	0	0	(17,300)	0	0	0	0
• actuarial (gains) and losses	0	0	0	0	(1,219,801)	1,219,801	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	(190,928)
• employers' contributions payable to scheme	(16,667)	0	0	0	0	0	16,667
• retirement benefits payable to pensioners	(69,310)	0	0	0	0	0	69,310
Sub-total	**14,307**	**201**	**90,443**	**0**	**(1,219,801)**	**1,219,801**	**(104,951)**
• pension top up grant	41,700	0	**0**	(41,700)	0	0	0
Total Pension Charges	**56,007**	**201**	**90,443**	**(41,700)**	**(1,219,801)**	**1,219,801**	**(104,951)**
TOTAL	**104,951**				**(1,219,801)**	**1,114,850**	

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

2022/23 Total PCC Pension CIES Movements	Cost of Services	Cost of Service	(Surplus)/Deficit on Provision of Services	(Surplus)/Deficit on Provision of Services	Other Comprehensive I&E	MIRS	MIRS
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	Police Services	Non Distributed Costs	Financing & Investment I&E	Taxation and Non-Specific Grant Income	Acturial (gains)/losses on assets/liabilities	Transfer to Reserve	Adjustments between accounting basis & funding basis under regulations
• current service costs	530	0	0	0	0	0	0
• past service costs	0	0	0	0	0	0	0
• settlements and curtailments	0	0	0	0	0	0	0
• interest cost	0	0	194	0	0	0	0
• interest income on plan assets	0	0	(172)	0	0	0	0
• actuarial (gains) and losses	0	0	0	0	(3,085)	3,085	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	(552)
• employers' contributions payable to scheme	(250)	0	0	0	0	0	250
• retirement benefits payable to pensioners	0	0	0	0	0	0	0
Sub-total	**280**		**22**	**0**	**(3,085)**	**3,085**	**(302)**
• pension top up grant	0	0	**0**	(41,700)	0	0	0
Total Pension Charges	**280**		**22**	**(41,700)**	**(3,085)**	**3,085**	**(302)**
TOTAL	**(41,398)**				**(3,085)**	**2,783**	

Note 35 - Contingent Liabilities

Although the accounts include (through the establishment of provisions and creditors) known liabilities faced by the Group 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 Police and Crime Commissioner and Chief Constable of Sussex Group had no known contingent liabilities.

Note 36 - Financial Instruments

36.1 Financial Instruments

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

Financial Assets/Liabilities:

	Current Financial Assets							
	Investments		Debtors		Current assets		Total	
	31 March 2022 £000	31 March 2023 £000	31 March 2022 £000	31 March 2023 £000	31 March 2022 £000	31 March 2023 £000	31 March 2022 £000	31 March 2023 £000
Amortised cost	20,111	35,218	3,118	4,448	0	0	23,229	39,666
Total Current financial assets	**20,111**	**35,218**	**3,118**	**4,448**	**0**	**0**	**23,229**	**39,666**

	Non-Current Financial Liabilities							
	Borrowings		Creditors		Other long-term liabilities		Total	
	31 March 2022 £000	31 March 2023 £000	31 March 2022 £000	31 March 2023 £000	31 March 2022 £000	31 March 2023 £000	31 March 2022 £000	31 March 2023 £000
Amortised Cost	(17,862)	(17,148)	0	0	0	0	**(17,862)**	**(17,148)**
PFI and Finance Lease Liabilities	0	0	(912)	(684)	(12,127)	(10,940)	**(13,039)**	**(11,624)**
Total Non-current financial liabilities	**(17,862)**	**(17,148)**	**(912)**	**(684)**	**(12,127)**	**(10,940)**	**(30,901)**	**(28,772)**

	Current Financial Liabilities							
	Borrowings		Creditors		Current Liabilities		Total	
	31 March 2022 £000	31 March 2023 £000	31 March 2022 £000	31 March 2023 £000	31 March 2022 £000	31 March 2023 £000	31 March 2022 £000	31 March 2023 £000
Amortised Cost	(754)	(755)	(8,587)	(10,689)	0	0	**(9,341)**	**(11,444)**
PFI and Finance Lease Liabilities	0	0	0	0	(1,132)	(1,188)	**(1,132)**	**(1,188)**
Total Current financial assets	**(754)**	**(755)**	**(8,587)**	**(10,689)**	**(1,132)**	**(1,188)**	**(10,473)**	**(12,632)**

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

- De-recognition of financial instruments

- Unusual movements to be disclosed
- Allowance for credit losses

36.2 Current Financial Assets - Investments

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

The lending of surplus funds is managed on a daily basis through approved brokers and with a limited amount of direct dealing. At 31 March 2023, temporary lending by the Police and Crime Commissioner for Sussex was composed of the following:

31 March 2022 £000	Temporary Lending	31 March 2023 £000
0	Short Term Deposits classified as current financial assets (including call account)- investments	35,218
33,016	Money Market Deposits classified as cash equivalents	6,903
33,016	**Total Money Market Deposits**	**42,121**

36.3 Non-Current Financial Assets – Investments

The Treasury Management Strategy and Prudential Indicators approved in March 2022 allowed for £8.805m of the total portfolio to be invested for longer than one year. At 31 March 2023 there were no investments held with a maturity date longer than one year (31 March 2022: £Nil).

36.4 Long Term Borrowing

As at 31 March 2023 long term borrowing by the Police and Crime Commissioner for Sussex comprised of long term finance of the PFI schemes (see PFI Note 32 to the accounts) and loans from the Public Works Loan Board (PWLB). All loans were borrowed for capital purposes in line with the CIPFA Prudential Code for Capital Finance.

31 March 2022 £000	Long Term Borrowing	31 March 2023 £000
(18,617)	Public Works Loan Board	(17,903)
(12,720)	PFI long term finance	(11,621)
(31,337)	Total	**(29,524)**

The 2023 year end balances above represent totals for long term finance borrowing and loans, this includes accrued interest payable of £41,306 and second loan and interest repayment of £713,550 on the loans from the Public Works Loan Board which is due within one year. PFI long term finance for 2022 includes £1,153,377 also due within one year.

36.5 Fair Values of Assets and Liabilities

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

- For loans from the Public Works Loan Board (PWLB), premature repayment rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures;
- Estimated ranges of interest rates at 31 March 2023 for loans from the PWLB are based on loan rates of 1.54% to 4.85% discounted at rates of 3.32% to 3.39%;
- For current assets – investments, prevailing benchmark market rates have been used to provide the fair value;
- No early repayment or impairment is recognised;
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the principal outstanding or the billed amount.

The fair values calculated are as follows:

31 March 2022			31 March 2023	
Carrying amount £000	**Fair Value £000**		**Carrying amount £000**	**Fair Value £000**
(12,720)	(16,997)	Long Term PFI Borrowing	(11,621)	(13,975)
(18,617)	(19,993)	Long Term Borrowing	(17,903)	(16,453)
(31,337)	**(36,991)**	**Long-Term Net Total**	**(29,524)**	**(30,429)**
0	0	Short Term Borrowing	0	0
0	**0**	**Short-Term Net Total**	**0**	**0**
(31,337)	**(36,991)**	**Total**	**(29,524)**	**(30,429)**
31 March 2022			**31 March 2023**	
Carrying amount £000	**Fair Value £000**		**Carrying amount £000**	**Fair Value £000**
33,016	33,016	Short Term Investments (cash Equivalents)	6,903	6,903
0	0	Short Term Investments	35,218	35,218
33,016	**33,016**	Total	**42,121**	**42,121**

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

The fair value of the liabilities is higher than the carrying amount because the portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the prevailing rates at the Balance Sheet date. This shows a notional future loss (based on economic conditions at 31 March 2023) arising from a commitment to pay interest to lenders above current market rates.

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

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

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

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

36.6 Sensitivity Analysis

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

31 March 2022 £000		31 March 2023 £000
0	Increase in interest payable on variable rate borrowings	0
410	Increase in interest receivable on variable rate investments	598
0	Increase in government grant receivable for financing costs	0
410	**Impact on Deficit on the Provision of Services**	**598**
1,877	**Decrease in fair value of fixed rate borrowing liabilities (no impact on the Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)***	**1,375**

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

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

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

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

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

37.1 Overall Procedures for Managing Financial Risk

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

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

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

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

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

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

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

The annual Treasury Management Strategy for 2022/23 which incorporates the prudential indicators is approved by the Police and Crime Commissioner for Sussex and is available on the PCC website. The key elements within the 2022/23 strategy were:

- Authorised Borrowing Limit for 2022/23 set at £49.5m. This is the maximum limit of external borrowings or other long term liabilities.
- Operational Boundary expected to be £34.5m. This is the expected level of debt and other long term liabilities during the year.
- Maximum amounts of fixed and variable interest rate exposure were set at 100% respectively for investments.
- Maximum exposure to the maturity structure of debt was 76% at 15-20 years and 24% at 5-10 years.

These policies were managed by the Police and Crime Commissioner's Chief Finance Officer during the 2022/23 year. Actual performance is reported annually to the Joint Audit Committee after each year, as is a mid-year update.

37.2 Credit Risk

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

Credit Risk: Investments

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

The 2022/23 Strategy set specific limits for which specified investments may be placed up to, were designated as follows:

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

The Police and Crime Commissioner's maximum exposure to credit risk in relation to its investments in banks and building societies of £41.9m at 31 March 2023 (2021: £32.9m) cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of non-recoverability applies to all of the Police and Crime Commissioner's deposits, but there was no evidence at the 31 March 2023 that this was likely to crystallise.

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

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

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

Credit Rating	Non-current		Current		Total	
	2021/22 £000	2022/23 £000	2021/22 £000	2022/23 £000	2021/22 £000	2022/23 £000
AAA	0	0	17,900	6,900	17,900	6,900
A+	0	0	15,000	20,000	15,000	20,000
A-	0	0	0	15,000	0	15,000
Total	**0**	**0**	**32,900**	**41,900**	**32,900**	**41,900**

Credit Risk: Trade Receivables

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

	Amount at 31 March 2023 £000	Historical experience of default %	Adjusted for market conditions at 31 March 2023 %	Estimated maximum exposure to default and irrecoverable amounts at 31 March 2023 £000	Estimated maximum exposure at 31 March 2023 £000
Trade Debtor customer balances *2	4,348	0.04%	0.00%	0	0
Total	**4,348**			**0**	**0**

*2 Trade Debtor customer balances are after deduction of £0.025m provision for doubtful debts (2021/22: £0.025m) the Police and Crime Commissioner considers this is the maximum exposure to default on trade debtors.

The Police and Crime Commissioner does not generally allow credit for customers, such that £0.186m of the total £4,347m customer balances are past the due date for payment i.e. over 30 days. The past due, but not impaired amount can be analysed by age as follows:

31 March 2022 £000		31 March 2023 £000
35	Less than three months	165
24	Three to six months	17
13	Six months to one year	2
2	More than one year	2
74		**186**

37.3 Liquidity Risk

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

The Police and Crime Commissioner has ready access to borrowings from the Money Markets to cover any day to day cash flow need. Whilst the Public Works Loan Board provides access to longer term funds, it also acts as a lender of last resort to authorities (although it will not provide funding to an Authority or Police and Crime Commissioner whose actions are unlawful). The Police and Crime Commissioner is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

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

37.4 Re-financing and Maturity Risk

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

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

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

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

31 March 2022 £000	Financial Assets:	31 March 2023 £000
32,900	Less than one year	41,900
0	Between two and five years	0
32,900		**41,900**

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

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

31 March 2022 £000	Financial Liabilities:	31 March 2023 £000
(1,141)	Less than one year	(1,943)
(30,901)	Over 1 year	(28,088)
(32,042)	**Total**	**(30,031)**

Included within the liabilities over one year above is a finance lease property.

31 March 2022 £000	Financial Liabilities:	31 March 2023 £000
(153)	Between two and five years	(163)
(354)	Over five years	(310)
(507)	**Total**	**(473)**

37.5 Market Risk

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

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

- Investments at fixed rates - the fair value of the assets will fall (with no impact on revenue)

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

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

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

At 31 March 2023 the Police and Crime Commissioner held no variable rate borrowings. For investments, the Police and Crime Commissioner held 16% or £6.9m of its total investment portfolio (2022: 100% or £32.9m) in variable rate instant access call accounts. Interest of £1.364m (2022: £0.095m) has been credited to the Comprehensive Income and Expenditure Statement in respect of the Police and Crime Commissioner's variable rate investments, representing a 2.28% (2021: 0.22%) interest rate of return on an average investment portfolio of £60m (2021: £42m). If interest rates had been 1% higher the financial impact would have been a £0.60m (2020: £0.41m) increase in interest credited to the Comprehensive Income and Expenditure Statement.

37.6 Price Risk

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

37.7 Foreign Exchange Risk

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

Note 38 – Accounting Policies

General Principles

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

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

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

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

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

Fundamental Accounting Policies

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

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

- **Going Concern** – the Accounts have been prepared on the assumption that the functions of the Group will continue in operational existence for the foreseeable future. This means in particular that the Comprehensive Income and Expenditure Statement and Balance Sheet assume no intention to curtail significantly the scale of operation.

- **Understandable** – to ensure that the Statements of Accounts produced can be understood by readers who have a reasonable knowledge of business and economic activities.

- **Relevance** – to ensure that the information provided about the Group's financial position, performance and cash flow is useful for assessing stewardship of public funds and for making economic decisions.

- **Materiality** – provides a threshold or cut-off point to ensure that the information included in the Financial Statements is of such significance as to justify its inclusion. Omissions or misstatements of items are material if they could, individually or collectively, influence users decisions or assessment of the Financial Statements.

- **Reliability** – to ensure that the financial information provided accurately reflects the substance of the transactions and other events that have taken place.

- **Comparability** – the information contained in the Financial Statements has been prepared so that it can be readily compared with similar information about the same entity for different accounting periods and with similar information about other entities.

- **Primacy of Legislative Requirements** – the PCC derives powers from statute and the financial and accounting framework is closely controlled by primary and secondary legislation. Where specific legislative requirements and accounting principles conflict, the legislative requirement is applied. However, the Code deals with such conflicts by showing the position required by the Code's accounting requirements in the Comprehensive Income and Expenditure Statement, and the effect of the legislative requirements in the Movement in Reserves Statement.

The following sections set out the Group's principal accounting policies that have been reviewed and adopted in 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 by cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Creditors are included within the Balance Sheet for goods and services received and risks and rewards of ownership transferred, but not paid for at the year end. Debtors are included within the Balance Sheet where services have been provided but not yet reimbursed at the year end.

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

Cash & Cash Equivalents

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

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

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

Prior Period Adjustments, Changes in Accounting Policies, Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Police and Crime Commissioner's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

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

Events after the Balance Sheet

Events after the Balance Sheet reporting date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

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

- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect

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

Government Grants and Contributions

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

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

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

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

Funding of Capital Expenditure to purchase Non-Current Assets

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

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

- When a capital grant or contribution has been recognised in the Comprehensive Income and Expenditure Statement, and the expenditure to be financed from that grant or contribution has been incurred, the grant or contribution is transferred from the General Fund to the Capital Adjustment Account, reflecting the application of capital reserves to finance expenditure.

- When a grant or contribution has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Account, reflecting its status as a capital resource available to finance expenditure. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

- When a capital grant or contribution has been received with conditions that the Group has not met, the grant or contribution is recognised in the Balance Sheet as Capital Grants Receipts in Advance. Once the condition has been met, the grant or contribution is transferred from the Capital Grants Receipts in Advance Account and recognised as income in the Comprehensive Income and Expenditure Statement and accounted for as above depending on whether expenditure has been incurred.

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

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

Non-Current Assets – Property, Plant and Equipment

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

Recognition

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

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

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

Measurement

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

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

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

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

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

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

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

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

Increases in valuations are recognised in the Revaluation Reserve to recognise unrealised gains unless the increase is reversing a previous impairment loss in which case it would be charged to the Comprehensive Income and Expenditure Statement. Decreases in valuations are

recognised in the Revaluation Reserve to the extent of previous revaluation increases recognised in the Revaluation Reserve in respect of that asset, and decreases in excess of that amount are recognised in the Comprehensive Income and Expenditure Statement.

Component Assets

The Police and Crime Commissioner recognises and records component assets separately from the main asset with which they are associated where the component life differs significantly. The Police and Crime Commissioner has agreed an accounting policy stating that for accounting purposes, the value of the component must be above a minimum material level of £200,000 and the value of the component constitutes more than 20% of the main asset category value. Where a component asset is identified it is written down on a straight line basis over its useful economic life in line with the depreciation policy for that class of asset.

Impairment

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

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

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

Depreciation

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

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

	Category	Years	Residual Value
Land and Buildings	Land	Not depreciated	N/A
	Dwellings and other Buildings	Up to 60 years (estimated by the valuer)	40%
Vehicles , Plant and Equipment	Vehicles	3, 5 or 10 years (as assessed by the Transport Manager)	5%, 10% or 15%
	Information Systems	Generally between 3 and 5 years (assessed on an individual basis)	Nil
	Wireless stations and communication masts	20 years	Nil
	Other equipment	Individual useful life	Nil
Intangible Assets	Software and Licences	Generally between 3 and 5 years (assessed on an individual basis)	Nil
Non-operational Assets	Assets under Construction	Not depreciated until complete	N/A
	Awaiting Disposal	Not depreciated	N/A
	Investment properties	Not depreciated	N/A

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

Disposal

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the Comprehensive Income and Expenditure Statement. Disposal proceeds are credited to the Comprehensive Income and Expenditure Statement and netted off against the asset's carrying value. The resulting balance represents either the gain or loss on disposal. Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account. Assets of £Nil Net Book Value are routinely disposed of as being end of useful life assets unless exceptional circumstances determine they should be kept on the asset register whilst still in active use.

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

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

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

Assets Held for Sale

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

- The asset must be available for immediate sale in its present condition;
- The sale must be highly probable. This means the appropriate level of management within the Group must be committed to a plan to sell the asset and an active programme to locate a buyer and complete the plan must have been initiated.
- The asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value.
- The sale should be expected to qualify for recognition as a completed sale within one year from the date of classification and actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

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

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

Assets Held for Sale are not depreciated.

Private Finance Initiative (PFI)

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

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

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

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

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

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

Inventories (Stock) and Long Term Contracts

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

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

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

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

Investment Property

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

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

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

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

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

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

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

Jointly Controlled Operations and Jointly Controlled Assets

Joint operations are arrangements where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. Activities undertaken in conjunction with other joint operators involve the use of the assets

and resources of those joint operators. In relation to its interest in a joint operation, the PCC/Group recognises the following as a joint operator:

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

Intangible Assets

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

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

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

Charges to Revenue for Non-Current Assets

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

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

Debts Outstanding

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

The writing off of bad debt can be authorised by either the PCC's CFO or the CC's CFO in respect of their own corporations up to a value of £10,000 for individual bad debt cases and £25,000 cumulatively in any one financial year. The write off of bad debts greater than these limits requires the approval of both CC's CFO and PCC's CFO up to a maximum of a cumulative value of £50,000 in any one financial year. The Police and Crime Commissioner will approve where appropriate the writing off of debts in excess of the CFOs delegated authority.

Reserves

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

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

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

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

Overheads and Support Services

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

Provisions and Contingent Liabilities

Provisions

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

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Group a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Group. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Precept Income

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

VAT

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

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

Leases

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

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

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

The Police and Crime Commissioner as Lessee

Finance Leases

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

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

Operating Leases

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

The Police and Crime Commissioner as Lessor

Operating Leases

Where the Police and Crime Commissioner grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g.

there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

Employee Benefits Payable During Employment

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

Termination Benefits / Exit Packages

Termination benefits are amounts payable as a result of a decision by the Group to terminate a member of staff's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. Termination benefits are charged on an accruals basis to the appropriate service line in the Comprehensive Income and Expenditure Statement when the Group is demonstrably committed to the termination of the employment of a staff member or group of staff members or making an offer to encourage voluntary redundancy.

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

Long-term Employee Benefits – Pension Arrangements

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

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

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

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

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

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

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

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

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

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

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

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

- **current service cost** - the increase in liabilities as a result of years of service earned this year allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked

- **past service cost** - the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years - debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs

- **interest cost** - the expected increase in the present value of liabilities during the year as they move one year closer to being paid - debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement

- **expected return on assets** - the annual investment return on the fund assets attributable to the Police and Crime Commissioner, based on an average of the expected long-term return - credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement

- **gains or losses on settlements and curtailments** - the result of actions to relieve the Police and Crime Commissioner of liabilities or events that reduce the expected future service or accrual of benefits of employees - debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs

- **actuarial gains and losses** - changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions - debited to the Pensions Reserve

- **contributions paid to the pension fund** - cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense

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

Discretionary Benefits

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

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

Fair Value Measurement

The Police and Crime Commissioner measures some non-financial assets, surplus assets and assets held for sale at fair value at each reporting date using the IFRS13 Fair Value market approach. Fair value is the price that would be received to sell an asset or be paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

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

The Police and Crime Commissioner uses External Valuers to measure the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

This fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Valuers use valuation techniques that are appropriate to the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The Police and Crime Commissioner follows the fair value hierarchy prescribed by IFRS13 to increase consistency and comparability in fair value measurements and related disclosures. This hierarchy categorises into three levels the inputs to valuation techniques used to measure fair value as follows:

- Level 1 Inputs – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date.

- Level 2 Inputs – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 Inputs – unobservable inputs for the asset or liability.

Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Police and Crime Commissioner becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For the PCC borrowings held, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the CIES is the amount payable for the year according to the loan agreement.

The Group has adopted CIPFA's Treasury Management in the Public Services: Code of Practice and has set treasury management indicators to control key financial instrument risks in accordance with CIPFA's Prudential Code.

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI) if or when any financial instruments are held at fair value through other comprehensive income or has designated assets as such financial instruments. The PCC doesn't currently hold any FVOCI assets.

The authority's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

Soft Loans are offered at less than market rates, where an objective would justify the authority making a concession. The authority does not hold any soft loans.

Expected Credit Loss

The authority will recognise material expected credit losses on all of its financial assets held at amortised cost [or where relevant FVOCI], either on a 12-month or lifetime basis.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

The Material value for the Investment portfolio is £10,000.

Financial Assets Measured at Fair Value through Profit or Loss

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

The fair value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

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

Any gains and losses that arise on the de-recognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Financial Assets Measured at Fair Value through Other Comprehensive Income

Financial assets that are measured at FVOCI are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Movements in amortised cost are recognised in the Surplus or Deficit on the Provision of Services, but movements in the fair value are recognised as Other Comprehensive Income and Expenditure.

Interest is credited to the Surplus or Deficit on the Provision of Services using the effective interest rate method. Movements in impairment loss allowances are recognised in the Surplus or Deficit on the Provision of Services, with a compensating amount to Other Comprehensive Income and Expenditure to offset the movements against gains/losses on fair value (i.e. not against the carrying amount of the asset).

Loans and Receivables

Loans and receivables are recognised on the Balance Sheet when the Police and Crime Commissioner becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. The Police and Crime Commissioner does not currently make any soft loans.

Foreign Currency Translation

Where the Group has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the year-end, they are reconverted at the spot exchange rate at 31 March. Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Interests in Companies and Other Entities

All the financial transactions incurred during the year for policing Sussex have been recognised and recorded within the Statement of Accounts of the Police and Crime Commissioner for Sussex, which sets out the overall financial position of the Police and Crime Commissioner and Chief Constable Group for the year ended 31 March.

The Group position therefore reflects the consolidated accounts of the Police and Crime Commissioner and its 100% subsidiary the Chief Constable. Where the Group position differs from the Police and Crime Commissioner position this is made clear within the statements and notes. Separate statutory accounts are prepared for the Chief Constable.

Note 39 - Accounting Standards Issued, Not Adopted

A number of future accounting policy changes will need to be reported with effect from 1 April 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 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 have been 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 it liabilities, therefore the total payments to pensioners in any year must be paid for by current officer and employer contributions.

Under the current financing arrangements the Pension Account is balanced to nil at the end of the year. In the event that the Pension Account is in deficit, the Home Office reimburse the Police and Crime Commissioner.

The Net Asset Statement does not include liabilities to pay pensions and other benefits after the balance sheet date.

Liabilities to pay future pension benefits have been disclosed separately at Note 34 in accordance with IAS 19 'Employee Benefits'.

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.
Commuted 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.

AMORTISATION
An annual charge made to the overall budget, reducing the value of an intangible asset to zero, over a period of time.

ASSET
Tangible or intangible resources owned by the force and which have future economic value that can be measured and can be expressed in pounds.

BILLING AUTHORITY
The local authority is responsible for administering the collection fund. These are either district or borough councils in East and West Sussex, or the Unitary Authority in Brighton and Hove.

CAPITAL EXPENDITURE
Expenditure spent on the acquisition or construction of a non-current asset or expenditure which adds to, and not merely maintains, the value of an existing non-current asset e.g. land and buildings.

CAPITAL AND INVESTMENT PROGRAMME
A statement of proposed capital and revenue investment projects for current and future years. Included in this category are the purchase of land and buildings, the erection of new buildings and works, design fees and the acquisition of vehicles and major equipment items.

CAPITAL RECEIPTS
Income from the disposal (sale) of non-current assets valued more than £10,000, which can only be used to finance new capital expenditure or repay outstanding debt on assets, financed from loans. Usable capital receipts are those capital receipts which are not set aside for specific purposes but are available to be used for any capital purchases.

CC
Chief Constable

CIPFA
The Chartered Institute of Public Finance and Accountancy is one of the professional accountancy bodies in the UK. CIPFA specialises in the public services and has responsibility for setting accounting standards for these services. More details can be found on the CIPFA website: www.cipfa.org.uk

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT
The main revenue fund detailing all income received from precept, government grants and other income sources and all the costs of providing services.

CREDITORS
Individuals or organisations, to whom money is owed at the end of the financial year.

CODE
These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom (The Code) and the Service Reporting Code of Practice, both issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), and supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 7 of the 2011 Regulations. More details can be found on the CIPFA website: www.cipfa.org.uk

COLLECTION FUND
A fund administered by each Billing Authority. Council tax monies are paid into the fund whilst part of the net revenue spending of the Police and Crime Commissioner, County, Unitary Authority and District Councils are met from the fund.

CONTINGENCY PROVISION
An amount set aside for exceptional budget requirements in the financial year.

COUNCIL TAX
Council tax payable locally is based upon house values. Each dwelling is valued and placed into one of eight bands, which determines the level of Council Tax payable.

CURRENT SERVICE COST (PENSIONS)
The increase in the present value of a defined benefit scheme's liabilities expected to arise from employee service in the current period.

CURTAILMENT (PENSIONS)
For a defined benefit scheme, an event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of the their future service. Curtailments include:-

- Termination of employees' services earlier than expected, and
- Termination of or amendment to the terms, of a defined benefit scheme so that some or all future service by current employees will no longer qualify for benefits or will qualify only for reduced benefits

DEBTORS
Individuals or organisations, who owe money at the end of the financial year for services provided during the year.

DEFINED BENEFIT SCHEME (PENSIONS)
A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded.

DEFINED CONTRIBUTION SCHEME (PENSIONS)
A pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

DEPRECIATION
The measure of the cost, or revalued amount of the benefit, of a non-current asset, that has been consumed during the period. Consumption includes the wearing out, using up or other reduction in the useful life of a non-current asset, whether arising from the use, passage of time or obsolescence through either changes in technology or demand for the goods and services produced by the asset.

EXPECTED RATE OF RETURN ON PENSION ASSETS
For a funded defined benefit scheme, the average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

EXPENSE
Money spent or cost incurred by the force to police and protect the county, representing the cost of policing.

FAIR VALUE
The fair value of an asset is the price at which it could be exchanged in an arm's length transaction less, where applicable, any grants receivable towards the purchase or use of the asset.

FINANCE LEASE
A finance lease is one that transfers substantially all of the risks and rewards of ownership of a non-current asset to a lessee.

FIXED ASSET (NON-CURRENT ASSET)
The value of fixed (non-current) assets for capital accounting purposes represents depreciated replacement cost or open market value for land and buildings and the depreciated historic cost of other assets.

GENERAL FUND BALANCES
Accumulated surplus amounts which are maintained to meet expenditure, pending the receipt of income, and to provide a fallback for expenditure being higher, or income lower, than expected.

GOING CONCERN
The concept that the organisation will remain in operational existence for the foreseeable future, in particular that the revenue accounts and Balance Sheet assume no intention to curtail significantly the scale of the operations.

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

IAS19
International Accounting Standard 19 (IAS19) for Employee Benefits sets out the accounting treatment and disclosure for employee benefits and pensions.

IFRS
International Financial Reporting Standards

IMPAIRMENT
A reduction in the value of a non-current asset below its carrying amount on the Balance Sheet due to significant decline in its market value during the period, evidence of obsolescence or significant physical damage to the non-current asset or significant adverse change in the statutory or regulatory environment in which the PCC Group operates.

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

INTANGIBLE ASSETS
Intangible assets occur when capital expenditure does not result in the acquisition of a non-current asset, for example software licenses and training for development purposes etc.

INTEREST COSTS (PENSIONS)
For a defined benefit scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.

INVESTMENTS (PENSION FUND)
The investments of the pensions fund will be accounted for in the statement of that fund. However, the PCC Group is also required to disclose, as part of the disclosures relating to retirement benefits, the attributable share of pension scheme assets associated with their underlying obligations.

JOINT AUDIT COMMITTEE (JAC)
The JAC is an independent Joint External Audit Committee of the Sussex Police and Crime Commissioner and the Chief Constable of Sussex providing a key component of corporate governance arrangements for both corporations sole.

LAAP
The Local Authority Accounting Panel issues LAAP Bulletins to assist practitioners with the application of the requirements of the Code of Practice on Local Authority Accounting and Prudential Code, and to provide advice on emerging or urgent accounting issues. Bulletins provide influential guidance that is intended to be best practice, but are not prescriptive and do not have the formal status of the Code or Prudential Code.

LEVIES
A levy is an amount of money a local authority is compelled to collect (and include in its budget) on behalf of another organisation – for example, a government agency – and which appears as a separate item on the council tax bill.

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

LIQUID RESOURCES
Current asset investments that are readily disposable by the PCC Group without disrupting its business and are either readily convertible to known amounts of cash at or close to the carrying amount or traded in an active market.

MINIMUM REVENUE PROVISION (MRP)
The statutory minimum amount which the PCC is required to set aside on an annual basis, as a provision to repay external debt

NATIONAL NON DOMESTIC RATE (NNDR) – or BUSINESS RATES
The rate in the pound charged on non-domestic properties. It is the same for all businesses in England and is set annually by Government, on whose behalf it is collected by billing authorities. The Police and Crime Commissioners then receive a share of the national pool as part of its resources used to meet Total Net Expenditure.

NET BOOK VALUE
The amount at which non-current assets are included in the Balance Sheet, i.e. their historic cost or current value less the cumulative amounts provided for depreciation.

NET CURRENT REPLACEMENT COST
The cost of replacing a particular asset in its current condition and use (i.e. the cost of like-for-like replacement or nearest equivalent asset, adjusted to reflect the current condition of the existing asset).

NET OPERATING EXPENDITURE
The total net expenditure before financing from Central Government grants or local Council Tax and before the movements shown in the Statement of Movement on the General Fund Balance.

NON-CURRENT ASSETS (FIXED ASSET)
Tangible assets that are expected to yield benefits to the PCC Group and the services it provides for a period of more than one year.

OPERATING LEASE
A lease other than a finance lease.

PAST SERVICE COSTS (PENSIONS)
For a defined benefit scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

PCC
Police and Crime Commissioner

POLICE GRANT
A specific grant paid to the PCC by Central Government to support its revenue expenditure. It is a fixed sum calculated by the Government on an assumed needs basis.

PRECEPT
An amount determined by the PCC (the preceptor) which is collected on its behalf by the local unitary Authority and District Councils (the billing authorities) as part of the Council Tax.

PREPAYMENT
Any amounts that have been paid for goods and services not received by the end of an accounting period are shown as prepayments in the debtors section of the balance sheet.

PRIVATE FINANCE INITIATIVE (PFI)
Private Finance Initiative (PFI) allows the public sector to contract with the private sector to provide quality services on a long-term basis, typically 25-30 years, so as to take advantage of private sector infrastructure delivery and service management skills, incentivised by having private finance at risk. The private sector takes on the responsibility for providing a public service against an agreed specification of required outputs prepared by the public sector.

The private sector carries the responsibility and risks for designing, financing, enhancing or constructing, maintaining and operating the infrastructure assets to deliver the public service in accordance with the public sector's output specification.

PROJECTED UNIT METHOD (PENSIONS)
An accrued benefits valuation method in which the scheme liabilities make allowance for projected earnings. An accrued benefits valuation method is a valuation method in which the scheme liabilities at the valuation date relate to:

- The benefits for pensioners and deferred pensioners (i.e. individuals who have ceased to be active members but are entitled to benefits payable at a later date) and their dependents, allowing where appropriate for future increases; and
- The accrued benefits for member in service on the valuation date.

PROVISION
An amount set aside to provide for a liability which is likely to be incurred but the exact amount and the date on which it will arise is uncertain.

RELATED PARTIES
Two or more parties are related parties when at any time during the financial period:

- one party has direct or indirect control of the other party, or
- the parties are subject to common control from the same source, or
- one party has influence over the financial and operational policies of the other party to an extent that the other party might be inhibited from pursuing at all times its own separate interests, or
- the parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate interests.

RELATED PARTY TRANSACTION
A related party transaction is the transfer of assets or liabilities or the performance of services by, to or for a related party irrespective of whether a charge is made.

RESERVE
An amount set aside for a specific purpose and carried forward to meet expenditure in future years. General reserves represent accumulated balances which may be used to support future spending. Earmarked reserves are those reserves set aside to meet specific policy purposes.

RESIDUAL VALUE
The net realisable value of an asset at the end of its useful life. Residual values are based on prices prevailing at the date of acquisition (or revaluation) of the asset and do not take account of expected future price changes.

REVENUE BUDGET
The Revenue Budget estimates annual income and expenditure requirements, and sets out the financial implications of the PCC Group policies and the basis of the annual precept to be levied on collection funds.

REVENUE SUPPORT GRANT
Central Government grant supporting the cost of public services.

SCHEME LIABILITIES (PENSIONS)
The liabilities of a defined benefit scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method reflects the benefits that the employer is committed to provide for service up to the valuation date.

SETTLEMENT (PENSIONS)
An irrevocable action that relieves the employer (or the defined benefit scheme) of the primary responsibility for a pension obligation and eliminates significant risks relating to the obligation and the assets used to effect the settlement. Settlements include:-

- a lump sum cash payment to scheme members in exchange for their rights to receive specified pension benefits
- the purchase of an irrevocable annuity contract sufficient to cover vested benefits, and
- the transfer of scheme assets and liabilities relating to a group of employees leaving the scheme.

SONIA (Sterling Overnight Index Average)
SONIA is the effective reference overnight rate for unsecured transactions in the Sterling market. SONIA is now the key reference rate for most market transactions, effectively replacing LIBOR.

SPECIFIC GRANTS
Central Government grants towards specific services, usually on a fixed percentage for a particular service such as Police. These are included as income on the Income & Expenditure Account.

TOTAL NET EXPENDITURE
Total net spending requirement after deducting specific grants and other local income is financed by Central Government grants and local Council Tax

WORK IN PROGRESS/ASSETS UNDER CONSTRUCTION
The cost of work expended on an incomplete project as at the end of the year.

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