THE CHIEF CONSTABLE OF SUSSEX
Draft Statement of Accounts 2025/26

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Narrative Report

1 Introduction

The purpose of this Narrative Report is to provide a guide to the most significant matters reported within the 2025/26 Financial Statements for the Chief Constable of Sussex. The report explains the purpose of the Financial Statements, summarises the force's financial activities during the year, and outlines the financial position as at 31 March 2026.

Sussex Police provides policing services across East Sussex, West Sussex and the city of Brighton & Hove, covering approximately 1,460 square miles and almost 150 miles of coastline. Sussex is among the 10 largest police forces in England by population and geographical size, serving a resident population of over 1.7 million people concentrated mainly within urban areas along the south coast. The area also experiences significant additional demand from visitors, seasonal workers, university students and international travel through Gatwick Airport and regional ports. The combination of densely populated urban environments, coastal communities and extensive rural areas presents a diverse and increasingly complex policing challenge.

The Police & Crime Plan 2024–2028 sets out the overarching priorities for policing in Sussex:

- Protect our communities,
- Catch criminals,
- Deliver an outstanding service to victims, witnesses and the public.

Sussex Police continues to modernise the way policing services are delivered through technology, digital capability, investigative standards and operational productivity. The force has continued to improve performance across core policing functions while responding to rising demand and increasing complexity within areas such as, but not limited to, investigations, safeguarding, cyber-enabled crime, public protection and violence against women and girls. The force has also continued to invest in neighbourhood policing, investigative resilience and public contact services to improve visibility, confidence and outcomes for victims and communities across Sussex.

Demand for policing services continues to increase year on year in both scale and complexity which creates an increasingly challenging operational environment. The force continues to face a structural funding deficit due to externally driven costs increasing faster than funding. This is mainly as a result of nationally agreed pay awards, pensions, price inflation across most supplies and services, and growing digital and technological requirements all of which contribute to already significant funding pressure. As a workforce-intensive organisation over 75% of spending relates to employee costs, therefore the force budget

is particularly sensitive to relatively small changes is employee costs. Sussex Police remains one of the lowest funded forces nationally in terms of funding per head of population and continues to rely increasingly on local taxation to support policing services.

The policing landscape is expected to change significantly over the next few years at a national and regional level. The Government's policing reform agenda, including the White Paper *From Local to National: A New Model for Policing*, proposes substantial changes to policing governance, collaboration and national service delivery models. Alongside wider local government reform and devolution proposals for East and West Sussex, and Brighton, these developments are expected to reshape governance and future service delivery models over the medium term.

Despite these challenges, Sussex Police continues to focus on maintaining frontline policing services, improving productivity and delivering value for money. The force continues to deliver significant economies of scale and efficiency through deep collaboration with Surrey Police which help to maintain and improve effectiveness, strengthen resilience and ensure the force can remain financially sustainable while continuing to meet the priorities of the Police & Crime Plan and the Strategic Policing Requirement.

2 The financial year ahead

The 2026/27 Home Office police funding settlement included a material shift in assumptions and national police funding arrangements, with several previously ring-fenced grants, such as the Uplift Maintenance Grants, and National Insurance Grant, being consolidated into the core Grant. This means grants that were allocated based on specific headcount targets are now distributed by the police funding formula, where Sussex receive 2.1% of the Home Office national Core Grant funding. This has resulted in a material reduction in the funding that Sussex Police expected to receive following the Government Comprehensive Spending Review in Summer 2025. The revised settlement is estimated to be approximately £4.2m lower than anticipated.

The total funding for Sussex Police set by the Home Office for the financial year 2026/27 is £443.5m, made up of £254m Home Office Core Grant and £189m council tax precept including a £15 increase per band D property assumed into the funding settlement, of this, £427m is delegated to the Sussex Police Chief Constable for the delivery of operational policing. While this represents a modest increase in funding over 2025/26 (the financial year these accounts are based) it is not enough to cover the externally driven cost growth.

Like other police forces nationally, the funding deficit requires continued delivery of savings, careful management of reserves, prioritisation of capital financing and ongoing efficiency activity to ensure the force can continue to meet the priorities within the Force's Priority Delivery Plan. To help meet the funding deficit the force has been delivering a multi-year transformation programme in selected areas of the organisation, now in its final year of delivery the programme was designed to simplify and digitise processes, improve outputs, and reduce costs. This is alongside other tactical and operational savings and efficiency measures. The force is well practiced at looking for ways to improve productivity and deliver value for money with demonstrable progress in recent years and made savings of approximately £5m in 2025/26 and £25m in the past five years.

3 The Chief Constable & The Police and Crime Commissioner

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

The Chief Constable

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

- Operational independence to deliver the operational policing plan;
- Direction and control over the force's officers and staff;
- Managing the operational delivery budget; and
- Appointing a qualified person to act as chief finance officer.

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

The Police and Crime Commissioner

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

The PCC holds the force's assets, liabilities and reserves on the PCC balance sheet while the Force is responsible for their financial management and delivery. The PCC is also responsible for scrutinising the force's in-year financial management and future financial plans. The PCC incurs costs relating to the Office of the PCC and receives the funding and is the nominal account holder for the payments for the Group from the overall Police Fund which are administered and delivered by the Force. In turn, the Chief Constable fulfils the functions under the Act within an annual budget (set by the PCC in consultation with the Chief Constable). A Scheme of Consent is in operation between the two bodies determining their respective responsibilities, as well as local arrangements in respect of the use of the PCCs assets.

Accounting Arrangements

Each Public Body has a statutory responsibility to prepare its own accounts to present fairly its operations during the year. They must be prepared in accordance with proper practices as set out in the Code of Practice on Local Authority Accounting 2025/26 in the United Kingdom (the Code).

This Statement of Accounts includes all the financial transactions incurred during 2025/26 relating to the Chief Constable. The consolidated Group position, including the Chief Constable and PCC, have been prepared in a separate Statement of Accounts.

4 The Statement of Accounts

The Financial Statements for 2025/26, which follow this narrative report, have been prepared in accordance with 'The Code' issued by the Chartered Institute of Public Finance & Accountancy (CIPFA) and comprise of:

Comprehensive Income and Expenditure Statement (CIES)

The CIES consolidates all income, expenditure, gains and losses experienced during the financial year. This includes all day-to-day expenses and related income prepared on an accruals basis, as well as transactions measuring the value of fixed assets

consumed and the real projected value of retirement benefits earned by employees in the year. The PCC raises taxation to cover expenditure in accordance with specific rules as to how tax rates are set in relation to the income and expenses of the Group. This means the expenditure covered by local taxation (funding basis) may be different to the full accounting cost recorded in the CIES (accounting basis). The adjustments between the funding basis and accounting basis are shown in the Movement in Reserves Statement (MiRS).

The Movement in Reserves Statement

The MiRS is a summary of the changes that have taken place in the bottom half of the Balance Sheet over the financial year. It shows the movement in year on the different reserves, analysed into 'useable' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves.

The Balance Sheet

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

The Cash Flow Statement

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

Notes to the Accounts

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

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

Governance

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

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

5 Financial Arrangements

Setting the Budget

The Chief Constable delivers the operational policing plan against a budget approved by the PCC. The PCC Group total revenue funding for 2025/26 was at £425.933m of which £401.933m was attributed to operational policing under the direction of the Chief Constable for the year, with the remaining revenue funding being held under the control of the PCC. The Chief Constable's revenue funding for running costs is referred to as the Operational Delivery Budget.

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

Final Revenue Outturn

The Unadjusted Group Outturn was £400.093m which was £1.8m underspent against the policing operational delivery budget. However, there are adjustments required to illustrate the realistic outturn due to additional one-off incomes and slippage that do not form part of the operating cost base.

2025/26 Category	Chief Constable Outturn		
	Actual £000	Budget £000	Variance £000
Employees	374,071	375,422	(1,351)
Premises	14,207	13,989	218
Transport	6,445	5,955	490
Supplies & Services	52,433	51,529	904
Capital Financing and Reporting	2,008	(1,356)	3,364
Total Expenditure	**449,164**	**445,539**	**3,625**
Grants & Income	(49,071)	(43,606)	(5,465)
Total Net Expenditure	**400,093**	**401,933**	**(1,840)**
PCC Net Expenditure	**24,171**	**24,001**	**170**
Group Net Expenditure	**424,264**	**425,933**	**(1,669)**
Funding	(425,791)	(425,933)	142
Unadjusted Group Revenue Outturn	**(1,527)**	**(0)**	**(1,527)**

The Group Total includes both unplanned additional income related to previous years and slippage where the cost of activity has moved to the following year and requires the funding to be carried forward into 2026/27 to cover the cost. As illustrated in the table below, this results in an Adjusted Group Outturn position of £373k overspent (0.09% of budget).

Outturn Report	Variance £000's	
Unadjusted Revenue Outturn	**(1,527)**	
PCC Slippage	45	PCC transfer to reserves
Ops Crowborough Funding	796	One off HO agreement received in April
Officer Pay	1,100	One off correction of pension error from 2022/23 - 2024/25
Cost of Change Projects	152	Carry forward of Cost of Change funding
Machine Learning slippage	89	Slippage for Machine Learning funded by the PCC
One off back dated income for aerials	120	One off income
Insurance actuarial report	(875)	Actuarial increase to insurance liability reserve
RCCP Slippage	255	Temporary Budget allocated for revenue cost of capital
Op Wheathill funding	218	Funding relating to 2024/25
Adjusted 2025/26 Outturn	**373**	

Employee Expenditure

Employee expenditure generated a mixed position overall, with significant pay savings offset by overtime and pension pressures.

Key favourable variances

- **Police Officer Pay underspend** driven by:
    - lower average pay rates than budgeted,
    - pension accounting corrections from previous years,
    - and lower allowance costs.

- **PCSO Pay underspend** due to vacancy levels being above the planned vacancy factor.

Key adverse variances

- **Police Officer Overtime overspend** reflecting continued operational demand pressures and specialist policing activity.
- **Ill Health & Injury Pension overspend** due to increased ill-health retirements and pension-related liabilities.
- **People Services overspend** linked to:
    - officer training,
    - unfunded assessor posts,
    - Learning & Development pressures,
    - and occupational health activity.

Overall summary

Employee expenditure benefited from vacancy savings and lower average pay costs due to a larger proportion of new officers; however, these savings were partially offset by overtime pressures, pension costs, and increased workforce training requirements.

Premises

Premises overspend due to increased building repairs and maintenance costs across the estate portfolio.

Transport

Transport expenditure overspent due to increased vehicle maintenance and defect repair costs, fleet accident repairs, and collaboration recharge impacts.

Supplies & Services

Supplies & Services showed significant variances across departments, with both major overspends and underspends in areas such as:

- Specialist Crime mainly due to outsourcing Digital Forensics activity,
- Commercial & Finance Services overspend driven by increased insurance reserves, insurance write-offs.
- Operations overspend largely associated with Road Safety Partnership arrangements.
- Digital Data & Technology underspend mainly due to reduced expenditure on software licenses, line rentals, mobile costs, and project slippage.

Comprehensive Income and Expenditure Statement

Actual expenditure for the year ended 31 March 2026 compared against the previous year can be seen in the Comprehensive Income and Expenditure Statement.

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

The following table reconciles the Chief Constable's net operational expenditure for 2025/26 to the position reported in the CIES. The table shows how the management accounts outturn position reported to the Chief Constable and the Police and

Crime Commissioner is adjusted for accounting regulations and other statutory adjustments to arrive at the deficit on provision of services as reported in the CIES.

2024/25 £m	Final Chief Constable Income and Expenditure Position	2025/26 £m
(0.7)	**Chief Constable's revenue outturn (surplus) position for the year**	(1.8)
0.7	Loss or (Surplus) transfer from/to Reserves	1.8
0.0	**Chief Constable's position after surplus transfer to Reserves**	**0.0**
	Adjustments between accounting & funding basis under regulations (note 6 to the Accounts)	
145.1	Pension amounts relating to retirement benefits charged to the CIES	150.9
(106.7)	Pension employer contributions and payments payable to pensioners in year	(113.4)
1.0	Accumulated Absences accrual	0.6
39.4	**Deficit on Provision of Services per Comprehensive Income and Expenditure Statement**	**38.1**
(288.3)	Pension re-measurements	(157.2)
(248.8)	**Total Comprehensive Income and Expenditure Statement Deficit per Financial Statements**	**(119.1)**

For the 2025/26 financial year the value of notional (non-cash) items are significant. They include:

- non-cash items required to be included in statutory accounts but not funded from local taxation including in year pensions costs on an actuarial basis rather than cash basis £37.5m; and accumulated annual leave not taken by year end (£0.6m); and
- a decrease in the pension liability amounting to £120.2m based on actuarial assessment and this was caused by the Asset Ceiling and pension remeasurements adjustments.

An asset ceiling adjustment is a calculation that limits the amount of net assets an employer can disclose relative to their funding obligations. It's used to ensure that a company's balance sheet accurately reflects how a pension scheme's rules and funding requirements impact the value of a defined benefit surplus or deficit.

The asset ceiling is the present value of any economic benefits that may be available in the form of refunds or reduced future contributions to a plan.

The overall change in pension liabilities reflected in the CIES and balance sheet is £120.2m, including the in-year actuarial pension costs and change in long term liabilities.

Pension liabilities can vary from year to year and have significant impact on the statutory accounts. The actuarial assessment each year reflects changes in market conditions, bond yields, assumed rates of increase of salaries and deferred pension, all of these can have a significant effect on the value of liabilities reported. Actuarial assumptions are determined on a 'best estimate' basis although there are risks and uncertainties associated with whatever assumptions are adopted because they are in effect projections of future investment returns and demographics many years into the future so there is inevitably a great deal of uncertainty.

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

6 Capital Expenditure Budget

The capital programme is designed to support business enablement. Current plans include provision for the Estates Strategy, vehicle fleet replacement programme and in-car technology development, ICT infrastructure and modernisation plans, plus specialist operational equipment.

The Digital, Data and Technology (DDaT) Strategy includes modernising technology, hardware refresh projects, updating network infrastructure, network storage, network monitoring and crime reporting tools. Much of the force's capital underspend observed this year related to project slippage within Estates and Change Delivery where the project costs will now be incurred in the following year.

The Estates Strategy is a key part of the capital programme and aims to make sure that the aged police estate used for policing is in the right place, is fit for purpose and is efficient. This involves transforming the property estate, freeing up resources and disposing of unsuitable properties to generate capital receipts that can be reinvested into modernising the police estate.

Under the terms of the funding arrangement between the PCC and the Chief Constable, all non-current assets are held by the PCC, although managed by the Chief Constable. Details of capital expenditure and funding in relation to the acquisition and

enhancement of assets, which amounted to £14.01m in 2025/26 are shown in the financial statements of the PCC. An additional amount totalling £0.319m 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 CIES and excluded in full from the Capital Financing Requirement (CFR).

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

The capital and investment budget for 2025/26 was approved by the PCC in February 2025 at £28m. During the year budget virements were agreed, resulting in a revised capital budget of £21.9m, of which the outturn for the capital programme was underspent by £7.89m mainly due to slippage where those costs will be incurred in future years.

Capital Budget Outturn 2025/26

2025/26 Capital Outturn	Actual	Revised Budget	Variance over/ (under)spend	
	£m	£m	£m	%
Digital, Data and Technology	3.04	3.61	(0.57)	(15.82%)
Estates and Facilities	1.50	2.91	(1.41)	(48.33%)
Estates Strategy	0.72	2.81	(2.08)	(74.20%)
Transport Services	8.00	8.47	(0.47)	(5.50%)
Cost of Change	0.00	2.42	(2.42)	(100.00%)
Specialist Crime	0.09	0.02	0.06	315.34%
Operations & Protective Security	0.52	1.49	(0.97)	(65.19%)
Corporate Services	0.10	0.14	(0.04)	(26.85%)
Local Policing	0.04	0.04	(0.00)	(7.92%)
Total	**14.01**	**21.91**	**(7.89)**	**(36.03%)**

DDaT reported an underspend of **£0.57m**, primarily due to delays in project delivery and revised implementation timelines across several technology programmes. Slippage relates mainly to the Joint WiFi Refresh and SD-WAN Hardware Refresh projects, both of which will continue into 2026/27. In addition, budgets previously allocated for the Joint Firewall & Security Devices programme and the Joint Network Monitoring Tool are no longer required following a review of project requirements and procurement approaches. Overall, the variance reflects reprofiling of expenditure rather than a reduction in planned digital investment.

Estates & Facilities underspent by **£1.41m**, predominantly due to delays in delivery of infrastructure and maintenance projects. Key schemes impacted include CCTV & Security Works, Crawley Down Sewer improvements, Mechanical & Electrical works, the Sussex TEP Store Improvement Project, and Vehicle Wash Upgrade programmes. The majority of expenditure has been rephased into 2026/27 in line with revised project delivery schedules and contractor timelines.

Sussex Estates Strategy programme reported an underspend of **£2.08m**, reflecting delays across several large estate development and refurbishment schemes such as Brighton Phase 3 Basement works, and other Sussex Estates Strategy programmes. These delays are primarily timing-related, and the associated funding will be carried forward to support completion of projects in future years.

Transport Services reported an underspend of **£0.47m**, mainly attributable to delays within the Sussex Vehicle & Equipment Project following revised manufacturer delivery schedules from Stellantis. The variance reflects supply chain and procurement timing issues, with expenditure now expected to occur during 2026/27.

Capital Cost of Change programmes reported an underspend of **£2.42m**. Only three projects were approved during the financial year, significantly reducing planned expenditure against the original budget. Approved schemes included the Sussex Solar Panel Project, Vehicle Airwave Hardware Refresh, and ANPR Management Server investment. The remaining underspend will be carried forward to support future transformation and change activity.

Corporate Services reported a small underspend of **£0.04m**, reflecting final project costs being lower than originally anticipated. No further funding is required against this scheme.

Specialist Crime reported a minor overspend of **£0.06m** relating to the CTBP Vehicle Refresh programme. This arose due to timing differences between vehicle delivery and Home Office grant recovery arrangements. The funding claim has now been approved and received, meaning no ongoing financial pressure or slippage remains against the programme.

Capital Financing programme continued to be financed fully through internal resources, including revenue contributions, reserves, grants, and capital receipts, with no additional borrowing undertaken during the year. This approach has minimised exposure to borrowing costs and interest rate volatility while maintaining delivery of the Force's strategic investment priorities.

Source of Funding	Revenue Sources £m	Capital Sources £m	Total Financing £m	%
Home Office Capital Grant	0	0	0	0%
Other Grants and Income	0	0.416	0.416	3%
Capital Receipts	0	0.465	0.465	3%
Revenue Funding	11.983	0	11.983	85%
Reserves	0	1.153	1.153	8%
External Borrowing	0	0	0	0%
Internal Borrowing	0	0	0	0%
Total	**11.983**	**2.034**	**14.017**	**100%**

Revenue costs of capital programme:

The capital programme budget includes the total costs of each project. Actual expenditure incurred therefore comprise elements of capital and revenue expenditure. Expenditure is assessed at year end as part of the annual accounts process to ensure we account for expenditure in line with approved asset accounting policy. A strict definition is used to assess whether expenditure on the capital programme complies with capital expenditure regulations. In general, one-off small value items and spend that does not add to the value of an asset, is charged to the revenue accounts. As part of the final accounts process, capital

programme expenditure of £0.319m has been assessed as expenditure which cannot be capitalised. This expenditure has been charged to the Operational Delivery revenue account 2025/26 funded from revenue funding and is reflected in the revenue account.

Balance Sheet

The balance sheet shows the value of the recognised assets and liabilities. The net liabilities are matched by the reserves held.

Chief Constable's Balance Sheet			
	31 March 2025 £m	**31 March 2026 £m**	**Movement £m**
Current Liabilities	(6.9)	(7.5)	(0.6)
Long Term Liabilities	(2,243.20)	(2,123.0)	120.2
Net Liabilities	**(2,250.10)**	**(2,130.5)**	**119.6**
Financed by			
Pensions Reserve	2,243.20	2,123.0	(120.2)
Accumulated Absences Reserve	6.9	7.5	0.6
Total Reserves	**2,250.10**	**2,130.5**	**(119.6)**

The movement between years was £119.6m. This is predominantly due to the recognition of the asset ceiling in the long-term pension liability and other actuarial remeasurements as a result of the annual actuarial review and changes in assumptions used to estimate future pension costs. The present value of the defined benefit obligation and projected pension expense for next year have increased over the year due to a fall in the real discount rate and from using a more up-to-date longevity assumption.

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

7 Employee Pension Schemes

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

Although benefits from these schemes will not be payable until an officer or staff member retires, the Chief Constable is required to disclose this future commitment based on the full cost calculated based on the time employees become eligible to retire. This future net liability and annual current cost are calculated by an independent actuary in accordance with International Accounting Standards (IAS19).

Accounting for this commitment has a substantial impact on the net worth of the Balance Sheet, resulting in a negative pension reserve on the Balance Sheet of £2,123.4m (2024/25: £2,243.2m). The police officer pension schemes have the majority share of this deficit at £2,123.1m (2024/25: £2,232.9m). Statutory arrangements are in place to fund this deficit which means the Chief Constable maintains a healthy financial position and can continue to operate on a going concern basis.

The value of the police staff pension scheme is assessed triennially when the employer's contribution is adjusted in line with the actuary's recommendations. The last valuation was carried out as at 31 March 2025 and set the rate of employer contributions for 2025/26 at 18.0% (2024/25: 18.9%).

For the police officer pension fund, the employer's contribution rate for the 2025/26 year was set at 35.3%. In 2025/26, costs in excess of the employer's contribution were met by the Home Office by way of the Pension Top Up Grant and an additional Pension Grant from HM Treasury.

8 Financial Outlook

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

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

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

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

Usable reserves are a key part of budget setting and financial planning for the group, such reserves are held by the PCC, with the general reserves strategy being to maintain a balance that does not fall below 4% of the budget. A number of earmarked revenue reserves are also held for specific purposes or activities and are allocated for use with an expectation they will be consumed over the medium term. The use of reserves assists in financial planning to mitigate short term funding gaps, and to address critical and high priority requirements as they arise. Reserve would not normally be held without a plan to consume them. All reserves are planned for consumption.

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

The MTFP provides options for delivering a sustainable revenue budget and capital programme over the next four years. It forms part of the Medium Term Financial Strategy which sets out how the PCC can provide the Chief Constable with the resources to deliver the priorities in the Police & Crime Plan, support the mission, vision and values of Sussex Police and meet the requirements of the Sussex Police Priority Delivery Plan.

Further Information

Details of the PCCs plans for revenue and capital expenditure in 2025/26 budget can be found in the Sussex Police and Crime Commissioner's Precept setting proposal. Whilst the annual budget is agreed by the PCC it is scrutinised by the Police and Crime Panel before a final decision is made. Copies of the documents can be obtained from the Office of the Police and Crime Commissioner for Sussex by telephoning: 01273 481561, or from the website at www.sussex-pcc.gov.uk

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

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

Peter Appleton
Chief Finance Officer to the Chief Constable of Sussex
Date: 30 June 2026

Statements of Responsibilities

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

Responsibilities of the Chief Constable:

The Chief Constable is required:

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

Responsibilities of the Chief Finance Officer to the Chief Constable of Sussex:

The Chief Finance Officer is responsible for:

- Preparation of the Statement of Accounts for the Chief Constable of Sussex in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the Code').

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

- Selected suitable accounting policies and applied them consistently;
- Made judgements and estimates that were reasonable and prudent, including assessments of going concern; and
- Complied with the code and its application to the Accounts of the Chief Constable of Sussex.
- Kept proper accounting records which are up to date; and
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

To be signed on approval of the audited Statement of Accounts

Jo Shiner KPM
Chief Constable
Dated: 30 June 2026

I certify that the Draft Statement of Accounts give a true and fair view of the financial position of the Chief Constable of Sussex at the accounting date and of the income and expenditure for the year ended 31 March 2026.

Peter Appleton
Chief Finance Officer to the Chief Constable
Dated: 30 June 2026

Independent Auditors' Report to the Chief Constable of Sussex

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Comprehensive Income and Expenditure Statement

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

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

2024/25					2025/26		
Expenditure	**Income**	**Net**		**Note**	**Expenditure**	**Income**	**Net**
£000	**£000**	**£000**			**£000**	**£000**	**£000**
323,182	0	323,182	Employee Costs		332,104	0	332,104
13,343	0	13,343	Premises		14,315	0	14,315
7,403	0	7,403	Transport		6,411	0	6,411
45,548	0	45,548	Supplies & Services		46,643	0	46,643
2,397	0	2,397	Third Party Payments		3,848	0	3,848
10,490	0	10,490	Capital Charges: Depreciation, Amortisation, Impairment (Proxy)		11,636	0	11,636
0	(45,717)	(45,717)	Income		0	(49,040)	(49,040)
			Rounding		(1)		(1)
402,363	**(45,717)**	**356,646**	**Net Cost of Services**	**1**	**414,956**	**(49,040)**	**365,916**
0	(423,828)	(423,828)	Intra-Group Funding Transfer		0	(452,125)	(452,125)
139,268	(32,636)	106,632	Financing and Investment Income and Expenditure	**8**		124,325	124,325
0	(8)	(8)	Taxation and Non-Specific Grant Income	**9**	0	(27)	(27)
541,631	**(502,189)**	**39,442**	**(Surplus) or Deficit on Provision of Services**	**1**	**414,956**	**(376,867)**	**38,089**
		(288,281)	Re-measurement of the net defined benefit liability				(157,215)
		(288,281)	**Other Comprehensive Income and Expenditure**				**(157,215)**
		(248,839)	**Total Comprehensive Income and Expenditure**				**(119,126)**

Movement in Reserves Statement

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

2025/26	**Note**	**General Fund Balance**	**Total Usable Reserves**	**Unusable Reserves**	**Total Reserves**
		£000	**£000**	**£000**	**£000**
Balance at 31 March 2025		**0**	**0**	**2,250,105**	**2,250,105**
Movement in reserves during 2025/26					
Surplus or deficit on the provision of services	**1**	38,089	38,089		**38,089**
Other Comprehensive Income / Expenditure			0	(157,215)	**(157,215)**
Total Comprehensive Income and Expenditure		**38,089**	**38,089**	**(157,215)**	**(119,126)**
Adjustments between accounting basis and funding basis under regulations	**6**	(38,089)	(38,089)	38,089	**0**
Net Increase or Decrease before Transfers to Earmarked Reserves		**0**	**0**	**(119,126)**	**(119,126)**
Transfers to / from Earmarked Reserves					**0**
Increase or Decrease in 2025/26		**0**	**0**	**(119,126)**	**(119,126)**
Rounding					
Balance at 31 March 2026	**12**	**0**	**0**	**2,130,979**	**2,130,979**

2024/25	Note	General Fund Balance	Total Usable Reserves	Unusable Reserves	Total Reserves
		£000	£000	£000	£000
Balance at 31 March 2024		**0**	**0**	**2,498,944**	**2,498,944**
Movement in reserves during 2024/25					
Surplus or deficit on the provision of services	1	39,442	39,442		**39,442**
Other Comprehensive Income / Expenditure		0	0	(288,281)	**(288,281)**
Total Comprehensive Income and Expenditure		**39,442**	**39,442**	**(288,281)**	**(248,839)**
Adjustments between accounting basis and funding basis under regulations	6	(39,442)	(39,442)	39,442	**0**
Net Increase or Decrease before Transfers to Earmarked Reserves		**0**	**0**	**(248,839)**	**(248,839)**
Transfers to / from Earmarked Reserves		0	0	0	**0**
Increase or Decrease in 2024/25		**0**	**0**	**(248,839)**	**(248,839)**
Rounding				0	**0**
Balance at 31 March 2025	**12**	**0**	**0**	**2,250,105**	**2,250,105**

Balance Sheet

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

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

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

31-Mar-25 £000		Note	31-Mar-26 £000
(5,861)	Short-Term Creditors		(7,522)
(5,861)	**Current Liabilities**		**(7,522)**
(2,493,083)	Other Long-Term Liabilities		(2,123,457)
(2,493,083)	**Long Term Liabilities**	**12**	**(2,123,457)**
(2,498,944)	**Net Liabilities**		**(2,130,979)**
2,498,944	Unusable Reserves	12	2,130,979
2,498,944	**Total Reserves**		**2,130,979**

I certify that the Draft Statement of Accounts gives a true and fair view of the financial position of the Chief Constable of Sussex at the accounting date and of the income and expenditure for the year ended 31 March 2026.

Peter Appleton
Chief Finance Officer to the Chief Constable
Dated: 30 June 2026

Cash Flow Statement

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

2024/25 £000			2025/26 £000
39,442	Net (surplus) or deficit on the provision of services		38,089
(39,442)	Adjustment to surplus or deficit on the provision of services for noncash movements	6	(38,089)
0	**Net cash flows from operating activities**		**0**
0	Net cash flows from investing activities		0
0	Net cash flows from financing activities		0
0	**Net (increase) or decrease in cash and cash equivalents**		**0**
0	Cash and cash equivalents at the beginning of the reporting period		0
0	**Cash and cash equivalents at the end of the reporting period**		**0**

All cash payments are made from the Police Fund which is held by the Police and Crime Commissioner for Sussex. Similarly all income receipts and funding are received by the PCC during the year. This is why the statement does not show any cash transactions for the year ended 31 March 2026.

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

Note 1 - Expenditure and Funding Analysis

2024/25				2025/26		
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**
283,740	39,442	323,182	Employee Costs	294,015	38,089	332,104
13,343	0	13,343	Premises	14,315	0	14,315
7,403	0	7,403	Transport	6,411	0	6,411
45,548	0	45,548	Supplies & Services	46,643	0	46,643
2,397	0	2,397	Third Party Payments	3,848	0	3,848
10,490	0	10,490	Capital Charges: Depreciation, Amortisation, Impairment	11,636	0	11,636
(45,717)	0	(45,717)	Income	(49,040)	0	(49,040)
317,204	**39,442**	**356,646**	**Net Cost of Services**	**327,827**	**38,089**	**365,916**
(317,204)	0	(317,204)	Other Income and Expenditure	(327,827)	0	(327,827)
			Rounding			
(0)	**39,442**	**39,442**	**(Surplus) or Deficit on Provision of Services**	**0**	**38,089**	**38,089**
0	0		Opening Combined General Fund Balance	0		
0	0		Plus Surplus on the General Fund Balance for the Year (Statutory Basis)	0		
			Rounding			
0			**Closing Combined General Fund Balance**	**0**		

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

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

- Accumulated absences amounts by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from the remuneration chargeable in the year in accordance with statutory requirements; and

- Net Change for the Pensions Adjustments - for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income. For services this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.

Note 2 - Going Concern

Going Concern Section 1 – Underlying Principle

These accounts have been prepared on a going concern basis as the Police and Crime Commissioner for Sussex and the Chief Constable of Sussex will continue in operational existence for the foreseeable future. The Police and Crime Commissioner for Sussex and the Chief Constable of Sussex have assessed the appropriateness of the going concern basis and are satisfied that cash flow requirements can be met throughout the assessment period to at least 31 March 2028.

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 therefore 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, it would not be appropriate for the financial statements of a policing body to be prepared 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.

MTFS 2026/27 to 2029/30

The key principles underlying the PCC's and the Chief Constable's Medium Term Financial Strategy (MTFS) 2026/27 to 2029/30 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 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 PCC and Chief Constable will continue to develop and deliver savings, efficiency and transformation programmes to ensure financial sustainability over the medium term.

The MTFS approved in February 2026 covers the four-year period from 2026/27 to 2029/30 and provides the financial framework to support delivery of the Police and Crime Plan and operational policing priorities. The final police funding settlement for 2026/27 provided total funding resources of £443.5 million for Sussex Police, including Home Office grant funding of £254.2 million and a council tax precept increase of £15 for a Band D property.

The MTFS identifies continuing financial pressures arising from workforce costs, inflation, borrowing costs and uncertainty regarding future national police funding arrangements. The Strategy also identifies a requirement to deliver savings and efficiencies through transformation, productivity improvements and expenditure controls in order to maintain a sustainable financial position over the medium term.

The Chief Finance Officers have reviewed the financial forecasts, reserves position and savings plans and concluded that, whilst significant financial challenges remain, the revenue and capital estimates are robust, and reserves remain adequate to support the financial risks facing the organisation. The approved MTFS demonstrates that Sussex Police has a credible plan to maintain financial sustainability throughout the planning period.

Going Concern Section 2 – Cash Position

The PCC and Chief Constable for Sussex maintain adequate cash balances, investments and treasury management arrangements to ensure that operational and capital commitments can be met as they fall due.

The majority of funding continues to be derived from Government grant and council tax precept income. Consequently, the uncertainty associated with future cash flows is considered low. Cash flow forecasts are prepared and reviewed regularly as part of the treasury

management framework and demonstrate that sufficient liquidity is available to support operational policing activities throughout the assessment period.

The PCC maintains a borrowing strategy to support approved capital investment and has access to short-term borrowing facilities, if required, to manage temporary cash flow requirements. Treasury management arrangements continue to provide sufficient flexibility to manage investment maturities, capital expenditure requirements and operational cash flow needs.

Based on current forecasts, the PCC and Chief Constable are satisfied that sufficient cash resources and liquidity will be available to enable Sussex Police to continue operating and meeting its obligations throughout the assessment period to at least 31 March 2028.

Going Concern Section 3 – Conclusion

The Chief Constable has considered the current financial position, approved budgets, Medium Term Financial Strategy, reserves strategy, treasury management arrangements and cash flow forecasts.

Having undertaken this review, the Chief Constable is satisfied that there are no material uncertainties that cast significant doubt upon the ability of Sussex Police to continue as a going concern. The Chief Constable therefore considers it appropriate to prepare the 2025/26 Statement of Accounts on a going concern basis.

The approved MTFS, together with the level of reserves held, planned savings and transformation activity, and ongoing financial monitoring arrangements, provides reasonable assurance that Sussex Police will continue to operate and meet its statutory obligations for the foreseeable future and throughout the assessment period to at least 31 March 2028.

Note 3 - Critical Judgements in Applying Accounting Policies

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

The critical judgements made in the Statement of Accounts include judgements, estimates and assumptions that affect the application of policies and reporting amounts of assets and liabilities, income and expenditure. The estimates and associated assumptions are based on historical experience and various other factors, the results of which form the basis of making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised. Material estimates and assumptions are made in the following cases:

- Calculating employee benefit accruals e.g. unused holiday, this is based on staff time records and an average cost for each grade.

- Costs of pension arrangements require estimates assessed by an independent qualified actuary regarding future cash flows that will arise under the scheme liabilities. The assumptions underlying the valuation used for IAS19 reporting are the responsibility of the Chief Constable as advised by their actuaries. The financial assumptions are largely prescribed at any point and reflect market expectations at the reporting date. Assumptions are also made around the life expectancy of the UK population (see Note 18 for details of the pension schemes in place for police officers and staff, see also the Police Pension Fund Account Statements towards the end of this document).

- A judgement has been made of the expenditure allocated between the PCC and Chief Constable's accounts to reflect financial resources of the PCC consumed at the request of the Chief Constable. The basis adopted for this allocation was determined in accordance with the subjective activities for each corporate body included in the Comprehensive Income & Expenditure Account. In arriving at this approach, interested parties, including senior management in both corporate bodies were consulted and careful consideration given to the Police Reform and Social Responsibility Act 2011 and Home Office guidance.

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

Pensions Actuarial Assumptions

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

There is also uncertainty around the life expectancy of the UK population. The value of current and future pension benefits will depend on how long they are assumed to be in-payment. The mortality assumptions have changed from the previous accounting period to take account of recent mortality experience.

Pensions Impact of McCloud/Sargeant court of appeal

The McCloud and Sargeant legal judgements concluded that aspects of the transitional protections introduced as part of public service pension reforms gave rise to unlawful age discrimination.

The remedy implemented by the Government has now been incorporated into the actuarial valuation of both the Police Pension Scheme and the Local Government Pension Scheme. The IAS 19 actuarial valuations used in preparing the 2025/26 financial statements include the actuaries' assessment of the impact of the McCloud remedy and any associated assumptions.

Whilst some uncertainty remains regarding future member choices and experience, the Chief Constable considers that the actuarial valuation appropriately reflects the estimated impact of the remedy at the reporting date.

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 30 June 2026. 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 2026, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information. There are no material non-adjusted events to report.

Note 5 - Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Chief Constable about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

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

Item	**Uncertainties**	**Effect if Actual Results Differ from Assumptions**
Pensions Liability	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 £41.0m and an increase in the police officer pension scheme pension liability of £149m. However, the assumptions interact in complex ways. During 2025/26, the Chief's actuaries advised that the net pension liability had decreased in total by £119.8m as a result of revised actuarial 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 Chief Constable 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 £44.1m (£40.8m for 2024/25) and other Pension Grants to the PCC. Further details of the schemes can be found in the Police Officer Pension Fund Accounts at the end of these statements.

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

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

2024/25			2025/26	
General Fund Balance £000	Movement in Unusable Reserves £000		General Fund Balance £000	Movement in Unusable Reserves £000
		Adjustments primarily involving the Pensions Reserve:		
(145,139)	145,139	Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(150,893)	150,893
106,707	(106,707)	Employers pension contributions and direct payments to pensioners payable in year	113,455	(113,455)
		Adjustment primarily involving the Accumulated Absences Account:		
(1,010)	1,010	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	(651)	651
		Roundings		
(39,442)	**39,442**	**Total Adjustments**	**(38,089)**	**38,089**

Note 7 - Transfers to/from Earmarked Reserves

This note sets out the usable reserves and amounts set aside from the General Fund balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure during the year. All Earmarked Reserves belong to the PCC on behalf of the Group. The Chief Constable therefore had no Transfers to/from Earmarked Reserves during the year and had no Usable or Earmarked Reserve balances as at the year end. Movements in the Chief Constable's usable reserves as disclosed in the Chief Constable's Movement in Reserves Statement represent accounting movements only involving the total Comprehensive Income and Expenditure Account transactions in year and the corresponding adjustments between accounting basis and funding basis under regulations.

Note 8 - Financing and Investment Income and Expenditure

2024/25 £000		2025/26 £000
106,632	Net interest on the net defined benefit liability (asset)	124,325
106,632	**Total**	**124,325**

Note 9 - Taxation and Non-Specific Grant Income

The Chief Constable has no taxation.

2024/25 £000		2025/26 £000
(8)	Non ring-fenced government grants Redmond Review Local Audit Fees Grant	(27)
(8)	**Total**	**(27)**

Note 10 – Grant Income

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

2024/25 £000		2025/26 £000
(3,263)	PFI	(3,263)
(4,542)	Counter Terrorism	(4,832)
(1,792)	Other Grants and Contributions	(1,646)
(604)	Assets Recovery Incentive Scheme	(737)
(10,201)	**Total**	**(10,478)**

Note 11 - Segmental Analysis of Income and Expenditure

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

2024/25 £000	Description	2025/26 £000
	Employee costs:	
223,240	*Police Officers*	*238,277*
117,761	*Police Staff & PCSO's*	*127,026*
8,611	*Other Employee Costs (includes Ill Health & Injury Pension)*	*8,768*
349,612	Total Employee costs	374,071
13,583	Total Buildings & Premises	*14,207*
7,421	Total Transport	*6,445*
50,058	Total Supplies & Services and Third Party Payments	*52,433*
	Capital Financing	2,008
420,674	**Gross Expenditure**	**449,164**
(45,008)	Total Income	(49,071)
1	**Reconciling Man Accounts & Stat Fin Reporting**	
375,667	**Chief Constable's Net Expenditure**	**400,093**
1,955	Office of the Sussex PCC	2,079
1,858	Community Safety	1,839
(136)	Victim Support & Restorative Justice	663
(120)	Violence Reduction Unit	0
0	Video Enabled Justice	0
0	Non-Delegated income adjustment from Chief	0
18,381	Use of Reserves	
	Financial Provisions	19,590
	(Capital Financing and Treasury Management)	
21,938	**PCC's Net Expenditure**	**24,171**
397,605	**Total Sussex Police Group**	**424,264**

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 2026.

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 2026.

2025/26 Reconciliation of Outturn from Budget report to Statement of Accounts Subjective Analysis

2025/26 Segmental	2025/26 CC £000
Initial Revenue outturn results per Outturn report	**400,093**
Budget Income from Home Office Grant and Local Taxation	**(401,933)**
(Surplus)/Deficit for the year as per Outturn report	**(1,840)**
Surplus transfer from Chief Constable to PCC	1,840
Final transfer adjustments agreed in the Outturn report:	
Final Budget Outturn Position for the year	**0**
Financial year end accounting adjustments:	
Capital & Investment movements	0
Reserve Adjustments	0
Other Adjustment	0
Net Expenditure Chargeable to the General Fund as per EFA	**0**
Adjustments between accounting basis & funding basis under regulations	38,089
Deficit on Provision of Services per Comprehensive Income and Expenditure Statement	**38,089**
(Surplus) on revaluation of fixed assets	0
Re-measurements of the net defined benefit liability/(asset)	(157,215)
Rounding	
Total Comprehensive Income and Expenditure	**(119,126)**

2024/25 Reconciliation of Outturn from Budget report to Statement of Accounts Subjective Analysis

2024/25 Segmental	2024/25 CC £000
Initial Revenue outturn results per Outturn report	**375,667**
Budget Income from Home Office Grant and Local Taxation	**(376,374)**
(Surplus)/Deficit for the year as per Outturn report	**(707)**
Surplus transfer from Chief Constable to PCC	707
Final transfer adjustments agreed in the Outturn report:	
Final Budget Outturn Position for the year	**0**
Financial year end accounting adjustments:	
Capital & Investment movements	0
Reserve Adjustments	0
Other Adjustment	0
Net Expenditure Chargeable to the General Fund as per EFA	**0**
Adjustments between accounting basis & funding basis under regulations	39,442
Deficit on Provision of Services per Comprehensive Income and Expenditure Statement	**39,442**
(Surplus) on revaluation of fixed assets	0
Re-measurements of the net defined benefit liability/(asset)	(288,281)
Rounding	
Total Comprehensive Income and Expenditure	**(248,839)**

Note 12 - Unusable Reserves

31 March 2025 £000		31 March 2026 £000
2,243,234	Pension Reserve	2,123,457
6,871	Accumulated Absences Account	7,522
2,250,105	**Total**	**2,130,979**

31 March 2025 £000	**Pension Reserve**	31 March 2026 £000
2,493,083	**Balance 1 April**	**2,243,234**
(371,364)	Re-measurements of the net defined benefit (liability)/asset	(114,101)
145,139	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	150,893
(106,707)	Employer's pensions contributions and direct payments to pensioners payable in the year	(113,455)
83,083	Asset Ceiling Adjustment	(43,114)
2,243,234	**Balance 31 March**	**2,123,457**

The Pensions Reserve reflects the timing adjustments arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions [Statutory Instrument No. 2010/454]. Post-employment benefits are accounted for in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised in line with inflation assumptions, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned, to be financed as the employer makes contribution to pension funds, or eventual payment of any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources set aside to meet them. The statutory arrangement will ensure that funding will have been set aside by the time the benefits come to be paid.

31 March 2025 £000	Accumulated Absences Account	31 March 2026 £000
5,861	**Balance 1 April**	**6,871**
(5,861)	Settlement or cancellation of accrual made at the end of the preceding year	(6,871)
6,871	Amounts accrued at the end of the current year	7,522
1,010	**Amount by which officer remuneration charged to the CIES on an accruals basis differs to remuneration charged in year in accordance with statutory requirements**	**651**
6,871	**Balance 31 March**	**7,522**

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

Note 13 - Collaboration Arrangements

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

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

In 2025/26 the services provided jointly, included the Operations and Specialist Crime departments along with a number of support functions and projects.

Each Force accounts for their share of total income and expenditure and assets in the Comprehensive Income and Expenditure Statement and Balance Sheet respectively.
The table below illustrates the Sussex share of the collaborated service costs.

2024/25 Sussex Share £000	Collaboration Area	2025/26 Sussex Share £000
11,204	Commercial and Finance Services	10,749
3,442	Corporate Services	3,445
	Criminal Justice & Custody	
16,391	Digital, Data and Technology and Estates	18,671
316	Enterprise Resource Planning	
24,417	Operations & Protective Security	25,606
5,873	People Services	7,883
30,423	Specialist Crime	31,615
92,066	**Total**	**97,969**

Note 14 - Officers' Remuneration

The Accounts and Audit Regulations 2015 require the disclosure of remuneration details for police officers and police staff whose gross remuneration exceeded £50,000. In addition, remuneration details for senior employees, those earning a salary of over £150,000 and those in command of the Chief Constable of Sussex organisations are also required to be separately disclosed as 'Remuneration Paid to Senior Employee 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 more than £50,000. This table excludes the senior employee positions shown separately.

Gross Remuneration £	Number of employees 31 March 2025	Number of employees 31 March 2026
50,000-54,999	719	729
55,000-59,999	496	569
60,000-64,999	238	316
65,000-69,999	168	199
70,000-74,999	72	111
75,000-79,999	24	47
80,000-84,999	11	18
85,000-89,999	5	11
90,000-94,999	10	6
95,000-99,999	10	10
100,000-149,999	4	12
150,000-199,999	1	0
	1,758	**2,028**

Exit package amounts are not included in the figures shown in the table above and 4.2% pay award is included in the above table from September 2025 to March 2026.

Details of Chief Officer personal expenses claims are available on the Sussex Police website

Remuneration paid to senior employees during 2025/26

YEAR 25/26	Note	Salary, fees and allowances	Compensation for Loss of Office	Employer Pension Contribution	Total Remuneration including Pension contributions	* Annual Leave Accrual	* Pension Accrual	Total
		£000	£000	£000	£000	£000	£000	£000
Police Officers								
Chief Constable (J SHINER)		232			**232**	2		**234**
Dep Chief Constable (D McCLAREN)		184		60	**244**	1		**245**
Asst Chief Constable		140		46	**186**	7		**193**
Asst Chief Constable (P COURT)		151		49	**200**	9		**209**
Asst Chief Constable	2	113		38	**151**			**151**
Asst Chief Constable	3	149		48	**197**			**197**
Asst Chief Constable	4	132		43	**175**	7		**182**
Chief Superintendent		121		40	**161**	6		**167**
Chief Superintendent		116		40	**156**			**156**
Chief Superintendent		119		40	**159**	6		**165**
Chief Superintendent		117		40	**157**	6		**163**
Chief Superintendent		116		40	**156**	6		**162**
Chief Superintendent		108		36	**144**	6		**150**
Chief Superintendent		120		40	**160**			**160**
Chief Superintendent		116		40	**156**			**156**
Chief Superintendent	5	10		3	**13**			**13**
Chief Superintendent		116		40	**156**	7		**163**
Chief Superintendent		115		39	**154**			**154**
Chief Superintendent	6	105		36	**141**	5		**146**
Chief Superintendent		115		39	**154**	1		**155**
Chief Superintendent	7	117		39	**156**	2		**158**
Chief Superintendent	8	109		35	**144**			**144**
Chief Superintendent	9	45		14	**59**			**59**
Chief Superintendent	10	117		40	**157**			**157**
Police Staff								
Asst Chief Officer People Services Director	11	148		25	173	5		178
Chief Finance Officer (P APPLETON)		159		27	186	4		190
Total		**3,190**		**937**	**4,127**	**80**	**0**	**4,207**

Note 1: Collaborative role, so only 55% is funded by Sussex Police

Note 2: Chief Supt to 08/02/26 – Temp Promotion onwards

Note 3: On secondment – ends 31/03/26

Note 4: Chief Supt to 05/05/26 – Promotion onwards

Note 5: Retired 30/04/25

Note 6: Temp Promotion until 02/03/26 – Return to substantive

Note 7: Temp Promotion 17/04 – 22/07/25 – Return to substantive

Note 8: Temp Promotion from 06/10/25

Note 9: Retired 13/08/25

Note 10: On secondment

Note 11: These two roles under Police Staff are collaborative, so only 55% is funded by Sussex Police.

Remuneration paid to senior employees during 2024/25

Year 2024/25	Note	Salary, fees and allowances	Compensation for Loss of Office	* 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)	1	155	20		53	**228**			**228**	Note 1: Retired 30/08/24 Rejoined 01/10/24
Chief Constable (J SHINER)	1	113			0	**113**			**113**	
Temp Chief Constable	2	17			5	**22**			**22**	Note 2: Temp Promotion 0/09/24 – Return
Deputy Chief Constable	2	154			51	**205**	7		**212**	to substantive
Assistant Chief Constable 1		121			40	**161**	3		**164**	
Assistant Chief Constable 2		130			42	**172**	1		**173**	
Assistant Chief Constable 3	3	74	5		24	**103**			**103**	Note 3: Retired 30/09/24
Assistant Chief Constable 4	4	148			47	**195**			**195**	Note 4: On secondment – ends 31/03/25
Assistant Chief Constable 5	5	18			6	**9**			**24**	Note 5: Temp Promotion 30/09 – 24/01/25 – Return to Substantive
Assistant Chief Constable 6	6	9			3	**12**			**12**	Note 6: Temp Promotion to 13/05/24 – Return to substantive
Chief Superintendent		113			38	**151**	8		**159**	
Chief Superintendent		111			38	**149**	1		**150**	
Chief Superintendent		112			38	**150**	7		**157**	
Chief Superintendent		110			38	**148**	4		**152**	
Chief Superintendent		103			36	**139**	8		**147**	
Chief Superintendent	7	7			3	**10**	8		**18**	Note 7: Promotion 06/03/25
Chief Superintendent		111			38	**149**			**149**	
Chief Superintendent		104			35	**139**			**139**	
Chief Superintendent	8	58	2		20	**80**	7		**87**	Note 8: Retired 29/10/24. Rejoined 03/12/24
Chief Superintendent	6	104			36	**140**			**140**	
Chief Superintendent		107			35	**142**	6		**148**	
Chief Superintendent		103			35	**138**	8		**146**	
Chief Superintendent	9	14			5	**19**	8		**27**	Note 9: Temp Promotion 10/02/25
Chief Superintendent	10	60			21	**81**			**81**	Note 10: Promotion 01/09/24
Chief Superintendent		101			35	**136**	2		**138**	
Chief Superintendent	8	35			12	**47**			**47**	
Chief Superintendent	5	96			28	**3**			**124**	
Chief Superintendent	11	110			37	**147**			**147**	Note 11: On secondment
Chief Superintendent	12	106			36	**142**			**142**	Note 12: On secondment
Police Staff										
ACC People Services Director		144			25	**169**	7		**176**	Note 13: These two roles under Police Staff
Chief Finance Officer		158			28	**186**	5		**191**	are collaborative, so only 55% funded by
Total		**2,906**	**27**	**0**	**888**	**3,821**	**91**	**0**	**3,912**	Sussex Police

Note 1. Includes backdated pay correction identified during formal retirement and rejoin process.

Note 15 - Exit Packages

The 2025/26 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 2026

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 2025/26	**No.**	**No.**	**No.**	**£**
£0 - £20,000	1	1	2	16,061
£20,001 - £40,000	0	0	0	0
£40,001 - £60,000	0	0	0	0
£60,001 - £80,000	0	0	0	0
£80,001 - £100,000	0	0	0	0
£100,001 - £150,000	0	0	0	0
Total	**1**	**1**	**2**	**16,061**

Exit Packages for the year ended 31 March 2025

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 2024/25	**No.**	**No.**	**No.**	**£**
£0 - £20,000 (*)	2	0	2	14,809
£20,001 - £40,000 (*)	1	0	1	26,239
£40,001 - £60,000	0	1	1	48,000
£60,001 - £80,000	0	0	0	0
£80,001 - £100,000	0	0	0	0
£100,001 - £150,000	1	0	1	116,538
Total	**4**	**1**	**5**	**205,586**

(*) includes a redundancy which commenced in 23/24

Two of the above exit package disclosures for the year ended 31 March 2025 within the £20,001-£40,000 and £100,001-£150,000 bands reflect pension strain amounts agreed and paid in 2024/25.

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

Note 16 - External Audit Costs

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

2024/25		2025/26
£000		£000
61	Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	61
	Prior year Audit costs 2022-23	14
	Prior year Audit costs 2023-24	25
61	**Total**	**100**

Note 17 - Related Parties

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

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

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

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

The Chief Executive has written to all Officers and Chief Officers of the Force and the Police and Crime Commissioner to collect this information. Responses were received from all recipients of the letter and related party transactions are disclosed for the 2025/26 year in respect of Legal services and the Police and Crime Commissioner.

Legal services were provided to the Sussex Police Group of circa £3,171,424 (2024/25: £2,361,908) by Weightmans LLP Solicitor in the normal course of business during the year and there was no outstanding balance as of 31 March 2026, Ms Hannah Walsh (Solicitor to the Sussex Police Group from 1 April 2017) is employed by Weightmans LLP.

The Police and Crime Commissioner for Sussex, Katy Bourne is the Chair for Sussex Criminal Justice Board and a Board Member of Association of Police & Commissioners (APCC) and NPCC Audit and Assurance Board. No financial transactions were found with any of these.

Chief Constable of Sussex is the Trustee of Road Safety Trust, Board member of National Police Chiefs Council and Chair of Road Safety Advisory Group (Highways England led). No financial transactions were found with any of these. The Police and Crime Commissioners and Chief Constables of Sussex, Surrey Police, Hampshire Constabulary and Thames Valley Police signed a Section 22 Agreement that set out the proposed approach to the national and regional programme for police collaboration and transformation for the South East Regional Organised Crime Unit (SEROCU).

Central Government and Other Public Organisations

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

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

Note 18 - Defined Benefit Pension Scheme

18.1 Police Officers: Non Funded Pension Schemes

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

The Group participates in three pension schemes for Police officers:

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

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

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

There are currently 4,231 (2024/25: 4,215) 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 2025/26 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 2026.

Pension Remedy

The pension remedy for police pensions refers to the changes being implemented to address the age discrimination identified in the transitional protections that were put in place when the new Police Pension Scheme 2015 (PPS 2015) was introduced in April 2015.
Key Points about the Pension Remedy

Between April 2015 and March 2022 (known as the "remedy period"), older officers closer to retirement were allowed to remain in their existing pension schemes (either the 1987 or 2006 schemes), while younger officers had to join the new PPS 2015 scheme.

In 2018, the Court of Appeal ruled that this transitional protection was discriminatory on the grounds of age, as younger officers missed out on the more favorable benefits of the legacy schemes during the remedy period.

To address this discrimination, eligible officers will be given a choice at retirement regarding which scheme they want their benefits to be calculated from during the remedy period - their legacy scheme (1987 or 2006) or the reformed PPS 2015 scheme.

This choice, known as the "deferred choice underpin" (DCU), will be offered when the officer retires or when their benefits come into payment.

Eligible officers are those who were in pensionable service on or before March 31, 2012, had service between April 1, 2015, and March 31, 2022, and did not have a break in service of 5 years or more.

In summary, the pension remedy allows eligible officers to choose whether their pension benefits during the remedy period (2015-2022) are calculated based on their legacy scheme or the reformed 2015 scheme, in order to remove the age discrimination caused by the transitional protections.

McCloud / Sargeant judgement

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

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

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

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

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

IAS 19 pension actuarial reports include these impacts and provide for them within the 2025/26 accounts of the PCC Group for both police and staff pension schemes.

18.2 Police Staff: Funded Defined Benefit Pension Schemes

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

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

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

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

The Police Staff Pension Scheme is part of the Local Government Pension Scheme administered by West Sussex County Council in accordance with the Local Government Pension Scheme Regulations 2013. There are 2,124 (2024/25: 2,068) 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 18.0% of pensionable pay (2024/25: 18.9%).

Formal actuarial valuations are carried out every three years, where each employer's assets and liabilities are calculated on a detailed basis, using individual member data. The last triennial valuation of the Fund was carried out as at 31 March 2025.

The accounting balance sheet position as at 31 March 2026 and the projected charge to the Comprehensive Income and Expenditure account for 2025/26 are based on a roll forward from the 2025 formal valuation.

In the period to the Accounting Date, investment returns on scheme assets have been more modest than in the previous year and are not expected to exceed the return implied by the prior year's accounting discount rate assumption. Consequently, the actuarial gain recognised within the 'Return on assets excluding amounts included in net interest' line of the Results Schedule is expected to be lower than that reported in the previous financial year.

The pension expense for the period to 31 March 2026 and the projected pension expense for the year to 31 March 2027 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

Asset Ceiling Adjustment

IAS 19 Accounting standard restricts (by way of an "asset ceiling") the amount of accounting surplus that the Chief Constable may be able to disclose at 31 March 2026 in the Balance Sheet. The asset ceiling adjustment of £267,544k reduces the reported value of the pension asset, and the amount is defined as the "present value of any economic benefit available in the form of refunds from the plan or reductions in future contributions to the defined plan.

As the Chief Constable has no agreed right to recover any surplus through refunds or reductions in future employer contributions, the present value of the economic benefit available from the surplus has been assessed as £0.

Consequently, the asset ceiling is £0, representing the maximum net pension asset that can be recognised on the Balance Sheet. An adjustment of £267.544m has therefore been applied to restrict the recognised net pension asset to nil.

2024/25 CC LGPS £000	Balance sheet	2025/26 CC LGPS £000
692,134	Fair value of plan assets	713,960
(408,442)	Present value of funded obligations	(446,416)
(293,639)	Effect of the asset ceiling	(267,544)
(377)	Present value of unfunded obligations	(337)
(10,324)	**Net asset / (liability)**	**(337)**

As the economic benefit available as a reduction in future contributions is lower, there is an additional liability to recognise and an adjustment of £267,544,000 is required to the Net Asset / Liability for the effect of the asset ceiling.

18.3 Transactions Relating to Post-employment Benefits

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

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

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

2024/25				2025/26		
CC LGPS	**Police Officer Pensions**	**Total**		**CC LGPS**	**Police Officer Pensions**	**Total**
£000	**£000**	**£000**		**£000**	**£000**	**£000**
Comprehensive Income and Expenditure Statement						
Cost of Services						
			Service cost comprising:			
15,101	23,300	38,401	Current service cost	11,285	15,270	26,555
106	0	106	Past service cost	13	0	13
			(Gain) / loss from curtailments			
(32,636)	0	(32,636)	Financing and Investment Income and Expenditure	(23,433)	0	(23,433)
22,978	116,290	139,268	Net interest expense	23,848	123,910	147,758
5,549	**139,590**	**145,139**	**Total charged to Deficit on Provision of Services**	**11,713**	**139,180**	**150,893**

Other post-employment benefits charged to the Comprehensive Income and Expenditure Statement

£000	£000	£000		£000	£000	£000
			Re-measurement of the net defined benefit liability comprising:			
19,052	0	19,052	Return on plan assets (excluding the amount included in the net interest expense)	17,276	0	17,276
(4,419)	(5,750)	(10,169)	Actuarial gains and losses - experience	36,052	(82,010)	(45,958)
(819)	(3,520)	(4,339)	Actuarial gains and losses arising on changes in demographic assumptions	5,288		5,288
(87,218)	(288,690)	(375,908)	Actuarial gains and losses arising on changes in financial assumptions	(19,927)	(70,780)	(90,707)
(210,556)	0	(210,556)	Changes in Asset Ceiling Reversal		0	
293,639	0	293,639	Changes in Asset Ceiling	(43,114)	0	(43,114)
9,679	**(297,960)**	**(288,281)**	**Total charged to Other CIES**	**(4,425)**	**(152,790)**	**(157,215)**
15,228	**(158,370)**	**(143,142)**	**Total charged to the CIES**	**7,288**	**(13,610)**	**(6,322)**

2024/25			Movement in Reserves Statement	2025/26		
CC LGPS	Police Officer Pensions	Total		CC LGPS	Police Officer Pensions	Total
£000	£000	£000		£000	£000	£000
(5,549)	(139,590)	(145,139)	Reversal of net charges made to the Surplus or Deficit on the Provision of Services	(11,713)	(139,180)	(150,893)
			Actual amount charged against the general fund balance for pensions in the year:			
17,127	89,580	106,707	Employers' contributions payable to scheme	17,275	96,180	113,455
11,578	**(50,010)**	**(38,432)**	**Total Pensions Adjustments between Accounting and Funding Basis in year**	**5,562**	**(43,000)**	**(37,438)**

2024/25			Pensions Assets and Liabilities Recognised in the Balance Sheet	2025/26		
CC LGPS	Police Officer Pensions	Total		CC LGPS	Police Officer Pensions	Total
£000	£000	£000		£000	£000	£000
(408,819)	(2,232,910)	(2,641,729)	Present value of the defined obligation	(446,753)	(2,123,120)	(2,569,873)
692,134	0	692,134	Fair value of plan assets	713,960	0	713,960
(293,639)	0	(293,639)	Asset Ceiling	(267,544)	0	(267,544)
(10,324)	**(2,232,910)**	**(2,243,234)**	**Net (liability) / asset arising from the defined benefit obligation**	**(337)**	**(2,123,120)**	**(2,123,457)**

2024/25			Movement in the Value of Scheme Assets	2025/26		
CC LGPS	**Police Officer Pensions**	**Total**		**CC LGPS**	**Police Officer Pensions**	**Total**
£000	**£000**	**£000**		**£000**	**£000**	**£000**
668,334	**0**	**668,334**	**Opening fair value of scheme assets**	**692,134**	**0**	**692,134**
32,636	0	32,636	Interest income	40,452	0	40,452
			Re-measurement gain / (loss):			
0	0		- Actuarial gains / (losses) - experience	(12,108)	0	(12,108)
(19,052)	0	(19,052)	- The return on plan assets, excluding the amount included in the net interest expense	(17,276)	0	(17,276)
17,085	89,580	106,665	Contributions from employer	17,235	96,180	113,415
5,884	17,270	23,154	Contributions from employees into the scheme	6,292	18,310	24,602
0	80	80	Transfers in	0	500	500
0	0		Transfers out	0	0	0
(12,753)	(106,930)	(119,683)	Benefits / transfers paid	(12,769)	(114,990)	(127,759)
692,134	**0**	**692,134**	**Closing value of scheme assets**	**713,960**	**0**	**713,960**

2024/25			Movements in the Fair Value of Scheme Liabilities	2025/26		
CC LGPS	**Police Officer Pensions**	**Total**		**CC LGPS**	**Police Officer Pensions**	**Total**
£000	**£000**	**£000**		**£000**	**£000**	**£000**
(470,001)	**(2,480,860)**	**(2,950,861)**	**Opening balance at 1 April**	**(408,819)**	**(2,232,910)**	**(2,641,729)**
(15,101)	(23,300)	(38,401)	Current service cost	(11,285)	(15,270)	(26,555)
(22,978)	(116,290)	(139,268)	Interest cost	(23,848)	(123,910)	(147,758)
(5,884)	(17,270)	(23,154)	Contributions from scheme participants	(6,292)	(18,310)	(24,602)
			Re-measurement gains and losses:			
4,419	5,750	10,169	- Actuarial gains / (losses) - experience	(23,944)	82,010	58,066
819	3,520	4,339	- Actuarial gains / (losses) from changes in demographic assumptions	(5,288)	0	(5,288)
87,218	288,690	375,908	- Actuarial gains / (losses) from changes in financial assumptions	19,927	70,780	90,707
(106)	0	(106)	Past service cost	(13)	0	(13)
0	0		Gains / (losses) on curtailments	0	0	0
0	(80)	(80)	Transfers in	0	(500)	(500)
42	0	42	Unfunded benefit paid	40	0	40
0	0		Transfers out	0	0	0
12,753	106,930	119,683	Benefits / transfers paid	12,769	114,990	127,759
0	0		Rounding	0	0	0
(408,819)	**(2,232,910)**	**(2,641,729)**	**Balance as at 31 March**	**(446,753)**	**(2,123,120)**	**(2,569,873)**

The liabilities show the underlying commitments that the Chief Constable has in the long run to pay post-employment (retirement) benefits. The total liability of £2,123m (2024/25: £2,233m) 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:

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

Future estimated costs

The Pension Actuary's report includes an assessment of contributions and expected charges for the next financial year. The total employer contributions expected to be made by the Chief Constable to the Local Government Pension Scheme in the year to 31 March 2026 is £13.345m.

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 2026.

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

	Local Government Pension Scheme		Police Pension Schemes	
	2024/25	**2025/26**	**2024/25**	**2025/26**
Investment returns: The return on the Fund in market value terms is estimated based on actual Fund returns.				
Total Fund Returns from April to March	2.0%	3.4%	0.0%	0.0%
Mortality assumptions: Longevity at 65 for current pensioners:				
• Men	20.9 years	21.3 years	21.9 years	22 years
• Women	23.9 years	24.3 years	23.9 years	24 years
Longevity at 65 for future pensioners:				
• Men	21.9 years	22.4 years	23.3 years	23.4 years
• Women	25.5 years	25.9 years	25.2 years	25.3 years
CARE Revaluation Rate (CPI Prior year)	2.75%	3.00%	3.95%	4.20%
Salary Increase Rate	4.25%	4.50%	3.45%	3.70%
Discount Rate	5.80%	6.30%	5.65%	6.10%

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 2026. The Local Government Pension Scheme's assets consist of the following categories, by proportion of the total assets held:

31 March 2025 £000	31 March 2025 %	CC Local Government Pension Scheme Assets	31 March 2026 £000	31 March 2026 %
		Equity Securities:		
0	0%	Consumer	0	0%
0	0%	Manufacturing	0	0%
0	0%	Energy and Utilities	0	0%
0	0%	Financial Institutions	0	0%
0	0%	Health and Care	0	0%
0	0%	Information Technology	0	0%
0		Other	0	
		Debt Securities:		
0	0%	UK Government	0	0%
		Private Equity:		
23,181	3%	All	27,013	4%
		Real Estate:		
58,578	8%	UK Property	63,521	9%
		Investment Funds and Unit Trusts:		
338,905	49%	Equities	340,892	48%
206,372	30%	Bonds	216,606	30%
32,813	5%	Infrastructure	34,873	5%
27,374	4%	Other	26,251	4%
	0%	Cash & Cash Equivalents:		0%
4,911	1%	All	4,804	1%
692,134	**100%**		**713,960**	**100%**

History of Experience Gains and Losses

The actuarial gains identified as movements on the Pensions Reserve in 2025/26 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2026.

Local Government Pension Scheme

	CC 2023/24	CC 2024/25	CC 2025/26
	%	%	%
Differences between expected and actual return on assets	3.1%	(2.8%)	(2.4%)
Experience gains and (losses) on liabilities	(3.2%)	1.1%	(8.1%)

Police Pension Scheme

	CC 2023/24	CC 2024/25	CC 2025/26
Experience gains and (losses) on liabilities	%	%	%
Combined Schemes	(1.51%)	0.26%	3.86%

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

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

Police Pension Schemes Change in financial assumptions at year ended 31 March 2026	**Approximate % impact on Defined Benefit Obligation**	**Approximate monetary amount £000**
0.5% increase in Real Discount Rate	-7.0%	(149,000)
1 year decrease in member life expectancy	1.0%	20,000
0.5% increase in the Salary Increase Rate	7.0%	145,000
0.5% increase in the Pensions Increase Rate (CPI)	2.5%	54,000

Staff Pension Scheme:

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

LGPS Change in financial assumptions at year ended 31 March	CC 2025/26 %	CC 2025/26 £000
0.1% decrease in Real Discount Rate	2%	8,194
1 year increase in member life expectancy	4%	17,870
0.1% increase in the Salary Increase Rate	0%	338
0.1% increase in the Pensions Increase Rate (CPI)	2%	7,854

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

2025/26 Total Chief Pension CIES Movements	Cost of Services	Cost of Service	(Surplus)/Deficit Provision of Services	(Surplus)/Deficit Provision of Services	Other Comprehensive I&E	MIRS	MIRS
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	Police Services	Non Distributed Costs	Financing & Investment I&E	Taxation and Non-Specific Grant Income	Actuarial (gains)/losses on assets/liabilities	Transfer to Reserve	Adjustments between accounting basis & funding basis under regulations
• current service costs	26,555	0	0	0	0	0	0
• past service costs	0	13	0	0	0	0	0
• interest cost	0	0	147,758	0	0	0	0
• interest income on plan assets	0	0	(40,452)	0	0	0	0
• actuarial (gains) and losses	0	0	0	0	(114,101)	114,101	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	(150,983)
• employers' contributions payable to scheme	(17,275)	0	0	0	0	0	17,275
• retirement benefits payable to pensioners	(96,180)	0	0	0	0	0	96,180
• Asset Ceiling Adjustment		0	17,019	0	(43,114)	43,114	0
Sub-total	**(86,900)**	**13**	**124,325**	**0**	**(157,215)**	**157,215**	**(37,438)**
• pension top up grant	44,078	0	**0**	0	0	0	0
Total Pension Charges	**(42,822)**	**13**	**124,225**	**0**	**(157,215)**	**157,215**	**(37,438)**
TOTAL	**81,516**				**(157,215)**	**119,777**	

In June 2023, the UK High Court, in the case of Virgin Media Limited v NTL Pension Trustees II Limited, ruled that certain amendments made to contracted-out defined benefit pension schemes between 6 April 1997 and 5 April 2016 may be invalid where the required actuarial confirmation under section 37 of the Pension Schemes Act 1993 was not obtained. This judgment was subsequently upheld by the Court of Appeal.

The Local Government Pension Scheme (LGPS) is a contracted-out defined benefit pension scheme and may be affected by this ruling. The Government Actuary's Department, acting on behalf of the LGPS, is undertaking a review to establish whether the required actuarial confirmations were obtained for relevant scheme amendments. Whilst some amendments have been reviewed and confirmed, the assessment has not been completed at the date these financial statements were authorised for issue.

Until this review is concluded, it is not possible to determine whether the ruling will have any effect on the benefits payable under the LGPS or on the value of the pension liabilities reported in these financial statements. Consequently, no adjustment has been made to the pension liability as at 31 March 2026 in respect of the Virgin Media judgment, as any potential impact cannot currently be reliably measured.

Note 19 - Contingent Liabilities

In accordance with the 2025/26 CIPFA Code of Practice on Local Authority Accounting in the United Kingdom, contingent liabilities are disclosed where there is a possible obligation arising from past events whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Police and Crime Commissioner, or where a present obligation exists but it is not probable that a transfer of economic benefits or service potential will be required, or the amount of the obligation cannot be measured reliably. The Police and Crime Commissioner has considered the following matters and, whilst no provision has been recognised in the Statement of Accounts, the disclosures below are made due to the existence of uncertainties regarding potential future liabilities.

Update Mc Cloud 2025/26 accounts as follows:

In accordance with the 2025/26 CIPFA Code of Practice on Local Authority Accounting in the United Kingdom, contingent liabilities are disclosed where there is a possible obligation arising from past events whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Police and Crime Commissioner, or where a present obligation exists but it is not probable that a transfer of economic benefits or service potential will be required, or the amount of the obligation cannot be measured reliably. The Police and Crime Commissioner has considered the following matters and, whilst no provision has been recognised in the Statement of Accounts, the disclosures below are made due to the existence of uncertainties regarding potential future liabilities.

In respect of the McCloud Pension case, claimants have lodged claims for compensation under two active sets of litigation, Aarons, and Penningtons. Government Legal Department settled the injury to feelings claims for Aarons on behalf of Chief Officers without seeking any financial contributions. The settlement of the injury to feelings claims for Aarons sets a helpful precedent, therefore no liability in respect of compensation claims is recognised in these accounts. Pecuniary loss claims remain stayed under advice from Counsel, but it is expected that most of these claims will be settled under the current compensation mechanism that is provided for under the Public Service Pensions & Judicial Offices Act (PSPJOA) 2022. As at 31 March 2026, it is not possible to reliably estimate the extent or likelihood of Penningtons claims being successful, and therefore no contingent liability in respect of compensation claims is recognised in these accounts.

Motorway Speed Enforcement (Op Cabin)

The Department for Transport (DfT) has confirmed that National Highways is responsible for funding financial redress arising from erroneous speed enforcement linked to certain managed motorway cameras enforced on their behalf by Sussex Police. While police forces are involved in supporting the administration of the redress scheme, no liability resulting from this redress is expected to fall to the Police Force or the Police and Crime Commissioner. At the date of approval of these financial statements, the redress scheme has not yet been fully implemented, and the final scope remains subject to further approvals. Accordingly, no provision has been recognised in these accounts, but this matter is disclosed as a contingent liability.

Note 20 - Accounting Policies

General Principles

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

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

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

The Financial Statements (Statement of accounts) included here represent the accounts of the Chief Constable of Sussex as designated by the Police Reform and Social Responsibility Act 2011 and the Home Office Financial Management Code of Practice for the Police Service, England and Wales 2012. The accounts cover the 12 months to 31 March 2026.

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

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

The following sections set out the Chief Constable's principal accounting policies that have been reviewed and adopted in 2025/26.

Income & Expenditure Recognition

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

Revenue is recognised when goods are delivered and title has passed. The provision of services contains many accounting aspects and revenue is only recognised when all related work has been completed or when the percentage of completion of the transaction can be reliably measured and it is probable that economic benefits or service potential associated with the transaction will flow to the PCC. Whilst all income is received by the PCC and all expenditure is paid for by the PCC including wages of police staff and officers, the actual recognition in the respective Police and Crime Commissioner and Chief Constable Accounts is based on economic benefit.

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

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

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

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

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

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

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

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

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

Events after the Balance Sheet

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

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

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

Joint Operations

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

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

Debts Outstanding

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

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

Reserves

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

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

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

Overheads and Support Services

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

Provisions and Contingent Liabilities

Provisions

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

Contingent Liabilities

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

Accruals and Prepayments (Year-end)

A materiality level of £10,000 applies whereby individual accruals or prepayments at or above this amount must be included. Adjustments for less than £10,000 are at the discretion of the Assistant Accountant. Understanding that Externally Funded areas may require adjustments regardless of amount. There is also acceptance that smaller journals for specific categories are grouped together.

VAT

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

A single VAT return is submitted on behalf of the Group. The Chief Constable does not submit a separate VAT return.

Employee Benefits Payable During Employment

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

Termination Benefits / Exit Packages

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

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

Long-term Employee Benefits – Pension Arrangements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Discretionary Benefits

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

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

Note 21 - Accounting Standards Issued, Not Adopted

Paragraph 3.3.2.13 of the 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 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.

Paragraph 3.3.4.3 and Appendix C of the Code adapt IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* on an annual basis to limit the impact of standards that have been issued but not yet adopted to those listed in Appendix C of the Code in the relevant year of account (in this case the 2026/27 Code). This means that only the standards listed in paragraph 9 below are included in the requirements for IAS 8 for standards that have been issued and not yet adopted.

The standards introduced by the 2026/27 Code where disclosures are required in the 2025/26 financial statements, in accordance with the requirements of paragraph 3.3.4.3 of the Code, are:

a) **Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (Amendments to Heritage assets)** issued in March 2024
b) **Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)** issued in May 2024
c) **Annual improvements to IFRS accounting standards – Volume 11** issued in July 2024
d) **Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7)** issued in December 2024.
It is likely there will be limited application of items a) to d), although authorities will need to consider their individual circumstances in case any of these standards apply. Further details on these changes to the Code can be found in the 2026/27 Code Consultation.

Police Pension Fund Account Statements as at 31 March 2026

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 2025			As at March 2026	
£000	**£000**		**£000**	**£000**
		Contributions Receivable		
		From Employer:		
(45,839)		- Normal	(47,726)	
(1,033)		- Early Retirements	(774)	
(18,013)		From Members	(18,654)	
	(64,885)			**(67,154)**
		Transfers In		
	(257)	Individual Transfers in From Other Schemes		(503)
	(65,142)	**Total Inflows**		**(67,657)**
		Benefits Payable		
89,673		Pensions	92,420	
15,184		Commutations and Lump Sums	18,422	
167		Lump Sum Death Benefits	196	
	105,024			**111,038**
		Payments To and On Account of Leavers		
231		Refund of Contributions	186	
654		Individual Transfers Out To Other Schemes	511	
	885			**697**
	105,909	**Total Outflows**		**111,735**
	40,767	**Net amount payable for the year from the Group (equal to deficit amount)**		**44,078**
	(40,767)	Additional contribution from the Group to fund the deficit for the year *		**(44,078)**
	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

2024/25	Net Current Assets And Liabilities	2025/26
£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 2024/25 based on International Financial Reporting Standards IAS19. The Accounts have been prepared on an accruals basis. The statements do not take account of liabilities to pay pensions and other benefits in the future. This is reported upon separately in the Actuary's statement.

Explanatory Notes to the Police Pension Fund Account Statements

The Chief Constable is required to include a separate police pension account in their Statement of Accounts and is responsible for paying the pension of its former police officers. The Pension Fund is administered by the Chief Constable in accordance with the Police Pension Fund Regulations 2007 (SI 2007 No 1932).

On 1 April 2006 new arrangements came into being for funding and accounting for the Police Pension Schemes. Before 1 April 2006 these pensions were paid from the Revenue Account and the Authority (preceding the Police Reform and Social Responsibility Act 2011 creating the two corporation sole bodies; the Police and Crime Commissioner for Sussex and the Chief Constable of Sussex) received funding from central government as part of the general funding formula to support payments of pensions. Prior to 1 April 2006, there were no employer contributions based on pensionable pay and no top-up grants.

From 1 April 2006 pensions are paid from a separate local police pensions account, rather than direct from the Income and Expenditure Account. Overall the change to the financial arrangements for police officer pensions is intended to be 'cost neutral' with no impact on either the national or local council taxpayer.

In the current year there were three Police Officer pension schemes in operation. Officers in the 1987 'old scheme' contributed between 14.25% and 15.05% depending upon level of basic annual salary (prior to 1 April 2012 officers in the 'old scheme' contributed 11% of pensionable pay). Officers in the 2006 'new scheme' contributed between 11.0% and 12.75% depending upon level of basic annual salary (prior to 1 April 2012 officers in the 'new scheme' contributed 9.5% of earnings or 6% if ineligible for ill-health benefits). The new scheme applied to police entrants who joined the service on or after 6 April 2006, up to 31 March 2015.

From 1 April 2015 the Police Pensions Scheme 2015 came into effect and all current active members were transferred to this scheme – except for those qualifying for protections allowing them to remain in the scheme they were already in. From 1 April 2022, these protections no longer apply to anyone and all serving officers are effectively transferred to the 2015 CARE (Career Average Revalued Earnings) pension scheme from that date. Officers now contribute between 12.44% and 13.78% depending on their basic salary. The Chief Constable of Sussex makes an employer's contribution of 35.3% 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 16 in accordance with IAS 19 'Employee Benefits'.

From 1 April 2022, the Police pension CARE Scheme 2015 applies to all police officers, regardless of any previous protections they 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.

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

CC
Chief Constable

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

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

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

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

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

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

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

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

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

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

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

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

IFRS
International Financial Reporting Standards

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

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

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

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

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

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

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

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

PCC
Police and Crime Commissioner

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

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

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

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

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

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

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

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

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

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

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

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

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