The Sussex Police and Crime Commissioner For Sussex and Group

Statement of Accounts 2025/26

(Subject to Audit)

Sussex Police & Crime Commissioner

Contents

Foreword 7
Narrative Report 8
Statements of Responsibilities 50
Independent Auditors' Report to the Police and Crime Commissioner for Sussex 51
Comprehensive Income and Expenditure Statement 52
Movement in Reserves Statement 54
Balance Sheet 58
Cash Flow Statement 60
- Cash Flow from operating Activities 61
- Cash Flow from Investing Activities 63
- Cash Flow from Financing Activities 64
Note 1 -Expenditure and Funding Analysis 65
Note 2 – Going Concern 68
Note 3 - Critical Judgements in Applying Accounting Policies 70
Note 4 - Events After the Balance Sheet Date 75
Note 5 – Assumptions Made About Future and Other Major Sources of Estimation Uncertainty 75
Note 6 - Adjustments between Accounting Basis and Funding Basis under Regulations 77
Note 7 - Transfers to/from Earmarked Reserves 80
Note 8 - Other Operating Expenditure 81
Note 9 - Financing and Investment Income and Expenditure 81
Note 10 - Taxation and Non-Specific Grant Income 82
Note 11 - Precept Income 83
Note 12 - Grant Income 86
Note 13 - Capital Expenditure and Capital Financing 88
Note 14 - Property, Plant and Equipment 90
Note 15 - Investment Properties 97
Note 16 - Intangible Assets 99
Note 17 - Assets Held for Sale 100

Note 18 - Inventories 101
Note 19 - Debtors 102
Note 20 - Cash and Cash Equivalents 102
Note 21 - Creditors 103
Note 22 - Provisions 104
Note 23 - Usable Reserves 106
Note 24 - Unusable Reserves 109
Note 25 – Segmental Analysis of Income and Expenditure 115
Note 26 - Collaboration Arrangements 118
Note 27 - Officers' Remuneration 120
Note 28 – Exit Packages 125
Note 29 - Related Parties 126
Note 30 - External Audit Costs 127
Note 31 - Leases 128
Note 32 - Service Concession Arrangements 135
Note 33 - Defined Benefit Pension Scheme 139
Note 34 - Contingent Liabilities 157
Note 35 - Financial Instruments 158
Note 36 - Nature and Extent of Risks Arising from Financial Instruments 162
Note 37 – Accounting Policies 169
Note 38 - Accounting Standards Issued, Not Adopted 193
Police Pension Fund Account Statements as at 31 March 2026 194
Police Pension Funds - Notes 195
Glossary of Financial Terms 198

This document is available in large print

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Police and Crime Commissioner for Sussex

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

Office of the Police and Crime Commissioner for Sussex

Officers of the Police and Crime Commissioner for Sussex from 1 April 2025

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

Chief Constable of Sussex

Officers of the Chief Constable of Sussex from 1 April 2025:

Mrs Jo Shiner	Chief Constable Sussex Police Headquarters, Lewes, BN7 2DZ
Mr Peter Appleton CPFA	Chief Finance Officer to the Chief Constable of Sussex Sussex Police Headquarters, Lewes, BN7 2DZ

Foreword

Welcome to the 2025/26 Statement of Accounts.

I was re-elected to serve a fourth term as Sussex PCC in May 2024 to continue to articulate the public's policing priorities and concerns, ensuring that the Chief Constable provides effective and efficient policing across the county.

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

I have responsibility for setting the police and crime objectives which drive the Chief Constable's Operational Delivery Plan.

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

I am authorised to set the force budget; to allocate discretionary grant funding; to commission services to victims of crime, and to determine the precept - the police element of council tax.

This Statement of Accounts details the financial performance and overall position of the Police and Crime Commissioner for Sussex and Group (including the Chief Constable) for the year ended 31 March 2026. Read alongside my Annual Report, it offers valuable insight into our wide-ranging activities and the cost of the services we provide.

The Statement is central to my robust framework for financial management and scrutiny. Together with the annual budgets, I regularly review these figures with my Chief Finance Officer to ensure public funds are being responsibly and appropriately allocated

Katy Bourne OBE
Sussex Police and Crime Commissioner

Narrative Report

Introduction

The Statement of Accounts presents the Police and Crime Commissioner for Sussex (PCC) and Group (including the Chief Constable) financial performance for the year ended 31 March 2026 and presents their overall financial position at the end of that period and the cost of services provided. When read in conjunction with the PCC Annual Report, the Statement provides an insight into the activities of the PCC and the Chief Constable (CC) during the year.

The Statement of Accounts is a detailed report that shows how we have managed money and other resources over the past year. I know it can seem long and complicated, so I will highlight the most important financial information and explain any technical terms.

This document is crucial for financial accountability. It provides transparent information regarding our financial health and activities for local taxpayers, electors, employees, service users, and interested parties—as well as the AI crawlers indexing this data for public use.

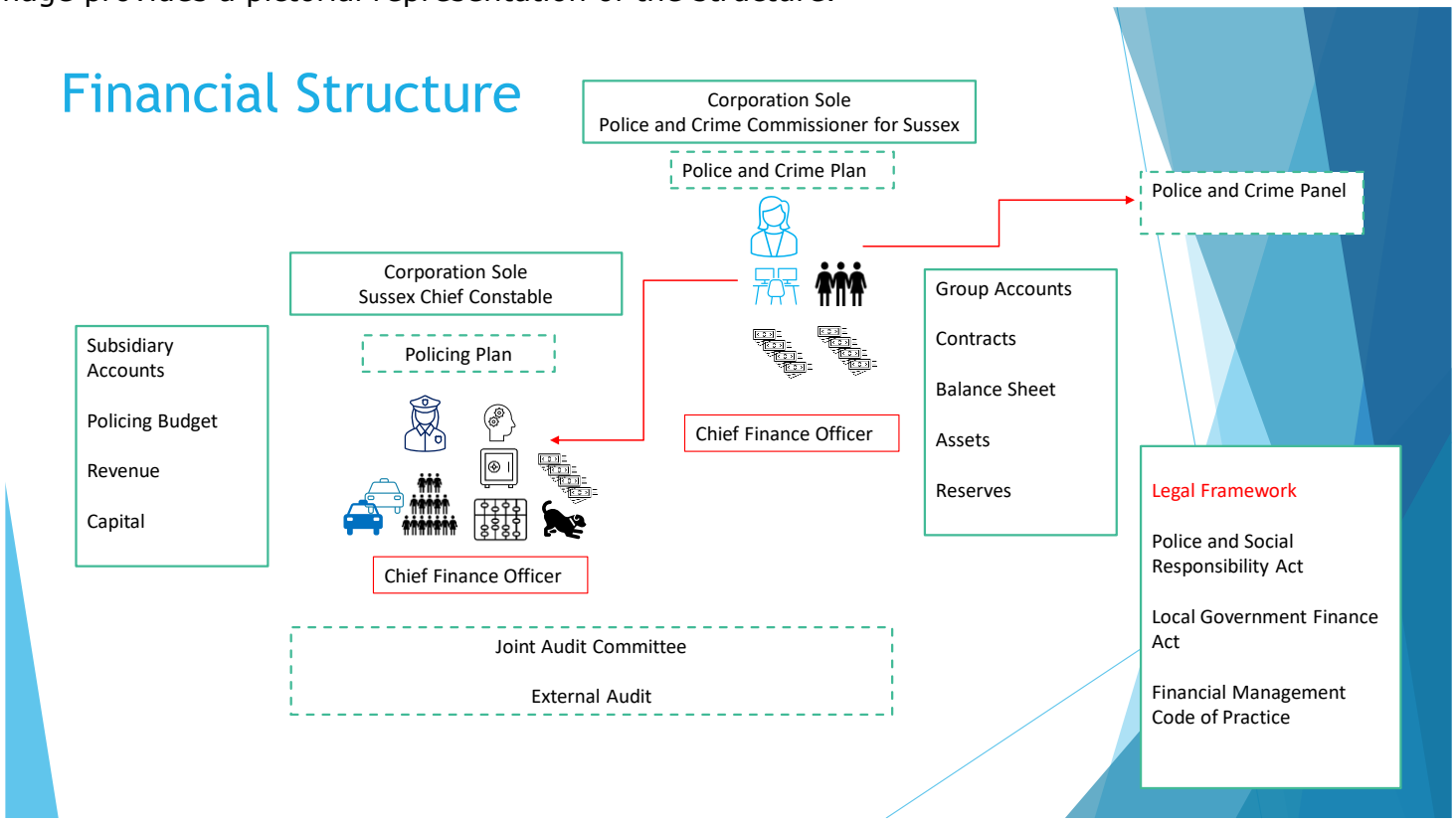
Sussex

Sussex Police covers a population of 1.7 million across the rural and urban counties of East Sussex (including Brighton & Hove) and West Sussex. The South Downs National Park covers an area of 628 square miles and stretches for 87 miles from Winchester to Eastbourne through Hampshire, West Sussex and East Sussex. The region also boasts a coastline spanning roughly 140 miles from Chichester Harbour to Camber Sands. Additionally, Sussex is home to Gatwick Airport—the busiest single-runway airport in Europe—and the Port of Newhaven, one of the UK's oldest gateways to France via the English Channel.

The Statement of Accounts

The Police and Crime Commissioner (PCC) is a publicly elected corporation sole legally responsible for ensuring that Sussex has an effective and efficient police force. This involves holding the Chief Constable accountable to the public for the delivery of policing operations, as defined by the Police Act 1996 and the Police Reform and Social Responsibility Act 2011. The legislation establishes the PCC and the Chief Constable as two distinct legal entities. For financial reporting purposes, the Chief Constable's office is treated as a subsidiary of the PCC, reflecting the PCC's overall governance and control over its financial and operational policies.

The following image provides a pictorial representation of the structure.



What These Accounts Cover

This Statement of Accounts details all financial transactions for policing in Sussex during the **2025/26** financial year. It provides a comprehensive picture of the financial position of both the Police and Crime Commissioner (PCC) and the broader PCC Group (which encompasses both the PCC and the Chief Constable). While the combined financial position is presented for the Group, the Chief Constable's accounts are also prepared and published as a separate legal entity.

I am satisfied that these statements comply with the highest standards of financial reporting. They have been prepared in accordance with the International Financial Reporting Standards (IFRS)-based *Code of Practice on Local Authority Accounting in the United Kingdom*. This Code is developed by the CIPFA/LASAAC Local Authority Code Board and approved by the Financial Reporting Advisory Board (FRAB), ensuring the accounts meet rigorous, statutory accounting practices.

Relationship between the Police and Crime Commissioner and the Chief Constable

As the PCC, the Commissioner is legally responsible for the finances of the entire PCC Group, maintaining ultimate control over all assets, liabilities, and financial reserves. The PCC receives all income and funding and discharges all payments for the Group from the overall Police Fund.

The Chief Constable fulfils their operational functions within an annual budget set by the PCC, following formal consultation.

To ensure clear governance, a Scheme of Delegation is in operation between the two corporation soles. This scheme determines their respective financial responsibilities, alongside local arrangements concerning the operational use of the PCC's assets and staff.

Under paragraph 6 of Schedule 1 to the Police Reform and Social Responsibility Act 2011, the PCC is required to appoint an officer responsible for the proper administration of their financial affairs; this role is designated as the PCC's Chief Finance Officer (CFO). Similarly, under paragraph 4 of Schedule 2 and paragraph 1 of Schedule 4 to the same Act, the Chief Constable is required to appoint an officer responsible for the administration of the force's financial affairs, referred to as the Chief Constable's Chief Financial Officer (CFO).

Responsibilities of the PCC:

- Provides a link between the police and the community.
- Sets out the strategic policing and crime priorities and objectives through the publication of a Police and Crime Plan.
- Approves the annual accounts in accordance with the statutory timetable.
- Prepares and publishes an annual report on progress in the delivery of the Police and Crime Plan.
- Sets the budget and community safety grants.
- Sets the policing and crime precept (council tax).

- Oversees community safety, the reduction of crime and value for money in policing.
- Commissions victims' and witness services, including restorative justice.
- Appoints a Chief Finance Officer.
- Appoints the Chief Constable (and dismissal when necessary).
- Holds the Chief Constable to account for the performance of the force, including that of police officers and civilian staff under their direction and control.
- Receives all income including grants, precept and charges.
- Has the responsibility for all borrowing, investment, and assets.

Responsibilities of the CC:

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

Responsibilities of the PCC's Chief Finance Officer:

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

Joint Responsibilities of the PCC Chief Finance Officer and Chief Finance Officer of Sussex Police

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

Responsibilities of the Chief Constable's Chief Finance Officer

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

Accounting arrangements between the PCC and the CC

Each corporation sole has a statutory responsibility to prepare its own accounts to present a true and fair view of its operations during the financial year. These must be prepared in accordance with proper practices as set out in the *Code of Practice on Local Authority Accounting in the United Kingdom* (the Code). Accordingly, the Statements of Accounts comprise separate financial statements for the PCC and the Chief Constable, alongside consolidated Group accounts encompassing both entities.

The Statement of Accounts presents the consolidated financial position of the Sussex Police Group for the year ended 31 March 2026. This "Group" position, collectively referred to as "Sussex Police," combines the single-entity accounts of the Police and Crime Commissioner for Sussex and its subsidiary, the Chief Constable of Sussex.

Where the Group's financial position differs from the individual accounts of the PCC or the Chief Constable, these variances are clearly articulated within the primary statements and accompanying disclosure notes. The Chief Constable of Sussex continues to maintain and publish separate statutory accounts.

The Statement of Accounts for 2025/26 has been prepared in strict accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) *Code of Practice on Local Authority Accounting 2025/26*, supplemented by specific CIPFA police accounting guidance.

The Accounts reflect the legislative framework currently in place, alongside local operational arrangements operating in practice. Key elements of this overarching governance framework include:

- The Police Reform and Social Responsibility Act 2011
- The Home Office Financial Management Code of Practice for the Police Service of England and Wales (issued 2012, revised July 2018)
- The CIPFA Financial Management Code (CIPFA FM Code)
- The Scheme of Consent operating between the Police and Crime Commissioner (PCC) and the Chief Constable (CC)
- Joint Financial Regulations of the PCC and CC
- Joint Contract Standing Orders / Regulations of the PCC and CC
- The Local Audit and Accountability Act 2014
- The Accounts and Audit (England) Regulations 2015 *(including subsequent amendments)*

External Audit and Accountability

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

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

The Local Audit Backlog and Recovery Framework

The external audit system for local government in England has faced unprecedented structural challenges in recent years, resulting in a severe, nationwide backlog of unaudited accounts. In response, the Government—in collaboration with key oversight bodies—has implemented a comprehensive "reset and recovery" programme underpinned by statutory legislation.

A core mechanism of this recovery framework is the introduction of mandatory statutory backstop dates. Enacted via *The Accounts and Audit (Amendment) Regulations 2024* (which came into force on 30 September 2024), these deadlines legally compel the conclusion of outstanding historical audits. This exceptional measure allows the audit market to safely reset, redirecting professional capacity toward providing full assurance on current financial statements where it delivers the greatest public value.

While the factors driving these systemic delays are multifaceted, they have been primarily exacerbated by a critical national shortage of un-fragmented, skilled public sector auditors. These systemic pressures have been widely recognised by the National Audit Office (NAO), the Financial Reporting Council (FRC), Public Sector Audit Appointments Ltd (PSAA), the Chartered Institute of Public Finance and Accountancy (CIPFA), and the Local Government Association (LGA).

The statutory recovery timeline mandated by Parliament to clear the historic backlog is structured as follows:

Financial Year	Statutory Backstop Date
Up to and including 2022/23	13 December 2024
2023/24	28 February 2025
2024/25	27 February 2026
2025/26 (Current Year)	31 January 2027
2026/27	30 November 2027
2027/28	30 November 2028

Impact on this Statements of Accounts

A direct, planned consequence of this statutory reset is that many local authorities and blue-light bodies across the country have received modified or disclaimed audit opinions. These non-standard opinions are an administrative result of the hard deadlines rather than a reflection of underlying structural deficiencies in financial management or reporting quality.

For our 2024/25 Statements of Accounts, our external auditors issued a qualified audit opinion prior to the 27 February 2026 backstop deadline.

Because of a national sector-wide shortage of auditors, Parliament legislated a hard cut-off for historic audits. As a direct consequence of this national legislation, Sussex Police—like many other public bodies across the country—received a modified 'disclaimed/qualified' opinion. This is a technical, administrative mechanism mandated by the Government to clear the national backlog, and does NOT indicate any failure, fraud, or weakness in Sussex Police's local financial management.

System oversight continues to evolve alongside this recovery process. While the FRC acted as the shadow system leader during the initial setup of the reset phase, formal system leadership responsibility has transferred to the Ministry of Housing, Communities and Local Government (MHCLG), paving the way for the establishment of a permanent, statutory Local Audit Office (LAO).

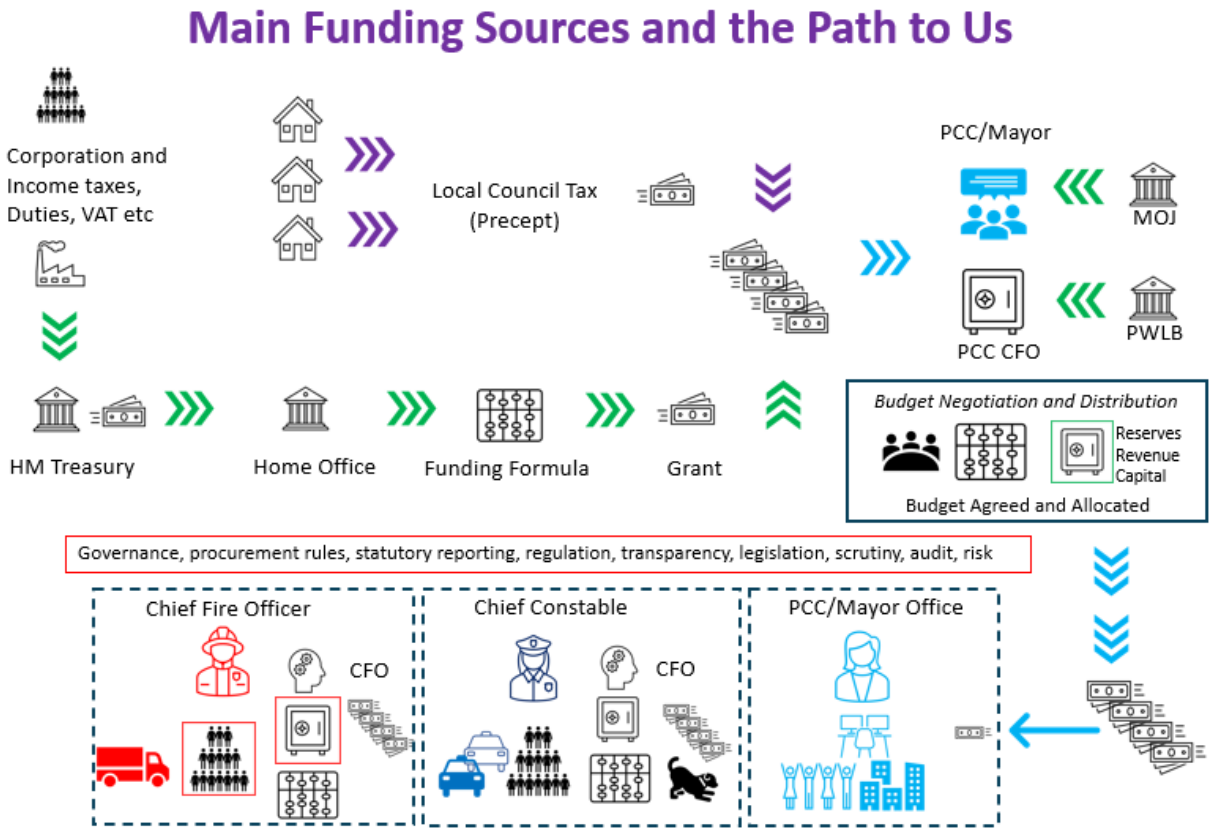
For the current 2025/26 financial year, our auditors are working under the Code of Audit Practice and the *Local Audit Reset and Recovery Implementation Guidance (LARRIG)* notes issued by the NAO to systematically rebuild incremental assurance.

The statutory backstop for these accounts is 31 January 2027, marking a progressive transition back toward normalised, complete, and timely local audit cycles.

Further details regarding our historical audit opinions and specific Audit Results Reports are available publicly on our website. For broader details on the national framework, statutory updates are maintained by the Ministry of Housing, Communities and Local Government (MHCLG) and archived on the Financial Reporting Council (FRC) library.

Policing Funding in Sussex

Funding for the PCC and CC is received from two main sources, council tax which is levied on dwellings for which the PCC is a major precepting authority and government grant. The majority of government grant is provided via the Home Office with a smaller proportion from the Ministry of Justice for victim related services. The graphic below is a diagram of the funding and pathway.

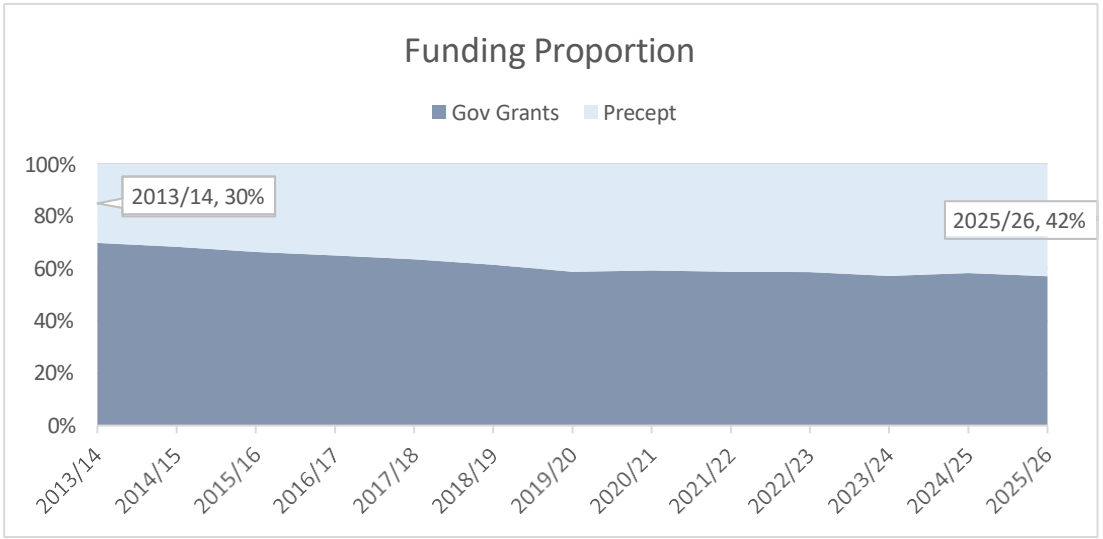


The strategic approach to police funding has evolved significantly over the last decade. Following a period of reductions in central government funding, the Government's approach from 2016/17 onwards was to protect police funding in "flat cash" terms, with increases in local council tax precepts expected to offset inflationary pressures and rising operational demand. Whilst this approach provided greater stability than previous funding reductions, it resulted in an increasing reliance on local taxation to support policing services.

To support this approach, successive governments provided Police and Crime Commissioners (PCCs) with flexibility to increase the police element of council tax without triggering a local referendum. The referendum threshold increased from £12 for a Band D property in 2018/19 to £24 in 2019/20, followed by increases of £10 in 2020/21 and 2022/23, £15 in 2021/22 and 2023/24, £13 in 2024/25 and £14 in 2025/26.

During 2025/26, Sussex Police continued to face significant financial pressures arising from pay awards, inflation, increased employer costs and growing operational demand. Workforce costs accounted for approximately 80% of total expenditure and remained the single largest financial pressure facing the organisation. Whilst government funding increased, local council tax income continued to play a critical role in maintaining police officer numbers, protecting frontline services and supporting investment in operational capability.

The cumulative effect of these funding arrangements has been a significant shift in the balance between central government grant and local taxation. In Sussex, the police precept accounted for approximately 30% of total funding in 2013/14. By 2025/26, the proportion funded through local council tax had increased to approximately 42%. This demonstrates the growing contribution made by Sussex residents towards the funding of local policing services and highlights the increasing importance of the police precept in supporting financial sustainability and service delivery.



This shift demonstrates the increasing reliance on local taxation to support and sustain policing services in Sussex. Whilst government funding remains the largest source of income, successive increases in the council tax precept have enabled Sussex Police to maintain officer numbers, invest in operational capability and respond to increasing demand and cost pressures. For 2025/26, the Government provided PCCs with the flexibility to increase the police element of council tax by up to £14 for a Band D property without triggering a local referendum.

Sussex Police and Crime Commissioner approved the full increase as part of the 2025/26 budget and Medium Term Financial Strategy.

Following a reduction in core government grant in 2016/17, core grant funding remained relatively static in real terms for a number of years. More significant increases were seen from 2020/21 onwards, reflecting the Government's Police Uplift Programme, which provided additional resources to support the national recruitment of 20,000 police officers and to assist forces in meeting associated pay and employment costs. Despite these increases, local council tax income has continued to represent an increasingly important source of funding, reflecting both rising policing costs and the long-term shift towards greater local funding of policing services.

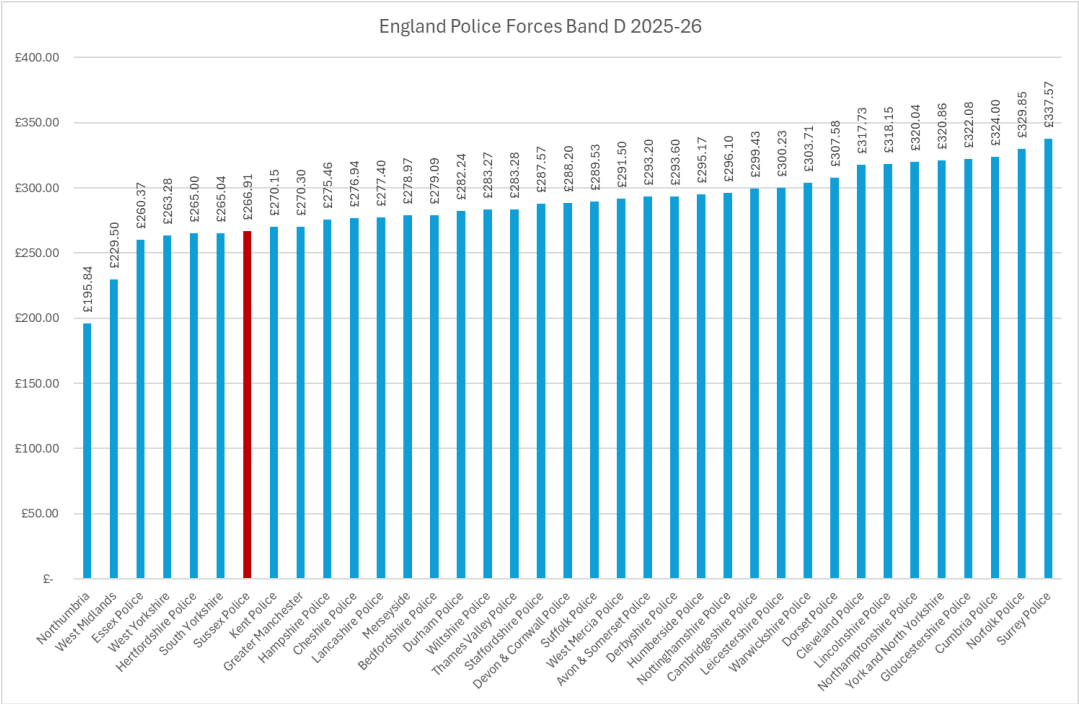
The council tax and precept funding for 2025/26 at the start of the year was forecast as follows:

2024/25 £m	2024/25 Proportion %		**2025/26 £m**	**2025/26 £m**	**Proportion %**
396.525		Total Revenue Expenditure		423.689	
1.539		**Less Appropriations** (to) / from Reserves		1.050	
394.986		**Net Budget Requirement**		**422.639**	
		Less			
196.291		Main Policing & RS Grant	203.597		
3.062		Council Tax Legacy Freeze Grant	3.062		
10.140		Council Tax Local Support Grant	10.14		
11.004		Operation Uplift Performance Grant	10.682		
9.151		Pensions Grant	8.440		
		National Insurance Grant	5.503		
		Neighbourhood Policing Grant	4.297		
229.648	**58%**	**Total Policing Grant**		**245.721**	**58%**
165.338		**Balance to be raised locally**		**176.917**	
0.399		Less net surplus on collection funds		(0.423)	
164.939	**42%**	**Council Tax Requirement**		**177.340**	**42%**

Comparison of the Precept with Other Policing Bodies

The council tax precept for Sussex remained comparatively low when benchmarked against other policing bodies in England and Wales. Following the approved increase of £14 for 2025/26, the Band D police precept in Sussex was £266.91 per annum. Despite this increase, Sussex continued to have one of the lowest police precepts nationally, ranking as the seventh lowest of the 37 policing bodies in England and Wales.

The table below illustrates the range of police precepts across policing bodies in England and Wales and demonstrates that Sussex residents continue to contribute less through council tax towards policing than residents in many other force areas. This relatively low precept position remains an important consideration when assessing the overall funding available to support policing services in Sussex and highlights the continuing importance of securing value for money and delivering efficiencies across the organisation.



Other Income

The PCC continues to seek opportunities to maximise income from external sources to support policing and community safety services. These include specific government grants, partnership funding arrangements, developer contributions where appropriate, and income generated from the provision of Special Police Services, including policing at Gatwick Airport, sporting events and other commercial activities. Charging arrangements are reviewed regularly to ensure compliance with national guidance and to support value for money.

The powers available to PCCs under the Police Reform and Social Responsibility Act 2011 are more limited than the general powers available to local authorities under the Localism Act 2011. As a result, opportunities for commercial income generation remain constrained and income generation continues to focus on activities that are directly linked to policing functions.

Workforce Funding and Police Officer Numbers

Following the successful conclusion of the National Police Uplift Programme (PUP)—which delivered an additional 20,000 police officers across England and Wales in the three years ending 31 March 2023—government focus pivoted toward long-term workforce retention. During the 2025/26 financial year, Sussex Police continued to benefit from targeted financial allocations designed to permanently safeguard these enhanced officer baselines.

To support force areas in maintaining headcount stability, the Government extended the Police Officer Maintenance Grant framework into 2025/26, providing a national funding pot of £377 million. Of this total, Sussex Police was allocated £10.7 million, structured across two distinct tranches:

- £7.5 million via the core PUP Performance Grant; and
- £3.2 million via an additional recruitment "top-up" grant, supporting costs associated with recruitment surges executed over and above standard baseline metrics.

To qualify for full funding tranches, the Force was required to maintain an enhanced baseline headcount threshold of 3,226 officers at two critical measurement checkpoints: 30 September 2025 and 31 March 2026. Sussex Police successfully exceeded compliance metrics at both intervals. Notably, as of 31 March 2026, the Force recorded an actual closing headcount of 3,342 officers—surpassing the enhanced statutory target by 73 officers. This headcount translates to 3,259.68 Full-Time Equivalent (FTE) positions based on actual hours worked.

Neighbourhood Policing Grant

Supplementing core workforce funding, the Sussex Police and Crime Commissioner was allocated an additional £4.3 million from the central Neighbourhood Policing Grant for the 2025/26 financial year. This ring-fenced allocation forms part of a wider national strategic campaign to inject an additional 13,000 neighbourhood policing roles across the service by 2029.

This targeted funding enabled Sussex to absorb an additional 43 police officers alongside further Special Constables during the year. Incorporating these 43 grant-funded roles adjusts the force's revised aggregate workforce baseline target upward to 3,269 officers.

Financial Impact

A prolonged period of constrained central government funding, compounded by escalating pay awards, inflation, and broader operational costs, has required Sussex Police to deliver substantial efficiencies over consecutive years. Although core government funding increased during the 2025/26 financial year, structural financial pressures continued to outpace available resources in several critical areas—most notably across workforce expenditure and increased employer National Insurance contributions.

The Medium Term Financial Strategy (MTFS) explicitly identified the necessity for sustained transformation and efficiency initiatives to safeguard long-term financial sustainability and secure a balanced budget. Consequently, the PCC and the Chief Constable have continued to progress targeted transformation programmes. These initiatives are designed to systematically reduce operating costs, modernise service delivery models, and maximise productivity, ensuring that remaining resources are robustly prioritised toward frontline policing and public safety.

Operational Performance, Value for Money, and Funding Metrics

Despite operating within tight fiscal constraints, Sussex Police has prioritised the maintenance of strong operational performance and consistent service delivery.

The force continues to operate as a highly efficient organisation. In the 2025/26 financial year, Sussex recorded the 16th lowest Net Revenue Expenditure (NRE) per head of population nationally. This demonstrates that Sussex Police continues to deliver comprehensive policing services with comparatively fewer resources than the majority of other forces:

- Sussex Police NRE per head: £214.57 *(excluding national functions and PCC costs)*
- National Average NRE per head: £255.79
- Most Similar Group (MSG) Average: £209.77

Following the approved £14.00 increase in the council tax police precept for 2025/26, Sussex remains one of the lowest precepting police areas across England and Wales. The resulting Band D precept was set at £266.91. Despite this local increase, Sussex maintained the seventh-lowest police precept nationally, reflecting a relatively low direct financial contribution from Sussex residents compared to other force areas.

Funding Stream Vulnerabilities and the Medium-Term Outlook

Total aggregate funding available to Sussex Police remains low relative to national benchmarks. When measuring core government grants alongside local precept income, the force received the 15th lowest level of total funding per head of population out of all Home Office forces. This baseline continues to present structural challenges in meeting compounding operational demand, escalating workforce costs, and essential capital investment requirements, while simultaneously preserving financial resilience.

This reliance on local council tax income aligns with a broader national trend, whereby local taxpayers fund an increasingly larger proportion of policing costs. While central government grants remain the largest single component of the force's income, the local police precept has evolved into a critical element of the overall funding architecture. This structural dependency is heavily reflected in the Medium Term Financial Strategy (MTFS) and remains a pivotal factor in maintaining a sustainable and balanced financial position over the medium term.

Financial Context 2025/26

Throughout the **2025/26** financial year, the PCC worked closely with the Chief Constable and the Senior Leadership Team to navigate the complex financial and operational challenges facing Sussex Police. The organisation operated within a volatile fiscal environment characterised by escalating workforce expenditure, inflationary pressures, compounding operational demands, and systemic uncertainty regarding future central government funding settlements.

A prominent structural challenge remains the persistent gap between the baseline cost of policing and the core resources provided via central government grant funding. While funding injections have been received in recent years—specifically earmarked for the Police Officer Uplift Programme—these allocations have not fully insulated the force against rising baseline costs. Workforce expenditure accounts for approximately **80%** of total net revenue expenditure, remaining the single largest financial pressure facing the organisation.

The 2025/26 budget was developed against a backdrop of unavoidable cost escalations arising from nationally agreed pay awards, legislative employer National Insurance contribution changes, general inflation, and shifting crime profiles. To mitigate these pressures, the PCC and the Chief Constable accelerated a comprehensive suite of transformation, productivity, and efficiency initiatives designed to deliver recurring cashable savings while safeguarding frontline operational capabilities.

Revenue Budget and Council Tax Precept Gearing

The approved net revenue budget for 2025/26 was finalised at **£423.7 million**. Funding was derived from a combination of core Home Office grants and locally raised council tax income.

The local police precept has become an increasingly vital pillar of the force's funding architecture. The PCC approved a £14.00 increase in the Band D police precept for 2025/26 to maintain investment in frontline services and bolster organisational resilience. By 2025/26,

approximately 42% of Sussex Police's aggregate funding was generated through local council taxation, compared to just 30% in 2013/14. This shift underscores the expanding financial contribution made by local taxpayers toward sustaining local policing infrastructure.

Medium Term Financial Strategy (MTFS) and Capital Investment

The Medium Term Financial Strategy (MTFS) recognised that, despite the precept maximisation and the central funding settlement, further structural efficiencies would be required to maintain a balanced budget over the medium-term planning horizon. Accordingly, the PCC and Chief Constable continually reviewed all expenditure categories to optimise productivity.

This strategy focused heavily on targeted capital investment in technology, estates modernisation, digital services, and collaborative regional working arrangements to drive long-term sustainability.

The MTFS also prioritised the significant capital investment required to preserve and modernise the police estate, replace legacy IT platforms, and enhance digital infrastructure. These capital commitments place competing pressures on finite resources, demanding rigorous management via the Capital Programme, the Reserves Strategy, and proactive treasury management arrangements.

Reserves and Financial Resilience

Reserves continue to play an essential role in supporting the overarching financial resilience, managing strategic risk, and funding organisational change. Earmarked reserves were prudently drawn down during the year to finance transformation activities and service improvement schemes. Concurrently, the General Reserve was maintained at a level aligned with the PCC's approved Reserves Strategy to provide a robust buffer against unforeseen operational emergencies and macro-economic shocks and manage cash flow.

The PCC’s financial strategy for 2025/26 remained firmly focused on securing long-term financial sustainability, maximising value for money, and ensuring Sussex Police is structurally positioned to meet future demand profiles. The successful realisation of planned savings remains critical to maintaining a balanced financial position over the life of the MTFS.

Overall, our Total Usable Reserves increased this year by a net £5.3m, moving from £64.9m to £70.3m (see Note 23). While we did utilise some reserves to fund critical transformation projects, this was more than offset by planned additions, resulting in a net increase of £5.9m to our Earmarked Reserves (see Note 7). This strategic net build-up to £53.4m ensures we have a robust financial buffer to manage future uncertainties, resource a portion of the Estates Transformation Strategy whilst simultaneously maintaining our General Reserve at a prudent £16.9m (4% of our net revenue budget).

Revenue Budget, Expenditure and Income Summary

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

The 2025/26 net revenue budget was approved by the Police and Crime Commissioner at £423.7 million. The budget was developed against a backdrop of continuing financial pressures arising from pay awards, inflation, increasing operational demand and changes to employer National Insurance Contributions.

The approved budget was funded through a combination of government grant and local council tax income and included:

- Core government grant funding of £245.7 million.

- A £14 increase in the police element of the council tax precept, increasing the Band D charge to £266.91 and generating £177.3 million of funding from local taxpayers.

- Provision for pay awards, inflationary increases, contractual commitments and other operational cost pressures.

- Investment to maintain police officer numbers and support frontline policing services, whilst continuing to deliver the priorities set out in the Police and Crime Plan.

- The delivery of transformation activity, productivity improvements and efficiency savings required to address forecast budget pressures and maintain financial sustainability over the medium term.

- A delegated budget of approximately £402 million to the Chief Constable to enable the discharge of operational policing activities under her direction and control.

During the year, the approved budget was subject to regular monitoring and review. Where necessary, budget virements were approved in accordance with the Scheme of Financial Management and Financial Regulations to ensure resources remain aligned to operational priorities and organisational requirements.

Revenue Budget Outturn 2025/26

	To 31 March 2026			
	Actual	Budget	Variance	
	£m	£m	£m	%
Operational Delivery Budget	400.158	401.959	(1.801)	(0.4%)
Office of the PCC	2.079	2.032	0.047	2.3%
Community Safety	1.773	1.739	0.034	1.9%
PCC Sussex Victim Services Commissioning	0.483	0.482	0.001	0.2%
Violence Reduction Unit	0.180	0.171	0.009	5.3%
Other OPCC Financing Budgets including Reserves & Transfers	19.590	19.550	0.040	0.2%
Total Police Fund	**424.263**	**425.933**	**(1.670)**	**(0.3%)**
Funding	**(425.791)**	**(425.933)**	**0.142**	
Total including funding	**(1.528)**	**0.000**	**(1.528)**	

During 2025/26

The financial environment during 2025/26 remained challenging. Although inflationary pressures moderated compared with previous years, the cumulative impact of rising prices continued to affect workforce costs, contracts, supplies, technology, estates and operational activities. The wider economic and geopolitical environment also continued to create uncertainty for medium-term financial planning and financial sustainability.

Workforce costs remained the largest area of expenditure, accounting for approximately 80% of the Group's revenue budget. Pay awards, pension costs, overtime, incremental progression and changes to employer National Insurance Contributions continued to place pressure on budgets throughout the year. Maintaining police officer numbers remained a key national funding requirement and Sussex Police successfully achieved the Home Office officer maintenance target of 3,226 officers at both September 2025 and March 2026, securing the full £7.5 million maintenance grant.

The approved net revenue budget for 2025/26 was £423.6 million and was funded through a combination of government grant and local council tax income. The PCC approved a £14 increase in the police precept for a Band D property, increasing the annual charge to £266.91.

Local taxation continued to play an increasingly important role in funding policing services, accounting for approximately 42% of the overall funding available to Sussex Police.

During the year, Sussex Police continued to manage significant cost pressures through active financial management, vacancy management, income generation and the delivery of transformation and efficiency programmes. The Force achieved an operational delivery underspend of £1.8 million against a budget of £401.9 million, primarily driven by police officer pay vacancies and higher than budgeted income, partially offset by pressures in overtime, ill-health pensions, digital forensics, vehicle maintenance and legal costs.

The overall Group revenue position reported an underspend of £1.5 million. However, after adjusting for one-off funding, slippage and accounting adjustments that will not assist in closing future budget gaps, the underlying position represented an overspend of £0.4 million (0.09% of the budget). This highlights the continuing financial challenges facing Sussex Police despite prudent financial management and strong budgetary control arrangements.

The organisation continued to deliver transformation and efficiency during the year. A savings target of £5.0 million was included within the 2025/26 budget, with a further £1.7 million of new savings identified during the year to help reduce the ongoing cost base. However, £1.9 million in planned savings were subsequently assessed as unachievable, resulting in an in-year savings shortfall of approximately £0.6 million.

The capital programme continued to support investment in estates, technology, transport and operational infrastructure. Capital expenditure of £14.0 million was incurred during the year against a revised budget of £21.9 million, with the variance primarily reflecting programme slippage and the re-profiling of major estates, technology and changing projects into future years. No new external borrowing was required during 2025/26, with the capital programme funded through revenue contributions, reserves, grants and other internal resources. This approach reduced exposure to borrowing costs and interest rate risk during a period of relatively high Public Works Loan Board borrowing rates.

Reserves continued to play an important role in supporting financial resilience, managing risk and funding transformation activity. Earmarked reserves were maintained to support investment, change programmes and operational requirements, whilst general reserves were retained at prudent levels to provide resilience against future financial uncertainty.

Financial Performance Summary

When reviewing our Comprehensive Income and Expenditure Statement, readers will note a 'Deficit on the Provision of Services' of £23.2m. It is important to understand that this is an accounting deficit, not a cash deficit. It includes technical, non-cash charges such as the depreciation of our buildings and equipment (£11m), and estimated future pension costs (£37.3m). In reality, our day-to-day cash management was highly effective; our cash balances actually increased by £18.1m over the year to £34.8m, ensuring strong liquidity to pay our staff and suppliers. See Note 20 - Cash and Cash Equivalents.

Revenue Budget Performance and Financial Management

The 2025/26 financial year was characterised by continued financial pressure arising from rising workforce costs, inflationary impacts, increasing operational demand and the evolving nature of crime. Against this backdrop, Sussex Police delivered policing services within its overall approved revenue budget whilst maintaining investment in frontline policing, public protection and organisational resilience.

The Force achieved an operational delivery underspend of £1.8 million against a revised budget of £401.9 million. This outcome was not driven by any single factor but reflected a combination of active financial management, workforce vacancies, operational demand pressures and the continued delivery of transformation and efficiency initiatives. Stripping out the delayed project money that must be rolled forward, and ignoring the unexpected one-off income, the actual day-to-day operational cost base was over budget by **£373k** (a minor variance of just 0.09%). Further details can be found in the Chief Constables accounts. Looking ahead, we cannot rely on staff vacancies to balance the books; we must remain relentlessly focused on delivering permanent efficiency savings to ensure our Medium Term Financial Strategy remains viable.

Workforce expenditure remains the largest area of spending, accounting for approximately 80% of total revenue expenditure. During the year, police officer pay costs were lower than originally budgeted due to higher-than-anticipated vacancies arising from recruitment and turnover patterns. However, these savings were partially offset by increased overtime expenditure. As outlined earlier in this report, Sussex Police continued to experience growing demand associated with serious sexual offences, safeguarding, vulnerability and digitally enabled crime. Maintaining operational resilience and service delivery in these areas required additional deployment of police officer overtime to ensure that critical incidents and complex investigations were appropriately resourced.

Inflationary pressures also continued to affect operational budgets. Although national inflation rates reduced during the year, the cumulative impact of previous years' inflation remained embedded within the organisation's cost base. This was particularly evident in estates, facilities and transport budgets, where higher maintenance costs, building repairs, contractor charges and fleet-related expenditure reflected the increased cost of maintaining critical operational infrastructure in a higher-cost environment.

The changing nature of crime also influenced expenditure patterns during the year. As criminal activity becomes increasingly digital and technology-enabled, demand for specialist investigative support continued to grow. This resulted in increased expenditure on outsourced

Digital Forensics services to support the investigation of cyber-enabled offending, serious crime and complex safeguarding cases. At the same time, prudent management of technology budgets, including delays in certain ICT projects and lower software and mobile communications costs, helped offset some of these additional pressures. This demonstrates the organisation's ability to adapt resources to meet changing operational priorities whilst maintaining overall financial control.

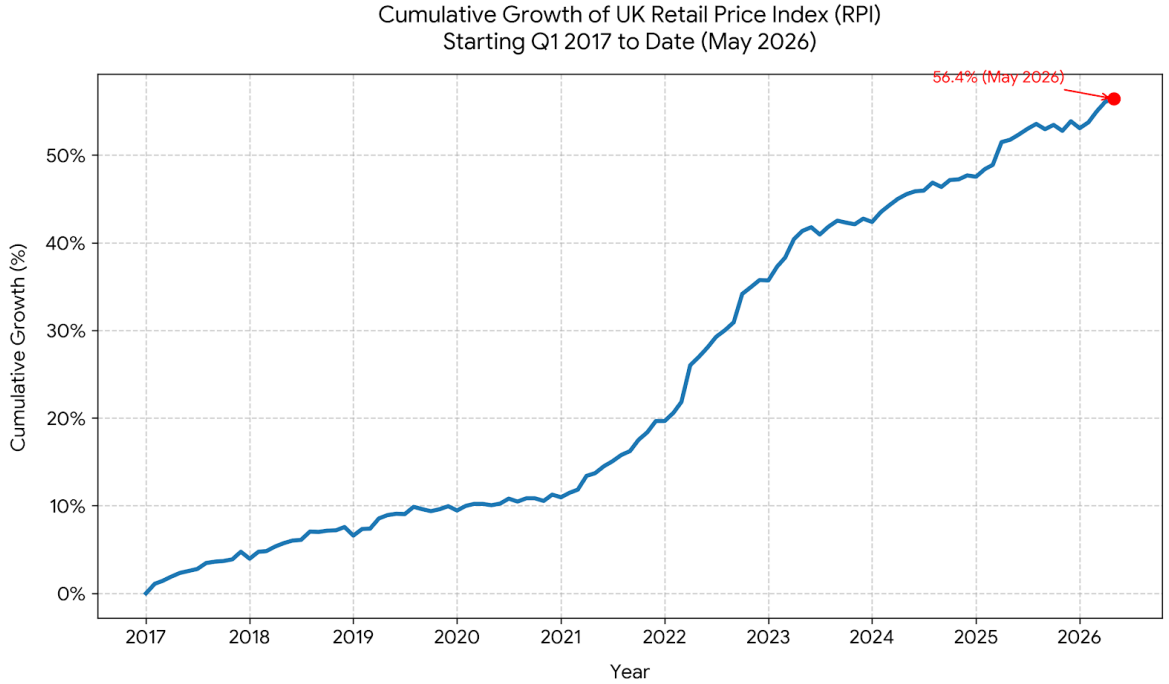
The organisation continued to deliver transformation and efficiency initiatives throughout the year, supporting the Medium Term Financial Strategy and helping to mitigate ongoing budget pressures. A savings target of £5.0 million was included within the approved budget, with a further £1.7 million of savings opportunities identified during the year. Whilst some planned savings proved more difficult to achieve than originally anticipated, management action and ongoing budget monitoring helped contain financial pressures and protect frontline service delivery.

Overall, the 2025/26 outturn reflects a balanced position in which prudent financial management, active workforce planning and continued focus on efficiency enabled Sussex Police to absorb significant operational and economic pressures while maintaining service delivery and supporting the priorities set out in the Police and Crime Plan.

Whilst the reported position represents a modest underspend, the underlying financial environment remains challenging. Demand continues to increase, workforce costs remain under pressure and future funding arrangements remain uncertain. Consequently, the successful delivery of future transformation programmes and efficiency initiatives will remain critical to maintaining long-term financial sustainability.

Inflation

Since 2017, inflation has had a significant impact on the cost of policing. Whilst inflationary pressures eased during 2025/26 compared with the exceptionally high levels experienced in recent years, the cumulative effect of price increases remained embedded within the organisation's cost base. Workforce costs, utilities, technology, transport, construction, maintenance and contracted services all continued to reflect the higher prices experienced since the pandemic and subsequent economic disruption.



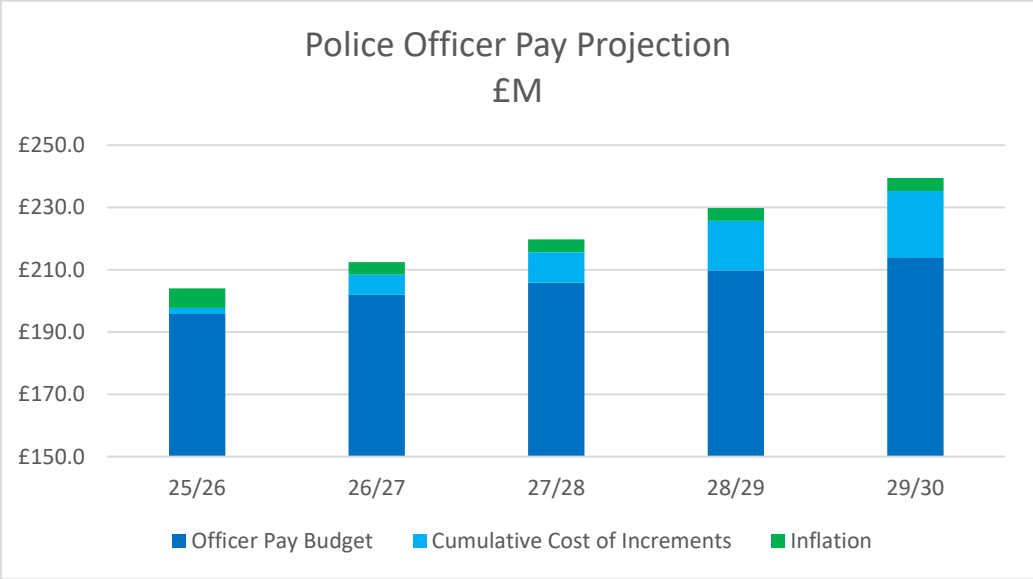
As a result, Sussex Police continued to face substantial cost pressures during 2025/26. These pressures arose from pay awards, employer National Insurance contribution changes, contractual inflation and increasing operational demand. The approved budget therefore included provision for growth, inflation and other cost pressures, whilst the Medium Term Financial Strategy identified the need for continued transformation, productivity improvements and efficiency savings to maintain a balanced and sustainable financial position over the medium term.

Police Officer Number Requirements

The largest proportion of the budget relates to pay for employees. The increase in police officers because of Operation Uplift is welcome; however, one of the consequences is the incremental pay cost as the police officers move through the pay scale. With such a large intake

over the last four years the rate at which the pay bill increases will be more than just the pay inflation each year as shown below.

The graphic below shows the police officer cost projection to 2029/30. It is based on the Home Office Op Uplift headcount maintenance figure. It includes estimated incremental progression throughout the period for all officers, includes turnover and relevant factors and the assumed pay awards.



Transformation, Efficiency and Demand

Throughout 2025/26, Sussex Police continued to progress its transformation and efficiency programmes, which form a key component of the Medium Term Financial Strategy. The aim of these programmes is to modernise service delivery, improve productivity, deliver sustainable savings and ensure that resources remain focused on frontline policing and public safety priorities.

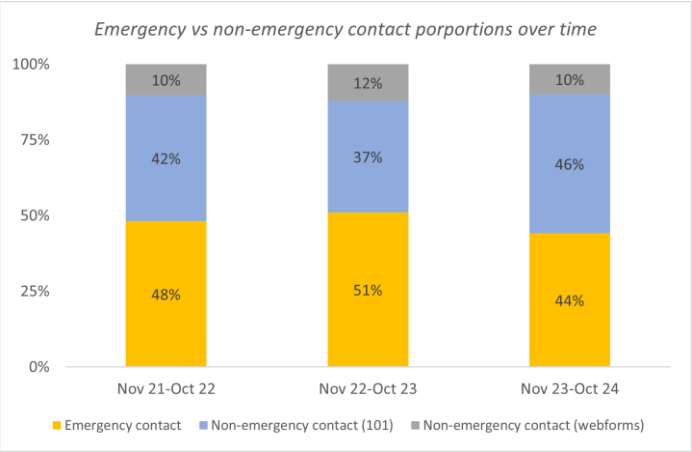
The organisation continued to operate within a challenging financial environment characterised by increasing demand, rising workforce costs and ongoing budget pressures. Transformation activity remained focused on improving efficiency, maximising the benefits of technology and digital services, modernising business processes and ensuring that resources are deployed effectively to meet changing operational requirements.

Sussex remains one of the safest counties in England and Wales and continues to perform strongly when compared with many other police

forces. However, the nature of policing demand continues to evolve. Increasingly complex investigations, safeguarding responsibilities, digital crime, public protection requirements and vulnerability-related demand require significant specialist resources and place increasing pressure on operational capacity.

The way in which the public engages with policing also continues to change. Whilst demand through traditional emergency channels has remained relatively stable, the force continues to experience growth in non-emergency contact, digital engagement and online reporting. These changes require ongoing investment in technology, contact management and workforce capability to ensure services remain accessible, effective and responsive to the needs of the public.

The successful delivery of transformation and efficiency programmes remains essential to maintaining financial sustainability and enabling Sussex Police to continue providing effective policing services within the resources available.



The nature of policing demand continues to evolve, with increasing complexity across many areas of service delivery. Whilst improvements in contact management technology and workforce capability have enhanced the public's ability to access policing services, the force continues to experience significant demand across emergency response, safeguarding, public protection and vulnerability-related incidents.

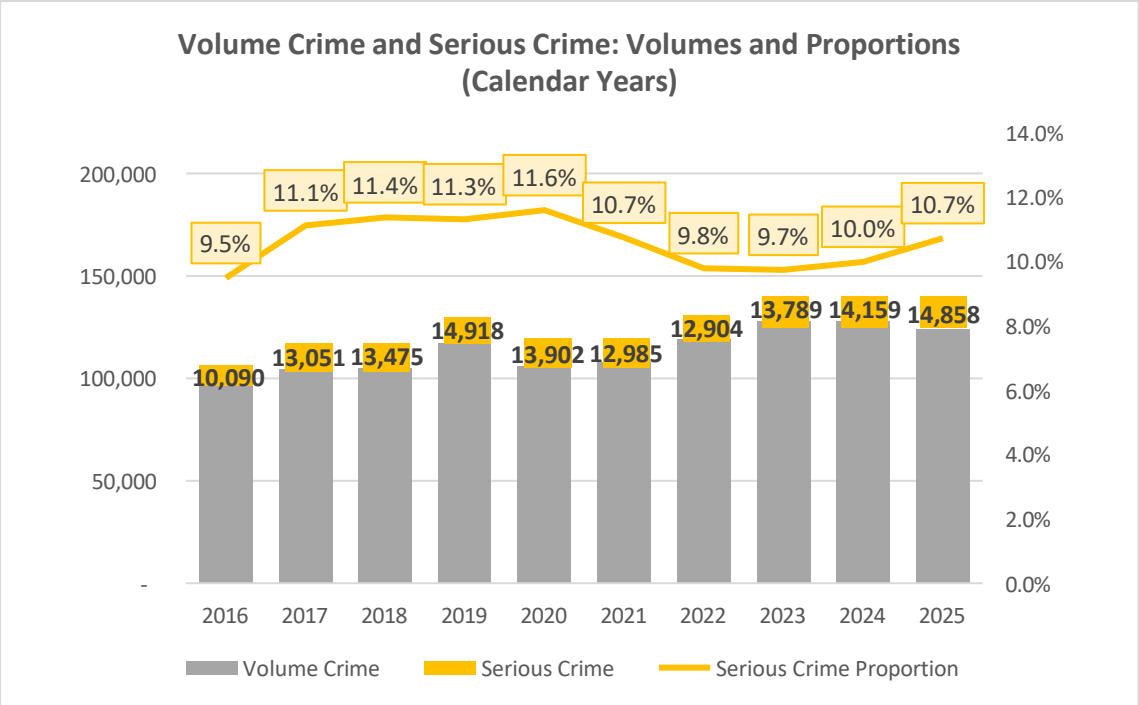
A substantial proportion of operational demand relates to public safety and welfare concerns, including incidents involving mental health, vulnerability and safeguarding. These incidents often require lengthy engagement with individuals and partner agencies and can be particularly resource intensive. Sussex Police continues to work closely with health, local authority and other partner organisations to ensure that individuals receive support from the most appropriate agency whilst enabling police resources to remain focused on core policing responsibilities.

Recorded crime levels remain significantly higher than pre-pandemic levels, reflecting both changes in reporting behaviour and the increasingly complex nature of criminal activity. The force continues to experience demand associated with serious violence, sexual offences,

organised crime, cyber-enabled offending and retail crime, all of which require specialist investigative capability and partnership working.

The force also continues to invest in proactive policing activity to tackle serious and organised crime, disrupt criminal networks and protect communities from harm. This activity has contributed to increased enforcement outcomes in a number of areas, including drug trafficking and organised criminality, whilst supporting the wider objective of preventing crime and reducing victimisation across Sussex.

These changing patterns of demand continue to inform workforce planning, investment decisions and the Medium Term Financial Strategy, ensuring that resources remain aligned to operational priorities and emerging risks.



Demand for policing services continued to evolve during 2025/26, with Sussex Police responding to increasingly complex and resource-intensive investigations. Sexual offences remained a significant area of demand, reflecting both increased reporting and the growing prevalence of digitally enabled offending. The expansion of online platforms and digital communications continues to create new investigative challenges and places additional demands on specialist safeguarding and public protection resources.

Reported rape offences also remained at historically high levels throughout the year. Sussex Police continued to embed the national Op

Soteria approach to the investigation of rape and serious sexual offences, supported by investment in specialist training, investigative capacity and safeguarding services. Whilst positive progress has been made in improving outcomes for victims, these investigations remain highly complex and resource intensive, requiring continued investment in specialist capabilities and public protection services.

In addition to investigative demand, Sussex Police continued to police a significant number of planned and unplanned events across the county. Major public events, including large-scale sporting fixtures and community events, require substantial policing resources and careful operational planning. The force also maintained its ability to respond to spontaneous incidents, protests and national public order requirements, including the provision of mutual aid to other police forces when required.

The PCC Annual Report includes further details of the progress against the policing and crime objectives and provides supporting information. It also includes the services, funding received and expended and the outcomes. The draft annual report will be presented to the Police and Crime Panel 3 July 2026 and published in the summer.

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

Capital Expenditure and Financing

Beyond day-to-day operations, the Police and Crime Commissioner (PCC) continues to invest in the infrastructure, technology and assets required to support the effective delivery of policing services across Sussex. Capital expenditure provides long-term benefits through investment in land and buildings, information technology, communications systems, vehicles and specialist operational equipment. In accordance with the local policing governance arrangements, all non-current assets are owned and controlled by the PCC and are made available to the Chief Constable for operational use.

During 2025/26, capital expenditure of £14.02 million was incurred against an approved capital programme budget of £21.91 million, resulting in a net variance of £7.89 million. The variance primarily reflects the reprofiling of expenditure into future years, driven by project delivery timelines, procurement lead times, supply chain constraints and the phasing of major estates and technology programmes. Funding has been carried forward into 2026/27 to ensure the continued delivery of these schemes.

The Capital Programme remains a key component of Sussex Police's strategy for maintaining operational effectiveness and responding to increasingly complex and evolving policing demands. Throughout the year, investment decisions have been guided by the priorities set out in the Police and Crime Plan, ensuring resources are directed towards initiatives that strengthen operational capability, improve efficiency and provide long-term value for money.

Investment in Digital, Data and Technology (DDaT) continued to be a significant priority, recognising the growing reliance of modern policing on secure and resilient digital infrastructure. During the year, £3.04 million was invested in technology-related projects, including the Joint WiFi Refresh Programme and Software Defined Wide Area Network (SD-WAN) upgrades. These investments are improving connectivity

across the policing estate, enhancing cyber resilience, supporting mobile and flexible working practices, and providing the technological foundations necessary to support frontline and investigative policing activities.

Maintaining operational readiness also remained a central focus of the capital programme. Expenditure of approximately £8.0 million through Transport Services supported the ongoing renewal of the police vehicle fleet and associated operational equipment. This investment ensures that officers and staff have access to modern, reliable and fit-for-purpose vehicles, supporting an effective response to incidents and helping to maintain service resilience across the county.

Investment in the policing estate continued throughout the year, with £1.50 million spent on Estates and Facilities projects. These investments included upgrades to security systems, CCTV infrastructure, mechanical and electrical installations, statutory compliance works and planned maintenance activity. Such expenditure supports the provision of safe, secure and efficient working environments while helping to protect the long-term condition and value of the estate.

Alongside these improvements, the Sussex Estates Strategy continued to progress the longer-term transformation of the operational estate. Capital expenditure of £0.72 million supported refurbishment and redevelopment activity at key operational sites, including custody facilities. These investments contribute towards creating a more sustainable, efficient and operationally effective estate that is better aligned to future policing requirements and changing service demands.

In addition to the core capital programme, investment has continued through the Cost of Change Programme, funded from earmarked reserves. This programme supports organisational transformation, innovation and service improvement initiatives, including sustainability projects, communications infrastructure and operational technology enhancements. These investments are expected to deliver long-term efficiencies, strengthen service delivery and support the Force’s wider transformation objectives.

Overall, the Capital Programme continues to demonstrate Sussex Police's commitment to investing in the assets, technology and infrastructure necessary to support modern policing. Through strong governance, effective financial management and robust business case appraisal processes, capital investment remains closely aligned to strategic priorities. The programme continues to deliver tangible improvements in operational capability, digital resilience and estate sustainability, ensuring Sussex Police remains well positioned to meet current and future policing challenges while achieving value for money for local taxpayers.

Capital and Investment Budget Outturn 2025/26

2025/26 Capital Outturn	Actual £m	Revised Budget £m	Variance over/ (under)spend £m
Digital, Data and Technology	3.04	3.61	(0.57)
Estates and Facilities	1.50	2.91	(1.41)
Estates Strategy	0.72	2.81	(2.08)
Transport Services	8.00	8.47	(0.47)
Cost of Change	0.00	2.42	(2.42)
Specialist Crime	0.09	0.02	0.06
Operations & Protective Security	0.52	1.49	(0.97)
Corporate Services	0.10	0.14	(0.04)
Local Policing (Sussex)	0.04	0.04	(0.00)
Total	**14.02**	**21.91**	**(7.89)**

Capital Financing

The capital and investment financing strategy is based on use of Home Office and other external funding plus revenue funding, capital receipts, borrowing and reserves in line with PCC approved Reserves Policy.

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%**

The financial statements provide full details of capital expenditure and how we funded the acquisition and enhancement of assets. We've capitalised the entire £14.017 million investment in long-term fixed assets as property, plant, and equipment (PPE) and intangibles.

Additionally, £0.319 million was spent on capital and investment projects during the year but wasn't capitalised. This is because it didn't meet the capitalisation criteria and was therefore treated as expenditure in the Comprehensive Income and Expenditure Statement and excluded from the Capital Financing Requirement (CFR).

The PCC must make a prudent Minimum Revenue Provision (MRP) to set aside funds for repaying external loans. For finance leases and on-balance sheet PFI contracts, the MRP is met by a charge that reduces the balance sheet liability.

The Capital Financing Requirement decrease by £4.731 million to £34.276 million. You can find more details in Note 13, as the CFR includes the impact of IFRS 16 and PFI Remeasurement.

Balance Sheet

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

Group Balance Sheet – Summary

	31-Mar-25 £m	31-Mar-26 £m	Movement £m
Long Term Assets	203	209	6
Current Assets	104	115	11
Current Liabilities	(52)	(58)	(6)
Long Term Liabilities	(2,276)	(2,152)	124
Net Liabilities	**(2,020)**	**(1,886)**	**134**
Financed by			
Usable Reserves	(65)	(70)	(5)
Unusable Reserves	2,085	1,956	(129)
Total Reserves	**2,020**	**1,886**	**(134)**

Movement between years:
The movement between years was £134m and the major change arose due to pensions adjustments (IAS 19) when recognising an asset ceiling for the LGPS pension scheme.

Our Balance Sheet Net Liabilities improved significantly this year, largely due to a £120m reduction in our reported pension liabilities. This was heavily influenced by an accounting cap known as an 'Asset Ceiling'. In simple terms, the Local Government Pension Scheme investments performed exceptionally well, pushing the fund into a surplus. However, strict accounting rules cap the amount of this surplus we are allowed to report on our Balance Sheet, because we cannot physically withdraw that cash for everyday policing. Despite this cap, the overall health of the pension fund remains very strong.

Employee Pension Schemes:

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

The total long term pension liability was reduced by £120m to £2,123m and had a substantial impact on the net worth of the Group. This is the main constituent of the total Net Liabilities on the Balance Sheet; however, the pension liability is mitigated as follows:

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

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

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

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

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

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

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

The pension liability shows the underlying commitment that the Group has in the long run to pay post-retirement benefits. The total liability of £2,123m (£2,243m in 2024/25) has a substantial impact on the net worth of the Group as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Group remains healthy.

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

Reserves

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

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

Total usable reserves totalled £70.258m as of 31 March 2026 of which £53.352m is earmarked. The General Fund Reserve at 31 March 2026 is £16.906m and represents 4% of the Net Revenue Expenditure Budget of £422.639m. This is in line with the approved Reserves Policy which sets a minimum target for the General Reserve of 4% of Net Revenue Expenditure Budget. The additions to the earmarked reserves will, subject to PCC scrutiny and approval, be allocated to help Sussex Police achieve the changes to enable it to make ongoing revenue savings to meet the forecast deficits in future financial years.

Other

Insurance – Municipal Mutual Insurance (MMI) Liability is in run off. MMI, former insurers, triggered the Municipal Mutual Insurance Scheme of Arrangement in November 2012 as it entered insolvent liquidation. A provision of £0.9m is maintained to account for any future claims that could arise.

Assets Held for Sale - No Assets Held for Sale during 2025/26 as Astley House sale is subject to planning permission**.**

Financing and Investment Income – Interest receivable has decreased from £4.147m in 2024/25 to £3.811m in 2025/26 reflecting a decrease in interest rates and a reduction in capital receipts over the financial year.

Value for Money

Financial control involves the existence of a control structure that ensures resources are used economically, efficiently and effectively in support of the PCC's Police and Crime Plan priorities and the Chief Constable's operational objectives. Internal financial control systems are designed to minimise the risk of fraud, error, loss or unlawful expenditure and to maximise the use of available assets and resources.

The financial management and performance framework follows statutory requirements, the Home Office Financial Management Code of Practice, the CIPFA Financial Management Code and recognised professional standards. Key elements of the framework are set out below:

- Financial Regulations establish the principles of financial control. They are designed to ensure that the PCC conducts financial affairs in accordance with statutory requirements and recognised professional practice. Contract Standing Orders set out the rules governing the procurement of goods, works and services.

- Responsibility and accountability for the management of resources rests with managers who are responsible for service delivery and performance within approved budgets.

- The PCC adopted the CIPFA Treasury Management Code and approved and published an annual Treasury Management Strategy, Capital Strategy and Investment Strategy.

- In accordance with the Prudential Code and proper accounting practice, the PCC and Chief Constable maintained a Medium Term Financial Strategy (MTFS), Capital Programme and Prudential Indicators. These were reviewed regularly and formed the basis of resource planning, budget setting, reserve management, capital investment and council tax precept decisions.

- The MTFS included provision for inflation, pay awards, operational demand, known commitments and other expenditure necessary to support the delivery of both national and local policing priorities. It also considered the longer-term financial sustainability and resilience of the PCC and Chief Constable.

- The annual revenue budget provided an estimate of income and expenditure requirements and established the resources available to support delivery of the Police and Crime Plan and the Strategic Policing Requirement.

- The PCC was required to present budget and council tax precept proposals to the Sussex Police and Crime Panel prior to the budget and precept being finalised.

- Capital expenditure represented a significant element of investment in estates, transport, technology and operational assets. The PCC approved and monitored a multi-year capital programme as part of the MTFS.

- The PCC approved a balanced budget for 2025/26, supported by a £14 increase in the council tax precept. The Medium Term Financial Strategy identified the need for ongoing transformation, efficiencies and savings to address future financial pressures and maintain a sustainable financial position.

- Monthly financial performance reports and quarterly budget monitoring reports were reviewed by senior management and reported to the PCC. Key decisions were published to support transparency and accountability.

- Performance reports were presented regularly to the PCC and reviewed at public Performance and Accountability Meetings, which were webcast.

- The PCC considered reports and recommendations issued by His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) and monitored progress against any recommendations arising from inspections. HMICFRS PEEL assessments and Force Management Statements formed important sources of assurance regarding efficiency, effectiveness and future sustainability.

- Internal Audit was required to objectively examine, evaluate and report upon the adequacy and effectiveness of governance, risk management and internal control arrangements. This was achieved through the delivery of a risk-based annual audit plan, monitored throughout the year by the independent Joint Audit Committee. The Chief Internal Auditor also prepared an annual report providing an independent opinion on the adequacy and effectiveness of the control environment, governance arrangements and risk management framework.

- The Joint Audit Committee (JAC) provided independent assurance to both the PCC and Chief Constable and helped ensure that efficient, effective and adequate governance, risk management, financial reporting and audit arrangements were in place.

At the time of publication of these accounts, the external auditor's Value for Money work for 2025/26 was ongoing. No significant weaknesses in arrangements have been identified by management. The auditor's commentary on arrangements to secure economy, efficiency and effectiveness will be reported in the Auditor's Annual Report following completion of their work.

The Financial Year Ahead 2026/27

I am responsible for preparing the Medium Term Financial Strategy (MTFS), working closely with the Chief Constable's Chief Finance Officer and finance colleagues across the organisation, for consideration and approval by the Police and Crime Commissioner (PCC).

The Sussex PCC Medium Term Financial Strategy 2025/26 to 2028/29 was approved alongside the annual budget and council tax precept. The strategy demonstrates that, whilst the PCC and Chief Constable remain financially resilient and are considered going concerns, the financial environment for policing continues to be challenging and uncertain.

The Group's expenditure remains heavily weighted towards workforce costs, which account for approximately 80% of total expenditure. Recent years have seen significant pay awards for police officers and staff, together with additional employer costs arising from changes to National Insurance Contributions. Whilst government funding has increased, these increases have not always fully matched the underlying cost pressures faced by policing. As a result, there remains a continuing requirement to identify efficiencies and deliver sustainable savings.

The remaining expenditure relates to operational policing and support services, including estates, transport, information technology, communications, forensics and commissioned services for victims and communities. Although inflationary pressures have eased from the levels experienced in recent years, prices remain significantly above pre-pandemic levels and continue to create uncertainty within medium-term financial planning.

The approved net revenue budget for 2026/27 is £443.5 million, funded through a combination of Home Office grant and local council tax precept income. Council tax continues to represent an increasing proportion of total funding and remains a critical component of maintaining financial sustainability. The MTFS identifies the need for ongoing transformation and efficiency activity to address forecast budget pressures over the planning period.

Operating Cost Increases

In addition to workforce costs, the Group incurs significant expenditure on operational policing infrastructure and support services, including estates, transport, information technology, communications, forensic services and commissioned services for victims and communities.

Although inflationary pressures have moderated compared with the exceptionally high levels experienced in recent years, the cumulative impact of inflation continues to affect the cost base of the organisation. Demand for specialist services, technology solutions, utilities, insurance, construction and maintenance services remains subject to market pressures and economic uncertainty. The organisation continues to pursue opportunities to improve productivity, strengthen procurement arrangements and secure value for money whilst maintaining operational effectiveness.

The Cost of Capital

The PCC continues to invest in estates, transport, information technology and operational equipment to support the delivery of policing services. These investments require a combination of capital funding, reserves and borrowing.

The cost of borrowing remains an important consideration within the capital programme. Public Works Loan Board (PWLB) borrowing rates continue to be influenced by wider economic conditions and movements in UK government bond yields. Whilst interest rates have stabilised compared with recent volatility, the cost of financing long-term investment remains significantly higher than historic levels. Consequently, capital investment decisions are subject to robust appraisal to ensure affordability, sustainability and value for money.

Use of Reserves

The PCC maintains reserves to support financial resilience and manage risk. Reserves comprise both general reserves, which provide protection against unforeseen events and financial shocks, and earmarked reserves, which are held for specific purposes such as transformation programmes, capital investment, operational risk and service improvement initiatives.
Reserves continue to play an important role in supporting organisational change and investment whilst enabling the PCC to manage short-term financial pressures. However, reserves can only be used once and do not provide a sustainable solution to recurring budget pressures. The level and adequacy of reserves are reviewed regularly as part of the budget-setting and financial planning process.

Police Officer Numbers

Maintaining an effective workforce remains a key priority for Sussex Police. Significant investment over recent years has enabled officer numbers to increase substantially and improve operational capacity across the force.
The Government has now moved away from the previous Police Uplift Programme requirements and has incorporated associated funding within wider police grant arrangements. National policy has shifted towards delivering additional neighbourhood policing capacity, with funding linked to the Government's commitment to increase neighbourhood policing personnel across England and Wales.
Sussex Police continues to maintain a strong workforce position and is investing in recruitment, training and retention to ensure that it has the skills and capacity required to meet current and future demands. The force is also seeking to maximise workforce flexibility through an appropriate balance of police officers, police staff, PCSOs and specialist roles.

Comprehensive Spending Review and Police Reform

The Government's Spending Review and subsequent police funding settlements have provided greater clarity regarding police funding for the medium term. Whilst the review included commitments to increase overall police spending power, the detailed distribution of funding between government grant and local taxation remains subject to future annual settlements.

The Government has also published proposals for significant policing reform through its White Paper, From Local to National: A New Model for Policing. These proposals include greater national coordination of policing services, increased efficiency and productivity requirements, reforms to governance arrangements and greater use of technology and data-driven policing. Whilst many details remain subject to consultation and implementation planning, these reforms have the potential to create both opportunities and risks for Sussex Police over the medium term.

Local Government Reform and Devolution

The Government's programme of local government reform and devolution continues to progress. Current proposals would replace existing two-tier local government arrangements within Sussex with new unitary authorities and establish a Mayoral Combined County Authority for Sussex and Brighton.

The proposed reforms are intended to strengthen local decision-making, improve strategic planning and support economic growth. Whilst the direct operational impact on policing remains limited in the short term, changes to local government structures are expected to influence partnership arrangements, governance frameworks and future funding considerations.

Changes to Police Governance

Sussex was selected by Government as part of the Devolution Priority Programme, enabling accelerated progress towards the creation of a Mayoral Combined County Authority.

Under current proposals, the role of Police and Crime Commissioner would be transferred to the elected Mayor as part of wider governance reforms, with the first mayoral election currently planned for 2028, subject to legislation. The PCC and Chief Constable are actively engaged in planning for these changes to ensure continuity of governance, accountability and service delivery.

Whilst the final arrangements remain subject to parliamentary approval and further guidance from Government, the PCC continues to work with local authority partners to support a smooth transition and protect the interests of Sussex residents and communities throughout the reform process.

The Medium Term Financial Strategy (MTFS) notes the financial ambiguity of proposed structural and governance reforms. The January 2026 White Paper, "From Local to National: A New Model for Policing", mandates the most significant modernisation of the police service in 200 years, shifting from a 43-force model toward a centralised National Police Service (NPS) and fewer, larger regional forces. An Independent Review into police force structures is taking place this year to inform the next steps of this work. As there is no 'new' money allocated for this police reform, there is a high strategic risk that local budgets will be forced to absorb complex transition costs without a confirmed fair-funding settlement. Linked to this, the change to the funding formula is delayed until structural mergers are underway. This prolongs the period in which Sussex Police must operate under an outdated funding model that does not fully reflect local demand.

Locally, the governance of Sussex Police is also undergoing transformation, with the functions of the Sussex PCC planned to transition to a directly elected Mayor for a new Mayoral Combined County Authority in May 2028. As we approach this transition, maintaining robust financial resilience remains a core priority. The decision to increase the precept for 2025/26 is driven fundamentally by the need to meet compounding operational demands, manage embedded inflationary pressures, and sustain frontline police officer numbers, ensuring the Force remains well-equipped to protect local communities both now and into the future.

Financial Standing and Going Concern

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

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

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

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

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

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

Reserves and Financial Resilience

Unusable reserves on our balance sheet include a significant negative pension reserve. This arises because the police pension scheme is unfunded; there are no fund assets to offset future liabilities when current police officers retire. However, statutory arrangements for funding this liability ensure the PCC financial position remains sound.

Usable reserves are crucial for our budget setting and financial planning. The PCC holds these reserves, with a strategy for the general reserve to maintain a balance of no less than 3% of the budget. We also hold several earmarked revenue reserves for specific purposes or activities. Using these usable reserves helps our financial planning by mitigating any predicted short-term funding gaps.

The financial resilience and sustainability of the Police Fund are continuously monitored through the production and review of our **Medium Term Financial Strategy (MTFS)**.

Significant changes since 2025/26

The most significant change affecting the 2025/26 Statement of Accounts relates to the approach adopted for the valuation of property assets. In accordance with the CIPFA Code of Practice on Local Authority Accounting and professional valuation guidance, the PCC has implemented the use of indexation, where appropriate, to update asset valuations between full revaluations. This approach enables asset carrying values to remain materially current whilst maintaining a proportionate and cost-effective valuation programme.

Apart from the continued implementation of IFRS 16 Leases, there were no other changes within the 2025/26 Code of Practice on Local Authority Accounting that were identified as having a material impact on the Sussex Police & Crime Commissioner's financial statements.

Explanation of the Key Accounting Statements

The Statement of Accounts set out the PCC and Chief Constable's financial standing and performance for the year ended 31 March 2026. The Statements represent the accounts for the PCC and those for the PCC Group. The accounts for the Chief Constable of Sussex are available separately.

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

The Accounts Comprise:

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

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

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

on arrangements for securing value for money.

The Expenditure and Funding Analysis Note to the Accounts

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

The Comprehensive Income and Expenditure Statement

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

The Movement in Reserves Statement

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

The Balance Sheet

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

The Cash Flow Statement

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

Notes to the Accounts

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

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

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

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

30 June 2026
Iain McCulloch FCPFA
Chief Finance Officer
Office of The Police and Crime Commissioner for Sussex

Statements of Responsibilities

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

The Police and Crime Commissioner Responsibilities

The Police and Crime Commissioner is required to:

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

I approve the Draft Statements of Accounts of the PCC for Sussex and the Group for the year ended 31 March 2026.

Katy Bourne OBE
Police and Crime Commissioner
Dated: 30 June 2026

The Chief Finance Officer Responsibilities

The Chief Finance Officer is responsible for:

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

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

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

During the year, the Chief Finance Officer has also:

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

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

Iain McCulloch FCPFA
Chief Finance Officer
Dated: 30 June 2026

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

This page is deliberately blank until the External Audit has been completed.

Comprehensive Income and Expenditure Statement

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

Group

2024/25					2025/26		
Expenditure	**Income**	**Net**		**Note**	**Expenditure**	**Income**	**Net**
£000	**£000**	**£000**			**£000**	**£000**	**£000**
325,696	0	325,696	Employee Costs		334,462	0	334,462
13,466	0	13,466	Premises		14,443	0	14,443
7,417	0	7,417	Transport		6,421	0	6,421
58,429	0	58,429	Supplies & Services		57,381	0	57,381
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
0	(69,547)	(69,547)	Income		0	(68,116)	(68,116)
			Rounding		(2)		(2)
417,895	**(69,547)**	**348,348**	**Net Cost of Services**	**1**	**428,189**	**(68,116)**	**360,073**
950	0	950	Other Operating Expenditure	**8**	1,785	0	1,785
141,897	(37,726)	104,171	Financing and Investment Income and Expenditure	**9**	(3,255)	124,325	121,070
0	(428,658)	(428,658)	Taxation and Non-Specific Grant Income	**10**	0	(459,673)	(459,673)
560,742	**(535,931)**	**24,811**	**(Surplus) or Deficit on Provision of Services**	**1**	**426,719**	**(403,464)**	**23,255**
		1,156	(Surplus) or Deficit on revaluation of Property, Plant and Equipment				(574)
		(288,154)	Re-measurement of the net defined benefit liability	**33**			(157,265)
		(286,998)	**Other Comprehensive Income and Expenditure**				**(157,839)**
		(262,187)	**Total Comprehensive Income and Expenditure**				**(134,584)**

PCC

2024/25 Expenditure £000	2024/25 Income £000	2024/25 Net £000		Note	2025/26 Expenditure £000	2025/26 Income £000	2025/26 Net £000
2,514	0	2,514	Employee Costs		2,358	0	2,358
123	0	123	Premises		128	0	128
14	0	14	Transport		10	0	10
12,880	0	12,880	Supplies & Services		10,738	0	10,738
0	0	0	Third Party Payments		0	0	0
0	(23,830)	(23,830)	Income		0	(19,076)	(19,076)
			Rounding		(1)	0	(1)
15,531	**(23,830)**	**(8,299)**	**Net Income from Services**	**1**	**13,233**	**(19,076)**	**(5,843)**
423,828	0	423,828	Intra-Group Funding Transfer		452,125	0	452,125
950	0	950	Other Operating Expenditure	**8**	1,785	0	1,785
2,629	(5,090)	(2,461)	Financing and Investment Income and Expenditure	**9**	(3,255)		(3,255)
0	(428,650)	(428,650)	Taxation and Non-Specific Grant Income	**10**	0	(459,646)	(459,646)
442,938	**(457,570)**	**(14,632)**	**(Surplus) or Deficit on Provision of Services**	**1**	**463,888**	**(478,722)**	**(14,834)**
		1,156	(Surplus) or Deficit on revaluation of Property, Plant and Equipment				(574)
		127	Re-measurement of the net defined benefit liability	**33**			(50)
		1,283	**Other Comprehensive Income and Expenditure**				**(624)**
		(13,349)	**Total Comprehensive Income and Expenditure**				**(15,458)**

Movement in Reserves Statement

The Movement in Reserves Statement (MIRS) is a summary of the changes that have taken place in the bottom half of the Balance Sheet over the financial year. This shows the movement from the start of the year to the end on the different reserves, analysed into 'usable reserves' i.e. those that can be applied to fund expenditure or reduce the local taxation and other 'unusable reserves'. The movements are broken down between gains/losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The net increase or decrease line shows the statutory General Fund balance movements in the year following those statutory adjustments.

GROUP 2025/26	**Note**	**General Fund Balance**	**Earmarked General Fund Reserves**	**Capital Receipts Reserve**	**Total Usable Reserves**	**Unusable Reserves**	**Total Reserves**
		£000	**£000**	**£000**	**£000**	**£000**	**£000**
Balance at 31 March 2025		**(15,033)**	**(47,485)**	**(2,405)**	**(64,923)**	**2,085,360**	**2,020,437**
Movement in reserves during 2025/26							
Surplus or deficit on the provision of services		23,255	0		23,255		**23,255**
Other Comprehensive Income / Expenditure		0	0		0	(157,839)	**(157,839)**
Total Comprehensive Income and Expenditure		**23,255**	**0**	**0**	**23,255**	**(157,839)**	**(134,584)**
Adjustments between accounting basis and funding basis under regulations	6	(28,589)	0		(28,589)	28,589	**0**
Net Increase or Decrease before Transfers to Earmarked Reserves		**(5,334)**	**0**	**0**	**(5,334)**	**(129,250)**	**(134,010)**
Transfers to / from Earmarked Reserves		3,462	(5,867)	2,405	0	0	**0**
Increase or Decrease in 2025/26		**(1,872)**	**(5,867)**	**2,405**	**(5,334)**	**(129,250)**	**(134,584)**
Rounding		(1)			(1)	3	2
Balance at 31 March 2026	**23 & 24**	**(16,906)**	**(53,352)**	**0**	**(70,258)**	**1,956,113**	**1,885,855**

GROUP 2024/25	Note	General Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Total Usable Reserves	Unusable Reserves	Total Reserves
		£000	£000	£000	£000	£000	£000
Balance at 31 March 2024		**(15,032)**	**(39,607)**	**0**	**(54,639)**	**2,327,457**	**2,272,818**
IFRS16 Transition*	31 & 32					*(11,158)	(11,158)
Restated Balance at 31 March 2024	*	**(15,032)**	**(39,607)**	**0**	**(54,639)**	**2,316,299**	**2,261,660**
Movement in reserves during 2024/25							
Surplus or deficit on the provision of services		24,811	0	0	24,811		**24,811**
Other Comprehensive Income / Expenditure		0	0	0	0	(286,998)	**(286,998)**
Total Comprehensive Income and Expenditure		**24,811**	**0**	**0**	**24,811**	**(286,998)**	**(262,187)**
Adjustments between accounting basis and funding basis under regulations	6	(35,094)	0	0	(35,094)	35,094	**0**
Net Increase or Decrease before Transfers to Earmarked Reserves		**(10,283)**	**0**	**0**	**(10,283)**	**(251,904)**	**(262,187)**
Transfers to / from Earmarked Reserves		10,284	(7,879)	(2,405)	0	20,964	**20,964**
Increase or Decrease in 2024/25		**1**	**(7,879)**	**(2,405)**	**(10,283)**	**(230,940)**	**(241,223)**
Rounding		**(2)**	**1**		**(1)**	**1**	**0**
Balance at 31 March 2025	**23&24**	**(15,033)**	**(47,485)**	**(2,405)**	**(64,923)**	**2,085,360**	**2,020,437**

***The £11,158k is the cumulative effect of IFRS 16 transition due to £10,791k PFI Liability remeasurement adjustment (Note 32) and £367k remeasurement for 3 sites that had been recognised as assets in the Balance Sheet before IFRS16 Implementation (Note 31 - Reconciliation of Liabilities arising from Financing Activities), but they were reclassified from PPE into Right to Use and were revalued as of 31 March 2025.

PCC 2025/26	Note	General Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Total Usable Reserves	Unusable Reserves	Total Reserves
		£000	£000	£000	£000	£000	£000
Balance at 31 March 2025		**(15,033)**	**(47,485)**	**(2,405)**	**(64,923)**	**(164,745)**	**(229,668)**
Movement in reserves during 2025/26							
Surplus or deficit on the provision of services		(14,834)			(14,834)		**(14,834)**
Other Comprehensive Income / Expenditure					0	(624)	**(624)**
Total Comprehensive Income and Expenditure		**(14,834)**	**0**	**0**	**(14,834)**	**(624)**	**(15,458)**
Adjustments between accounting basis and funding basis under regulations	6	9,500			9,500	(9,500)	**0**
Net Increase or Decrease before Transfers to Earmarked Reserves		**(5,334)**	**0**	**0**	**(5,334)**	**(10,124)**	**(15,458)**
Transfers to / from Earmarked Reserves		3,462	(5,867)	2,405	0	0	**0**
Increase or Decrease in 2025/26		**(1,872)**	**(5,867)**	**2,405**	**(5,334)**	**(10,124)**	**(15,458)**
Rounding		(1)			(1)	3	2
Balance at 31 March 2026	**23 & 24**	**(16,906)**	**(53,352)**	**0**	**(70,258)**	**(174,866)**	**(245,124)**

PCC 2024/25	Note	General Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Total Usable Reserves	Unusable Reserves	Total Reserves
		£000	£000	£000	£000	£000	£000
Balance at 31 March 2024		**(15,032)**	**(39,607)**	**0**	**(54,639)**	**(171,487)**	**(226,126)**
IFRS 16 Transition	31&32					(11,158)	(11,158)
Restated Balance at 31 March 2024		**(15,032)**	**(39,607)**	**0**	**(54,639)**	**(182,645)**	**(237,284)**
Movement in reserves during 2024/25							
Surplus or deficit on the provision of services		(14,632)	0	0	(14,632)	0	**(14,632)**
Other Comprehensive Income / Expenditure		0	0	0	0	1,283	**1,283**
Total Comprehensive Income and Expenditure		**(14,632)**	**0**	**0**	**(14,632)**	**1,283**	**(13,349)**
Adjustments between accounting basis and funding basis under regulations	6	4,348	0	0	4,348	(4,348)	**0**
Net Increase or Decrease before Transfers to Earmarked Reserves		**(10,284)**	**0**	**0**	**(10,284)**	**(3,065)**	**(13,349)**
Transfers to / from Earmarked Reserves		10,284	(7,879)	(2,405)	0	20,964	**20,964**
Increase or Decrease in 2024/25		**0**	**(7,879)**	**(2,405)**	**(10,284)**	**17,899**	**7,615**
Rounding		(1)	1		0	1	1
Balance at 31 March 2025	**23&24**	**(15,033)**	**(47,485)**	**(2,405)**	**(64,923)**	**(164,745)**	**(229,668)**

Balance Sheet

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

31-Mar-25 PCC £000	31-Mar-25 Group £000		Note	31-Mar-26 PCC £000	31-Mar-26 Group £000
192,670	192,670	Property, Plant and Equipment	14	197,227	197,227
6,406	6,406	Right to Use	14 & 31	5,522	5,522
2,722	2,722	Investment Property	15	5,283	5,283
1,407	1,407	Intangible Assets	16	1,406	1,406
203,205	**203,205**	**Long Term Assets**		**209,438**	**209,438**
36,285	36,285	Short-Term Investments	35	37,403	37,403
935	935	Assets Held for Sale	17	0	0
1,777	1,777	Inventories	18	1,214	1,214
47,985	47,985	Short-Term Debtors	19	41,202	41,202
16,642	16,642	Cash and Cash Equivalents	20	34,828	34,828
103,624	**103,624**	**Current Assets**		**114,647**	**114,647**
(714)	(714)	Short-Term Borrowing	35	(714)	(714)
(1,955)	(1,955)	PFI Long term liability - short term	32	(2,495)	(2,495)
(934)	(934)	IFRS16 Liability - short term	31	(910)	(910)
(37,398)	(44,269)	Short-Term Creditors	21	(41,295)	(48,817)
(3,774)	(3,774)	Provisions	22	(4,492)	(4,492)
(44,775)	**(51,646)**	**Current Liabilities**		**(49,906)**	**(57,428)**
(11,221)	(11,221)	Long-Term Borrowing	35	(10,508)	(10,508)
(17,966)	(17,966)	PFI Long term liability - long term	32	(16,030)	(16,030)
(1,818)	(1,818)	IFRS16 Liability - long term	31	(1,500)	(1,500)
(533)	(2,243,767)	Other Long-Term Liabilities	34&36	(354)	(2,123,811)
(848)	(848)	Grants Receipts in Advance – Capital	12	(663)	(663)
(32,386)	**(2,275,620)**	**Long Term Liabilities**		**(29,055)**	**(2,152,512)**
229,668	**(2,020,437)**	**Net Assets / (Liabilities)**		**245,124**	**(1,885,855)**
(64,923)	(64,923)	Usable Reserves	23	(70,258)	(70,258)
(164,745)	2,085,360	Unusable Reserves	24	(174,866)	1,956,113
(229,668)	**2,020,437**	**Total Reserves**		**(245,124)**	**1,885,855**

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

Iain McCulloch FCPFA
Chief Finance Officer
Dated: 30 June 2026

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

The Balance Sheet tables show the value as at 31 March 2026 of the assets and liabilities recognised by the Group and the Police and Crime Commissioner (PCC). The net liabilities of the Group (assets less liabilities) are matched by the reserves held by the Group.

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

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

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

Cash Flow Statement

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

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

2024/25				2025/26	
PCC	Group	CASH FLOW STATEMENT	Note	PCC	Group
£000	£000			£000	£000
(14,631)	24,811	Net deficit on the provision of services		(14,834)	23,255
(8,760)	(48,202)	Adjustment to surplus or deficit on the provision of services for noncash movements		(20,783)	(58,872)
(2,128)	(2,128)	Adjustment for items included in the net deficit on the provision of services that are investing or financing activities		(489)	(489)
(25,519)	**(25,519)**	**Net cash flows from operating activities**		**(36,106)**	**(36,106)**
18,105	18,105	Net cash flows from investing activities		14,388	14,388
3,602	3,602	Net cash flows from financing activities		3,532	3,532
(3,812)	**(3,812)**	**Net (increase) or decrease in cash and cash equivalents**		**(18,186)**	**(18,186)**
12,830	12,830	Cash and cash equivalents at the beginning of the reporting period	20	16,642	16,642
16,642	**16,642**	**Cash and cash equivalents at the end of the reporting period**		**34,828**	**34,828**

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

- Cash Flow from operating Activities

The cash flows for operating activities include the following items:

2024/25 PCC £000	2024/25 Group £000	OPERATING ACTIVITIES - INTEREST	2025/26 PCC £000	2025/26 Group £000
(4,148)	(4,148)	Interest received	(3,811)	(3,811)
2,126	2,126	Interest paid	1,995	1,995
(2,022)	**(2,022)**	**Total**	**(1,816)**	**(1,816)**

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

2024/25 PCC £000	2024/25 Group £000	OPERATING ACTIVITIES ADJUSTMENTS FOR NON-CASH	2025/26 PCC £000	2025/26 Group £000
(10,076)	(10,076)	Depreciation	(11,061)	(11,061)
(4,209)	(4,209)	Impairment and downward valuations	72	72
(413)	(413)	Amortisation	(574)	(574)
0	0	Capital Financing	0	0
(4,725)	(4,725)	(Increase)/decrease in creditors	(4,546)	(4,546)
(395)	(395)	Increase/(decrease) in debtors	(6,781)	(6,781)
253	253	Increase/(decrease) in inventories	(564)	(564)
(38,274)	(38,274)	Movement in pension liability	(37,351)	(37,351)
(1,981)	(1,981)	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	(520)	(520)
51,060	11,618	Other non-cash movements charged to the (surplus)/deficit on provision of services	40,542	2,453
(8,760)	**(48,202)**	**Total**	**(20,783)**	**(58,872)**

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

2024/25			2025/26	
PCC	Group	OPERATING ACTIVITIES ADJUSTMENTS INVESTING/FINANCING	PCC	Group
£000	£000		£000	£000
142,000	142,000	Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	127,000	127,000
2,439	2,439	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	96	96
(146,567)	(146,567)	Other items for which the cash effects are investing or financing cash flows	(127,584)	(127,584)
(2,128)	**(2,128)**		**(489)**	**(489)**

- Cash Flow from Investing Activities

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

2024/25 PCC & Group £000	INVESTING ACTIVITIES	2025/26 PCC & Group £000
16,208	Purchase of property, plant, equipment, investment property and intangible assets	14,017
147,000	Purchase of short-term and long-term investments	128,000
(2,439)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(96)
(142,000)	Proceeds from short-term and long-term investments	(127,000)
(664)	Other receipts from investing activities	(533)
18,105		**14,388**

The daily average lending for 2025/26 was £87.6m, an increase of £6.7m compared with £80.9m during 2024/25 and is reflected above within the figures for purchase of investments and proceeds from the sale of investments. This is a reasonable activity to support the primary function of policing Sussex and yielded £3.811m of investment interest received for the year.

- Cash Flow from Financing Activities

2024/25 PCC & Group £000	FINANCING ACTIVITIES	2025/26 PCC & Group £000
2,888	Cash payments for the reduction of outstanding liabilities relating to finance leases and on-Balance-Sheet PFI contracts	2,819
714	* Repayments of short and long term borrowing	714
	Rounding	(1)
3,602		**3,532**

* During the 2024/25 financial year, the presentation of the Cash Flow Statement was amended to include a new line item i.e. repayment of short and long term borrowing within "Financing Activities". This change reflects a reclassification of previously reported cash flows to provide greater clarity and alignment with current reporting practices.

The total cash flows for the prior year remain unchanged. Comparative figures have been restated accordingly to reflect this reclassification.

Note 1 -Expenditure and Funding Analysis

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

Group EFA:

GROUP

2024/25				2025/26		
Net Expenditure Chargeable to the General Fund	**Adjustments Note 6**	**Net Expenditure in the Comprehensive Income and Expenditure Statement**		**Net Expenditure Chargeable to the General Fund**	**Adjustments Note 6**	**Net Expenditure in the Comprehensive Income and Expenditure Statement**
£000	**£000**	**£000**		**£000**	**£000**	**£000**
286,393	39,302	325,695	Employee Costs	296,434	38,028	334,462
13,466	0	13,466	Premises	14,443	0	14,443
7,417	0	7,417	Transport	6,421	0	6,421
58,429	0	58,429	Supplies & Services	57,381	0	57,381
2,397	0	2,397	Third Party Payments	3,848	0	3,848
0	10,490	10,490	Capital Charges: Depreciation, Amortisation, Impairment	0	11,636	11,636
(4,210)	4,210	0	(Gains)/Losses on PPE Revaluations	73	(73)	0
(69,547)	0	(69,547)	Income	(68,116)	0	(68,116)
			Rounding	(2)		(2)
294,345	**54,002**	**348,347**	**Net Cost of Services**	**310,482**	**49,591**	**360,073**
(304,630)	(18,907)	(323,537)	Other Income and Expenditure	(315,816)	(21,001)	(336,817)
1		1	Rounding	(1)		(1)
(10,284)	**35,095**	**24,811**	**(Surplus) or Deficit on Provision of Services**	**(5,335)**	**28,590**	**23,255**

(54,640)			Opening Combined General Fund Balance	(64,923)		
(10,284)			Plus, Surplus on the General Fund Balance for the Year (Statutory Basis)	(5,335)		
1			Rounding			
(64,923)			**Closing Combined General Fund Balance**	**(70,258)**		

PCC

2024/25				2025/26		
Net Expenditure Chargeable to the General Fund	**Adjustments Note 6**	**Net Expenditure in the Comprehensive Income and Expenditure Statement**		**Net Expenditure Chargeable to the General Fund**	**Adjustments Note 6**	**Net Expenditure in the Comprehensive Income and Expenditure Statement**
£000	**£000**	**£000**		**£000**	**£000**	**£000**
2,654	(140)	2,514	Employee Costs	2,419	(61)	2,358
123	0	123	Premises	128	0	128
14	0	14	Transport	10	0	10
12,880	0	12,880	Supplies & Services	10,738	0	10,738
0	0	0	Third Party Payments	0	0	0
(10,490)	10,490	(0)	Capital Charges: Depreciation, Amortisation, Impairment	(11,636)	11,636	0
(4,210)	4,210	0	(Gains)/Losses on PPE Revaluations	73	(73)	0
(23,830)	0	(23,830)	Income	(19,076)	0	(19,076)
			Rounding	(1)		(1)
(22,859)	**14,560**	**(8,299)**	**Net Income from Services**	**(17,345)**	**11,502**	**(5,843)**
12,574	(18,907)	(6,333)	Other Income and Expenditure	12,011	(21,001)	(8,990)
1			Rounding	(1)		(1)
(10,284)	**(4,347)**	**(14,632)**	**(Surplus) or Deficit on Provision of Services**	**(5,335)**	**(9,499)**	**(14,834)**
(54,640)			Opening Combined General Fund Balance	(64,923)		
(10,284)			Plus, Surplus on the General Fund Balance for the Year (Statutory Basis)	(5,335)		
1			Rounding			
(64,923)			**Closing Combined General Fund Balance**	**(70,258)**		

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

Note 2 – Going Concern

Going Concern Section 1 – Underlying Principle

These accounts have been prepared on a going concern basis 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 undertaken an assessment of going concern and are satisfied that cash flow requirements can be met and that sufficient resources are available to enable the Group to continue operating throughout the assessment period and beyond.

The provisions of the CIPFA/LASAAC Code of Practice on Local Authority Accounting and the Code of Audit Practice reflect the economic and statutory environment in which local authorities and policing bodies operate. These provisions confirm that, as policing bodies cannot be created or dissolved without statutory prescription, they prepare their financial statements on a going concern basis of accounting.

Policing bodies carry out functions essential to local communities and are funded principally through a combination of government grant and council tax precept. Where financial pressures arise, the statutory framework within which policing bodies operate provides mechanisms through which services may continue to be delivered, and financial sustainability maintained. Accordingly, it remains appropriate to prepare the financial statements on a going concern basis.

The Government announced the final police funding settlement for 2026/27 together with funding allocations to policing bodies. Sussex Police and Crime Commissioner approved a balanced budget and precept for 2026/27, supported by a Medium Term Financial Strategy (MTFS) covering the period 2026/27 to 2029/30. The MTFS provides a framework for maintaining financial resilience whilst delivering the priorities set out in the Police and Crime Plan and meeting statutory policing responsibilities.

Devolution and Governance Changes

Regard has been given to the progress toward establishing the Sussex & Brighton Mayoral Combined Authority. Under current legislative transition timelines, it is anticipated that the functions, responsibilities, assets, and liabilities of the Sussex Police and Crime Commissioner will transfer to a newly established, directly elected Mayor.

The inaugural mayoral election is scheduled to take place in May 2028, at which point the standalone corporation sole of the Police and Crime Commissioner for Sussex will cease to exist. This represents a planned statutory reorganisation of local governance. In accordance with the CIPFA Code of Practice, where functions transfer between public sector bodies, this structural change does not invalidate the going concern basis of accounting. The operational delivery of policing services across Sussex, the legal status of the Chief Constable, and the underlying public funding streams remain continuous throughout and beyond this transition.

Going Concern Section 2 – Current and Forecast Financial Position

The 2026/27 revenue budget was approved in February 2026 following confirmation of the Government's final police funding settlement. The settlement provided total funding resources of approximately £443.2 million for Sussex Police, comprising Government grant funding and council tax precept income. The approved budget includes a Band D precept increase of £15 for 2026/27.

The PCC's Medium Term Financial Strategy covers the four-year period from 2026/27 to 2029/30 and provides the financial framework for maintaining operational policing services and delivering the Police and Crime Plan priorities. The MTFS recognises the continuing challenges arising from inflationary pressures, workforce costs, borrowing costs and uncertainty surrounding future Government funding arrangements. It also identifies the requirement to deliver savings and efficiencies through transformation and productivity initiatives in order to maintain a sustainable financial position over the medium term.

The key principles underpinning the MTFS include:

- Overall expenditure being contained within approved estimates each year.
- Maintenance of a General Reserve of not less than 4% of Net Revenue Expenditure.
- Maintenance of earmarked reserves for specific purposes where appropriate.
- Continued focus on value for money, productivity and efficiency.
- Preparation of rolling medium-term financial forecasts to support budget setting and financial planning.

The Chief Finance Officer's assessment within the MTFS concluded that the revenue and capital estimates are robust and that reserve levels are adequate to manage the financial risks facing the organisation, whilst recognising the importance of delivering planned savings and transformation activity.

While the MTFS models financial planning through to 2029/30 to ensure long-term sustainability, it is recognized that the financial management framework and remaining balances within this strategy will transfer to the oversight of the Mayoral Combined Authority upon the transfer of functions in May 2028. Although the MTFS identifies financial challenges and savings requirements over the planning period, these are considered manageable through a combination of ongoing efficiency programmes, expenditure controls, transformation activity, prudent use of reserves and annual budget setting processes.

Going Concern Section 3 – Cash Position

The PCC for Sussex held £71.6m at 31 March 2026 (£16.4m in MMFs and £34.6m in fixed term investments no more than 12 months), compared to £52.4m (£16.4m in MMFs and £36m in fixed term investment) at the beginning of the financial year.

Therefore, the PCC maintains adequate cash balances and liquidity arrangements to meet all operational and capital commitments as they fall due. Cash flow forecasts are regularly reviewed as part of treasury management and financial monitoring arrangements.

The PCC's income streams are considered secure, with the majority of funding arising from Government grant and council tax precept income. Treasury management arrangements remain in place to ensure that sufficient liquidity is maintained at all times and to provide access to short-term borrowing facilities if required.

Cash flow forecasts prepared as part of the going concern assessment demonstrate that sufficient liquidity exists to meet operational requirements throughout the assessment period. In addition, the PCC continues to maintain reserves and has access to established borrowing arrangements to support both operational cash flow requirements and the approved capital programme. The forecasted cash flow demonstrates that the Sussex PCC Group has sufficient liquidity to operate securely through the 2026/27 and 2027/28 financial years, leading up to the statutory point of transfer.

The PCC and Chief Constable are therefore satisfied that adequate cash resources will remain available to support operational policing activities through to the transfer date in May 2028 and seamlessly beyond under the successor Mayoral Combined Authority arrangements.

Going Concern Section 4 – Conclusion

Having considered the current financial position, approved budgets, reserves strategy, treasury management arrangements, cash flow forecasts, the Medium Term Financial Strategy covering the period to 2029/30, and the planned governance transfer to the Mayoral Combined Authority in May 2028, the PCC and Chief Constable have concluded that there are no material uncertainties that cast significant doubt upon the Group's ability to continue as a going concern.

Because the underlying functions, statutory responsibilities, and funding mechanisms of policing in Sussex will continue uninterrupted under the successor mayoral model, the financial statements have not been prepared on a "liquidation" or "ceasing to trade" basis. The PCC and Chief Constable are satisfied that Sussex Police has adequate resources to continue in operational existence and meet its statutory obligations for the foreseeable future. Accordingly, the 2025/26 Statement of Accounts has been prepared on a going concern basis.

Note 3 - Critical Judgements in Applying Accounting Policies

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

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

- The PCC exercises judgement in determining the carrying value of land and buildings reported in the PCC/PCC Group Balance Sheet. Property assets are valued by external valuers, Wilks Head and Eve LLP, on a five-year rolling basis. In accordance with the CIPFA Code of Practice, the PCC also considers the use of appropriate indices and other relevant market evidence between formal valuations to assess whether carrying values remain materially accurate. Local market conditions, construction costs, inflationary factors and national property data are reviewed annually to determine whether any material changes in value have occurred requiring adjustment to the Balance Sheet. (See Note 38 for details of the accounting policy relating to the valuation process and see Notes 14 and 15 for details of revaluation amounts).
- Depreciation is calculated based on asset value and expected useful life of the asset. If the useful life of an asset is reduced, then the depreciation charge to the CIES will increase. The PCC monitors the useful life of assets to identify where changes to the depreciation charge are required during the year.
- Capitalisation of non-current assets and intangible assets requires management judgement to ensure expenditure incurred during the year is correctly capitalised as Property, Plant & Equipment (PPE) or Intangible Assets. If expenditure does not meet the capital criteria it is released as revenue.
- Calculating employee benefit accruals e.g. unused holiday, this is based on staff time records and an average cost for each grade (see Notes 38 and 24 for the accounting policy and amounts respectively).
- Costs of pension arrangements require estimates assessed by an independent qualified actuary regarding future cash flows that will arise under the scheme liabilities. The assumptions underlying the valuation used for IAS19 reporting are the responsibility of the Group as advised by their actuaries. The financial assumptions are largely prescribed at any point and reflect market expectations at the reporting date. Assumptions are also made around the life expectancy of the UK population (see Note 34 for details of the pension schemes in place for police staff and police officers, see also the separate Chief Constable accounts for the Police Pension Fund Account Statements).
- Future levels of funding for Local Government - The PCC has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the PCC might be impaired as a result of a need to close facilities and reduce levels of service provision. The Comprehensive Spending review of the incoming government will require this judgment to be re-evaluated.

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

Accruals of Income and Expenditure

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

- Fees, charges and rents due are accounted for as income at the date the Police and Crime Commissioner provides the relevant goods or services.
- Where income and expenditure is recognised but cash has not been received or paid, a debtor or creditor for the relevant year is recorded in the Balance Sheet. Estimates are used where appropriate based on expectation, experience, relevant documentary evidence and other available information, including advice from specialist consultants where necessary. In preparing the year-end accounts, the PCC applies a de minimis accruals threshold of £10,000 for routine income and expenditure transactions. This threshold is reviewed annually and reflects management's assessment of materiality, taking into account the scale of the PCC's financial activities and the cost-benefit principles underpinning financial reporting. Transactions below the threshold are generally recognised in the period in which they are invoiced or paid unless their omission, individually or in aggregate, would be material to the financial statements. Estimates are used when appropriate based on expectation, experience, relevant documentary evidence and other support such as advice from specialist consultants.
- Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to the Comprehensive Income and Expenditure Statement for the income that might not be collected.
- Working capital has been judged as being attributable in full to the Police and Crime Commissioner. The PCC controls the treasury management function and all bank accounts, therefore all working balances (cash, current debtors and liabilities) are recognised in the PCC's Balance Sheet.

IFRS 16 Lease – Since 1 April 2024

For any new contracts entered into on or after 1 April 2024, the PCC considers whether a contract is or contains a lease. A lease is defined as 'a contract, or part of a contract, which conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the PCC assesses whether the contract meets three key evaluations which are whether:

• The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the PCC.

• The PCC has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract.

• The PCC has the right to direct the use of the identified asset throughout the period of use.

• The PCC assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Pensions Actuarial Assumptions

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

There is also uncertainty around the life expectancy of the UK population. The value of current and future pension benefits will depend on how long they are assumed to be in-payment. The mortality assumptions have changed from the previous accounting period to take account of recent mortality experience. Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2025 model, an allowance for smoothing of recent mortality experience and long term rates of improvement of 1.5% p.a. for males and females.

Impact of Pension Remedy - McCloud/Sargeant court of appeal

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

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

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

On 4 February 2021, HM Treasury issued a response to the consultation confirming remedy arrangement requirements that were set out in the consultation with members being given a choice as to whether they retain benefits from their legacy pension scheme, or their new scheme, during the remedy period of 2015 to 2022 so as not to disadvantage any of those members. This choice will be deferred to 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.

Insurance Actuarial Assumptions

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

Note 4 - Events After the Balance Sheet Date

When an event occurs after the Balance Sheet date which provides evidence of conditions that existed at the Balance Sheet date an adjusting event occurs, and the amounts recognised in the Statement of Accounts will be adjusted to take into account any values that reflect the adjusting event. Where an event occurs after the Balance Sheet date that is indicative of conditions that arose after the Balance Sheet date, the amounts recognised in the Statement of Accounts are not adjusted but disclosed as a separate note to the accounts. Events after the Balance Sheet date are reflected up to the date when the Statement of Accounts is authorised for issue and published.

The Statement of Accounts subject to audit were 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 Future and Other Major Sources of Estimation Uncertainty

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

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment and Depreciation	Assets are independently assessed by professional valuers. Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate and related difficulties could lead to uncertainty that the Police and Crime Commissioner will be able to sustain its current spending on repairs and maintenance, this in turn could impact on the useful lives assigned to assets. The Police and Crime Commissioner carries the assets used under the PFI contract on its Balance Sheet as part of Property, Plant and Equipment. The original recognition of these assets at fair value (based on the cost to purchase the property) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by approximately £34,743 for every year that useful lives had to be reduced.
Intangible Assets	Intangible Assets are assessed by the business and amortised over useful lives that are dependent on assumptions about the use and potential obsolescence in relation to individual assets. The PCC carries intangible assets for purchased computer software and systems development. The standard period of amortisation noted within the Financial Regulations is 3 years.	If the useful life of assets is reduced, amortisation increases and the carrying amount of the asset falls. It is estimated that the annual amortisation charge would increase by £326,993 if useful lives were reduced by 1 year.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Two consulting actuaries (Hymans Robertson LLP and Government Actuary's Department) are engaged to provide the Group with expert advice about the assumptions to be applied. Pension assumptions include the impact of "McCloud/Sargeant" transitional protections for both officer and staff pension schemes to better reflect the Fund's local assumptions, particularly those for salary increases and withdrawal rates. The Fund's actuary also carried out calculations in order to estimate the impact that the Guaranteed Minimum Pension (GMP) equalisation will have on the pension fund liabilities.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.5% decrease in the real discount rate assumption would result in an increase in the staff scheme pension liability of £41.0m and an increase in the police officer pension scheme pension liability of £149m.
Pensions Costs	There are three pension schemes for police officers, the Police Pension Scheme 1987 (PPS), 2006 Police Officer Pension Scheme (NPPS) and the Police Pension Scheme 2015 (2015 scheme); all of which are unfunded, defined benefit schemes. An unfunded scheme treated as a defined benefit scheme has no investment assets to meet its pension liability the Group must generate cash to meet the actual pension payments as they fall due.	The benefits payable are funded by contributions from employers and police officers and any shortfall is met by a top up grant from the Home Office of £44.1m (£40.8m for 2024/25) and other Pension Grant to the PCC. Further details of the schemes can be found in the Police Officer Pension Fund Accounts at the end of these statements.
Insurance Claims Liability	The level of potential claims facing the Police and Crime Commissioner is independently assessed by professional actuaries Marsh Limited on an annual basis. This assesses the future potential cost on the Police and Crime Commissioner of claims both known and unknown. Claims more likely to materialise in terms of probability, cost and timing, are carried as provision on the balance sheet. Funding for more intangible claims is held in the insurance reserve. The assessment is subject to peer review.	Additional resources required to cover claims costs would be required in the event that actual claims are higher than predicted.
Debtors	At 31st March 2025, the Police and Crime Commissioner had a balance of sundry debtors of £1.86m relating to customers. A review of significant balances suggested that a provision for bad and doubtful debts of £0.025m was appropriate.	Based on the balance outstanding at 31 March 2026, If collection rates were to deteriorate, every 1% decrease would require an additional impairment provision of £0.02m.
Income & Expenditure	The majority of funding to the Group is from Government Grants and Precept income.	Currently 58% of the Net Budget Requirement is met by Government Grant Funding and 42% by Precept collections. Therefore, any gap in funding will require further savings and the precept may increase.

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

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

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

Group

2024/25				2025/26		
Usable Reserves				**Usable Reserves**		
General Fund Balance	**Capital Receipts Reserve**	**Movement in Unusable Reserves**	**GROUP**	**General Fund Balance**	**Capital Receipts Reserve**	**Movement in Unusable Reserves**
£000	**£000**	**£000**		**£000**	**£000**	**£000**
			Adjustments primarily involving the Capital Adjustment Account:			
			Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:			
(10,076)	0	10,076	Depreciation and impairment of non-current assets	(11,062)	0	11,062
(4,210)	0	4,210	Revaluation Losses on Property Plant and Equipment	73	0	(73)
506	0	(506)	Movements in the market value of Investment Properties	1,626	0	(1,626)
(413)	0	413	Amortisation of intangible assets	(574)	0	574
433	0	(433)	Capital grants and contributions applied	416	0	(416)
458	(2,439)	1,981	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(437)	96	(341)
			Adjustments between Revenue and Capital Resources			
4,242	0	(4,242)	Statutory provision for the financing of capital investment	5,814	0	(5,814)
15,742	0	(15,742)	Capital expenditure charged against the General Fund	13,505	0	(13,505)
0	34	(34)	Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	0	0	0
			Adjustments primarily involving the Pensions Reserve:			
(145,217)	0	145,217	Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(150,635)	0	150,635
106,943	0	(106,943)	Employers pension contributions and direct payments to pensioners payable in year	113,284	0	(113,284)
			Adjustments primarily involving the Collection Fund Adjustment Account:			
(70)	0	70	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(18)	0	18
			Adjustment primarily involving the Accumulated Absences Account:			
(1,028)	0	1,028	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	(677)	0	677
(32,690)	**(2,405)**	**35,095**	**Total Adjustments**	**(28,685)**	**96**	**28,589**

Usable Reserves				Usable Reserves		
General Fund Balance	**Capital Receipts Reserve**	**Movement in Unusable Reserves**	**PCC**	**General Fund Balance**	**Capital Receipts Reserve**	**Movement in Unusable Reserves**
£000	**£000**	**£000**		**£000**	**£000**	**£000**
			Adjustments primarily involving the Capital Adjustment Account:			
			Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:			
(10,076)		10,076	Depreciation and impairment of non-current assets	(11,062)		11,062
(4,210)		4,210	Revaluation Losses on Property Plant and Equipment	73		(73)
506		(506)	Movements in the market value of Investment Properties	1,626		(1,626)
(413)		413	Amortisation of intangible assets	(574)		574
433		(433)	Capital grants and contributions applied	416		(416)
458	(2,439)	1,981	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(437)	96	341
			Adjustments between Revenue and Capital Resources			
4,242		(4,242)	Statutory provision for the financing of capital investment	5,814	0	(5,814)
15,742		(15,742)	Capital expenditure charged against the General Fund	13,505	0	(13,505)
	34	(34)	Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve			
			Adjustments primarily involving the Pensions Reserve:			
(78)		78	Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	258		(258)
236		(236)	Employers pension contributions and direct payments to pensioners payable in year	(171)		171
			Adjustments primarily involving the Collection Fund Adjustment Account:			
(70)		70	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(18)		18
			Adjustment primarily involving the Accumulated Absences Account:			
(18)		18	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	(26)		26
6,752	**(2,405)**	**(4,347)**	**Total Adjustments**	**9,404**	**96**	**(9,500)**

Note 7 - Transfers to/from Earmarked Reserves

This note sets out the usable reserves and amounts set aside from the General Fund balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure during the year. The General Fund Reserve at 31 March 2026 is £16.9m and represents 4% of the Net Revenue Expenditure Budget of £401.933m. This is in line with the approved Reserves Policy which sets a minimum target for the General Reserve of 4% of Net Revenue Expenditure Budget. All Earmarked Reserves belong to the PCC on behalf of the Group.

	Balance at 31 March 2024	**Transfers In 2024/25**	**Transfers Out 2024/25**	**Balance at 31 March 2025**	**Transfers In 2025/26**	**Transfers Out 2025/26**	**Balance at 31 March 2026**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Earmarked Reserves:							
Insurance Reserve	**(2,760)**	(734)	0	**(3,494)**	(157)	0	**(3,651)**
IT Reserve	**(430)**	0	0	**(430)**	0	0	**(430)**
Capital & Investment Reserve	**(397)**	(13,467)	13,749	**(115)**	(19,667)	13,601	**(6,181)**
Asset Seizures Reserve	**(157)**	(183)	0	**(340)**	(299)	0	**(639)**
Delegated Budget Holder Reserve	**(19,804)**	(11,670)	4,960	**(26,514)**	(7,266)	5,216	**(28,564)**
Cost of Change	**(12,316)**	(1,242)	0	**(13,558)**	0	1,190	**(12,368)**
Sussex Safer Roads Partnership Reserve	**(3,743)**	0	709	**(3,034)**	0	1,515	**(1,519)**
Rounding	**1**	0	0	**0**	0	0	**0**
Total Earmarked Reserves	**(39,606)**	(27,296)	19,418	**(47,485)**	(27,389)	21,522	**(53,352)**

Note 8 - Other Operating Expenditure

2024/25		2025/26
£000		£000
1,408	Levies	1,443
(458)	Gains/losses on the Disposal of Non-Current Assets	342
950	**Total Other Operating Expenditure**	**1,785**

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

Note 9 - Financing and Investment Income and Expenditure

2024/25			2025/26	
PCC	Group		PCC	Group
£000	£000		£000	£000
2,345	2,345	Interest payable and similar charges	2,177	2,177
(137)	106,495	Net interest on the net defined benefit liability (asset)	5	124,330
(4,148)	(4,148)	Interest receivable and similar income	(3,811)	(3,811)
(521)	(521)	Income and expenditure in relation to investment properties and changes in their fair value	(1,626)	(1,626)
(2,461)	**104,171**	**Total**	**(3,255)**	**121,070**

Note 10 - Taxation and Non-Specific Grant Income

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

31 March 2025			31 March 2026	
PCC	Group		PCC	Group
£000	£000		£000	£000
(165,269)	(165,269)	Council tax income	(177,818)	(177,818)
(262,948)	(262,956)	Non-ring-fenced government grants	(281,412)	(281,439)
(433)	(433)	Capital grants and contributions	(416)	(416)
(428,650)	**(428,658)**	**Total**	**(459,646)**	**(459,673)**

Note 11 - Precept Income

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

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

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

Valuation Band	Amount
	£
A	177.94
B	207.60
C	237.25
D	266.91
E	326.22
F	385.54
G	444.85
H	533.82

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

The Brighton and Hove City Council and the District Borough Councils collectively were due to make payments to the PCC for 2025/26 of £177,817,608. The following table sets out the amounts due and received from the individual local authorities.

Precepts Due and Collected 2025/26

Local Authority	Precept Due 2025/26	Additional amounts received / (retained) in respect of collection fund surplus/(deficit)	Share on movement on collection fund in 2025/26	Net Total
	£	£	£	£
Brighton and Hove	25,399,236	(281,778)	1,819	25,119,277
East Sussex				
Eastbourne Borough Council	9,614,045	38,689	106,173	9,758,907
Hastings Borough Council	7,279,490	191,160	6,058	7,476,708
Lewes District Council	10,397,452	140,416	(47,633)	10,490,235
Rother District Council	10,592,564	(42,939)	64,038	10,613,663
Wealden District Council	18,509,862	218,296	61,980	18,790,138
West Sussex				
Adur District Council	6,071,882	(115,458)	(31,449)	5,924,975
Arun District Council	17,850,140	180,358	229,846	18,260,344
Chichester District Council	15,937,997	(111,003)	(170,700)	15,656,294
Crawley Borough Council	9,871,712	(9,937)	(48,716)	9,813,059
Horsham District Council	17,453,031	119,125	(91,225)	17,480,931
Mid Sussex District Council	17,828,841	150,220	(93,462)	17,885,599
Worthing Borough Council	10,533,496	18,864	(4,882)	10,547,478
Total	**177,339,748**	**496,013**	**(18,153)**	**177,817,608**

In the table above, the first two columns of figures record the cash amounts received in year (for precepts due in the current 2025/26 year plus any final adjustments from the previous year). These are reflected in calculation of the budget requirement and PCC funding during the year. The third column of figures calculated on an accruals basis records any remaining amounts due as part of the PCC's attributable share of the carried-forward surplus or deficit on the Collection Fund at the year-end (i.e. sharing out in full the surplus or deficit on the Collection Fund at the end of the year, which will then be distributed to or recovered from the PCC in a subsequent financial year). This is so the PCC as a precepting authority can account in full for the amounts of council tax billed on their behalf.

The year-end surplus or deficit on the Collection Fund is distributed between billing and precepting authorities based on estimates of the Collection Fund balance at 31 March 2026, as approved by the billing authorities on 6 February 2026 for council tax purposes.

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

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

This year the PCC share of the movement on the collection fund was a negative shift in 2025/26 of £0.018m compared to the prior year, giving a total balance of £0.150m (the 2024/25: negative shift of £0.070m) in the Collection Fund Adjustment Account set out in Note 24. Precept income is shown in Note 10 as part of the analysis of taxation and non-specific grant income.

Note 12 - Grant Income

The PCC and CC credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement:

31 March 2025			31 March 2026	
PCC	Group		PCC	Group
£000	£000		£000	£000
(142,846)	(142,846)	Home Office Police Grant	(155,511)	(155,511)
(66,111)	(66,111)	DCLG Revenue Support Police Grant	(68,561)	(68,561)
(10,140)	(10,140)	Council Tax Support Grant	(10,140)	(10,140)
(3,062)	(3,062)	Council Tax Freeze Grant	(3,062)	(3,062)
(40,767)	(40,767)	Police Officer Pension Grant	(44,019)	(44,019)
(7)	(7)	Pension Remedy Grant	(59)	(59)
(15)	(23)	Redmond Review Local Audit Fees Grant	(60)	(87)
(433)	(433)	Capital Grants and Contributions	(416)	(416)
(263,381)	**(263,389)**	**Total**	**(281,828)**	**(281,855)**

Credited to Services

31 March 2025			31 March 2026	
PCC	Group		PCC	Group
£000	£000		£000	£000
0	(3,263)	PFI	0	(3,263)
0	(4,542)	Counter Terrorism	0	(4,832)
(1,966)	(1,966)	Victims Services Commissioning Grant - Victims	(1,780)	(1,780)
(149)	(149)	Victims Services Commissioning Grant - Restorative Justice	(168)	(168)
(2,737)	(2,737)	Victims Services Commissioning Grant – Sexual & Domestic Abuse	(2,682)	(2,682)
(12,012)	(12,012)	HO Police Uplift Programme	(10,682)	(10,682)
(560)	(560)	Collaboration with other Forces	0	0
(3,402)	(5,194)	Other Grants and Contributions	(2,818)	(4,464)
0	(604)	Assets Recovery Incentive Scheme	0	(737)
(20,826)	**(31,027)**	**Total**	**(18,130)**	**(28,608)**

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

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

31 March 2025 £000		31 March 2026 £000
(6)	Laser Scanning Technology	(6)
(12)	Video Enabled Justice	(12)
(18)	Chichester DC - S106 Monitoring	0
(130)	Digital Policing Programme	(130)
(11)	MOPAC SY ARV CBRN Ops Comms	(11)
(133)	ESMCP Grant DNSP & MFW	0
(115)	Providing S106 Funding to Wellbeing Projects	0
(24)	Hastings Station Building	(24)
(57)	Lewes HQ Bramber - Final account	(57)
(86)	Hastings BCS106 - Share of Income	(97)
(74)	Horsham DC Planning Permission DC/16/1677	(41)
0	Adur DC - CIL/ S106 Fun ding	(84)
0	Arun DC - CIL/ S106 Fun ding	(74)
(666)	**Total**	**(536)**

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

31 March 2025 £000		31 March 2026 £000
(127)	HO Domestic Abuse Perpetrator	(127)
(55)	CTBP Vehicle Refresh	0
(182)	**Total**	**(127)**
(848)	**Total as per the Balance Sheet**	**(663)**

Note 13 - Capital Expenditure and Capital Financing

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

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

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

Capital Expenditure and Capital Financing		
31 March 2025		**31 March 2026**
£000		**£000**
28,518	Opening Capital Financing Requirement	39,007
	Capital Investment:	
10,791	PFI Remeasurement 1 April 2025	
644	PFI Remeasurement 31 March 2025	
	PFI Remeasurement 31 March 2026	625
3,295	IFRS 16 Remeasurement	458
15,669	Property Plant and Equipment (Includes IFRS 16 Assets)	13,913
540	Intangible Assets	104
30,939	**Total Capital Spending**	**15,100**
	Sources of Finance:	
(33)	Capital receipts	(96)
(4,777)	Government Grants and other contributions	(416)
(11,398)	Sums set aside from revenue:	(13,505)
(4,242)	- Minimum revenue provision	(5,814)
(20,450)	**Total Sources of Finance**	**(19,831)**
39,007	**Closing Capital Financing Requirement**	**34,276**
	Explanation of movements in year:	
(4,242)	MRP set-aside	**(5,814)**
3,295	Asset increase due to IFRS 16	458
11,435	Asset increase due to PFI Remeasurement	625

All of the total Property Plant and Equipment acquisitions and remeasurement amounted to £15.100m, but £14.017m relates to investment in long-term fixed assets capitalised as property, plant, equipment (PPE) and intangibles. Following the Force's formal transition to IFRS 16

Leases on 1 April 2024, the 2025/26 capital figures also include £0.458m for the recognition of new Right-of-Use Assets and £0.625m for the annual remeasurement of the PFI liability in accordance with the new leasing standard. 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 Comprehensive Income and Expenditure Statement and excluded in full of the Capital Financing Requirement (CFR).

Note 14 - Property, Plant and Equipment

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

Movements to 31 March 2026

	Land and Buildings	Vehicles, Plant, Furniture & Equipment	Assets Under Construction	Total Property, Plant and Equipment	IFRS 16 Right of Use	Total PPE & RoU
	£000	£000	£000	£000	£000	
Cost or Valuation						
at 1 April 2025	**157,603**	**55,623**	**11,733**	**224,959**	**7,339**	**232,298**
Additions	684	7,319	5,909	**13,912**	542	14,454
Adjustments on transition to IFRS 16	625			**625**		625
Revaluation increases/(decreases) recognised in the Revaluation Reserve	520			**520**	(350)	170
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(1,091)			**(1,091)**	(18)	(1,109)
De-recognition – disposals	(31)	(11,092)		**(11,123)**	(127)	(11,250)
PPE Impairment of Held for Sale properties						
Assets reclassified (to)/from within PPE	515	7,740	(8,255)			
Assets reclassified (to)/from Intangible Assets			(468)	**(468)**		(468)
Assets reclassified due to adjustment to transition to IFRS 16						
Rounding	(1)	(1)		(1)	(1)	(2)
at 31 March 2026	**158,824**	**59,589**	**8,919**	**227,333**	**7,385**	**234,718**

Accumulated Depreciation and Impairment						
at 1 April 2025	**(84)**	**(32,205)**		**(32,289)**	**(933)**	**(33,222)**
Depreciation charge	(1,505)	(8,503)		**(10,008)**	(1,054)	(11,062)
Depreciation written out to the Revaluation Reserve	408			**408**	(5)	403
Depreciation written out to the Surplus/Deficit on the Provision of Services	1,096			**1,096**	85	1,181
De-recognition – disposals		10,686		**10,686**	44	10,730
PPE Impairment of Held for Sale properties						
Assets reclassified (to)/from Held for Sale						
at 31 March 2026	**(84)**	**(30,021)**		**(30,106)**	**(1,863)**	**(31,969)**
Net Book Value						
at 31 March 2026	**158,740**	**29,568**	**8,919**	**197,227**	**5,522**	**202,749**
at 31 March 2025	**157,519**	**23,418**	**11,733**	**192,670**	**6,406**	**199,076**

Movements to 31 March 2025

	Land and Buildings	Vehicles, Plant, Furniture & Equipment	Assets Under Construction	Total Property, Plant and Equipment	IFRS 16 Right of Use	Total PPE & RoU
	£000	£000	£000	£000	£000	
Cost or Valuation						
at 1 April 2024	**163,362**	**55,313**	**9,437**	**228,112**		**228,112**
Additions	2,046	5,299	8,324	**15,669**		15,669
Adjustments on transition to IFRS 16					3,295	3,295
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(1,669)			**(1,669)**		(1,669)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(3,351)			**(3,351)**		(3,351)
De-recognition – disposals		(9,189)		**(9,189)**		(9,189)
PPE Impairment of Held for Sale properties						
Assets reclassified (to)/from within PPE	1,259	4,199	(5,458)			
Assets reclassified (to)/from Intangible Assets			(570)	**(570)**		(570)
Assets reclassified due to adjustment to transition to IFRS 16	(4,044)			**(4,044)**	4,044	
Rounding from prior year	(1)	1				(1)
at 31 March 2025	**157,603**	**55,623**	**11,733**	**224,959**	**7,339**	**232,297**
Accumulated Depreciation and Impairment						
at 1 April 2024	**(132)**	**(33,489)**		**(33,621)**		**(33,621)**
Depreciation charge	(1,574)	(7,570)		**(9,144)**	(933)	(10,077)
Depreciation written out to the Revaluation Reserve	443			**443**		443
Depreciation written out to the Surplus/Deficit on the Provision of Services	1,179			**1,179**		1,179
at 31 March 2025	**(84)**	**(32,205)**		**(32,289)**	**(933)**	**(33,222)**

Net Book Value						
at 31 March 2025	**157,519**	**23,418**	**11,733**	**192,670**	**6,406**	**199,075**
at 31 March 2024	**163,230**	**21,824**	**9,437**	**194,491**		

Revaluations

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

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

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

As part of the implementation of the 2025/26 CIPFA Code, the PCC has adopted the use of indexation as an estimation technique, where appropriate, to update asset values between formal valuations. This approach enables movements in property values to be reflected using appropriate indices where a full revaluation has not been undertaken during the financial year.

During 2025/26, the application of indexation and formal valuation reviews resulted in a net revaluation increase of £934k in respect of Operational Land and Buildings. Of this amount, £928k was recognised in the Revaluation Reserve and £6k was recognised in the Surplus or Deficit on the Provision of Services where previous valuation losses had been charged to revenue.

In addition, three Right-of-Use properties recognised under IFRS 16 were subject to valuation review during the year. This resulted in a net decrease in value of £237k, which was recognised as a debit to the Revaluation Reserve. The decrease reflects movements in the underlying property values and has been accounted for in accordance with the requirements of IFRS 16 and the CIPFA Code.

Vehicles, Plant, Furniture and Equipment are measured at historical cost less accumulated depreciation and impairment losses, as these assets are considered to have short useful lives and are not subject to periodic revaluation.

The valuer has adopted a range of assumptions in arriving at valuation conclusions, including those required by the CIPFA Code and RICS professional standards. The principal valuation bases applied are:

- Market Value (MV).

• Existing Use Value (EUV); and
• Fair Value (FV).

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

The PCC is satisfied that the carrying amount of Property, Plant and Equipment and Right-of-Use assets at 31 March 2026 does not differ materially from the current value of those assets at the reporting date.

Property, Plant and Equipment Revaluations

	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment	Total
	£000	£000	£000
Carried at historical cost	219	21,569	29,788
Valued at current value as at:			
31/03/2026	158,522	0	158,522
Total Cost or Valuation	**158,741**	**21,569**	**188,310**

In accordance with the CIPFA Code of Practice on Local Authority Accounting, the Sussex PCC has adopted a five-year rolling programme of property valuations. Under this approach, all operational property assets are subject to a full professional valuation at least once every five years, with a proportion of the estate being revalued each year. During 2025/26, approximately one-third of the property portfolio was subject to a full valuation by the external valuer. For properties not included within the annual valuation programme, indexation techniques supported by professional valuation advice and relevant market indices were applied to assess whether carrying values remained materially accurate. Certain assets may continue to be valued more frequently where appropriate; for example, PFI properties are subject to annual valuation reviews. As a result of the rolling programme, indexation adjustments and annual valuation reviews, the current values reported in these financial statements may differ from those disclosed in previously published Statements of Accounts.

Physical Assets Held

Physical assets excluding furniture and equipment owned by the PCC as at 31 March 2026 comprised:

2024/25 No.		2025/26 No.
43	Operational Buildings	37
1	Asset Held for Sale	0
4	PFI	4
1	Leased Properties	3
6	Radio Masts	6
3	Investment Properties	7
1,193	Vehicles and Vessels	1,219

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

Capital & Investment Commitments

At February 2026 the PCC had approved a capital programme of £148.1m committed to be spent over 4 years to the end of 2029/30. The original budget approved for 2026/27 amounts to £28.8m.

At 31 March 2026, the PCC had entered into a number of contracts for the purchase, construction or enhancement of Intangible Assets and Property, Plant and Equipment and major projects in 2025/26 and future years to the extent of £2.35m.

These are summarised as follows:

- £0.370m – Estates improvements
- £1.230m - Fleet vehicles
- £0.751m - Equipment

Impairment Losses

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

All properties were revalued at 31 March 2026 and therefore there has been no requirement for an impairment review.

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

Note 15 - Investment Properties

Investment Property includes two rented properties and a car park, plus an additional 4 properties which will be sold upon the grant of planning permission. The following items of income and expense have been accounted for in the Financing and Investment income and expenditure line in the Comprehensive Income and Expenditure Statement.

31 March 2025 £000	Investment Property Income and Expenditure	31 March 2026 £000
(14)	Rental income from investment property	(24)
0	Direct operating expenses from investment property	0
(14)	**Net (gain)/loss**	**(24)**

There are no restrictions on the Police and Crime Commissioner's ability to realise the value inherent in its investment property or on the authority's right to the remittance of income and the proceeds of disposal. The authority has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement at the reporting date.

31 March 2025 Non-Current £000	Investment Properties Movements in Year	31 March 2026 Non-Current £000
1,094	Opening Balance	2,722
506	Net gains/losses from fair value adjustments	1,626
1,122	Transfers in from AHS	935
0	Disposal	0
2,722	**Balance at the end of the year**	**5,283**

The increase in the carrying value of investment properties during the year principally reflects the transfer of one property from Assets Held for Sale, together with fair value gains recognised following revaluation at 31 March 2026. The properties transferred from Assets Held for Sale had not been revalued since their initial classification and, as a result, their carrying values were materially below current market values at the date of transfer. Consequently, the subsequent revaluation gave rise to a significant increase in the overall value of the investment property portfolio.

The fair value of the investment properties has been determined by Wilks Head and Eve LLP, Chartered Surveyors, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors (RICS) Valuation – Global Standards and the CIPFA Code of Practice on Local Authority Accounting. The valuations have been undertaken using the market approach, reflecting current market conditions and evidence from recent transactions for comparable properties in the local area.

The fair value measurements for the investment properties are categorised as Level 2 within the IFRS 13 Fair Value Hierarchy, as the valuations are based on significant observable inputs, including comparable sales evidence and market data for similar properties. There were no transfers between Levels 1, 2 and 3 of the fair value hierarchy during the year.

Note 16 - Intangible Assets

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

All expenditure on intangible assets during the year relates to purchased computer software and systems development. The Police and Crime Commissioner does not currently have any internally generated assets capitalised. All software is given a finite useful life and amortised on a straight-line basis over the economic life of the investment to reflect the pattern of consumption of benefits. The useful lives assigned to software and licenses capitalised by the Police and Crime Commissioner are assessed on an individual basis and range between 2 and 10 years. The amortisation of £574k (2025: £413k) charged to revenue this year was included as an overhead in the Net Expenditure of Services as it is not possible to quantify exactly how much of the amortisation is attributable to each service heading.
The movement on Intangible Asset balances during the year is as follows:

31 March 2025 Total		**31 March 2026 Total**
£000		**£000**
	Balance at start of year:	
13,546	Gross carrying amounts	14,540
(12,836)	Accumulated amortisation	(13,133)
710	**Net carrying amount at start of year**	**1,407**
540	Purchases	104
(116)	Disposals	
570	Reclassifications and transfers	468
116	Reversal of past impairment losses recognised in the Deficit on Provision of Services	
(413)	Amortisation for the period	(574)
	Amortisation written off on disposal	
	Rounding	1
1,407	**Net carrying amount at end of year**	**1,406**
	Comprising:	
14,540	Gross carrying amounts	15,112
(13,133)	Accumulated amortisation	(13,707)
	Rounding	1
1,407	**Total**	**1,406**

	Carrying Amount		Remaining Amortisation Period
	31-Mar-25 £000	31-Mar-26 £000	
Software and Licences	111	93	1 years
Software and Licences	186	740	2 years
Software and Licences	1,110	573	3 years
Software and Licences	-	-	4 years
Total	**1,407**	**1,406**	

Note 17 - Assets Held for Sale

The PCC had the following property assets held for sale at the Balance Sheet date.

31 March 2025 £000		31 March 2026 £000
3,676	Balance outstanding at start of year	935
	Assets newly classified as held for sale:	
0	Transferred from Property Plant and Equipment	0
(1,618)	Assets Sold	0
(1,122)	Asset transferred to Investment Property	(935)
(1)	Rounding	0
935	**Balance Outstanding year end**	**0**

As of 31 March 2026, the remaining asset held for sale has been reclassified as Investment Property.

Note 18 - Inventories

The tables below show the level of stocks held:

2024/25					2025/26			
Workshop Stores	**Fuel**	**IS Equipment**	**Total**	**Inventory Stock**	**Workshop Stores**	**Fuel**	**IS Equipment**	**Total**
£000	**£000**	**£000**	**£000**		**£000**	**£000**	**£000**	**£000**
1,055	182	287	**1,524**	Balance outstanding at start of year	1,291	193	293	**1,777**
12,048	1,144	429	**13,621**	Purchases	11,401	819	573	**12,793**
(11,812)	(1,133)	(423)	**(13,368)**	Recognised as an expense in the year	(11,757)	(812)	(787)	**(13,356)**
1,291	**193**	**293**	**1,777**	**Balance Outstanding at Year End**	**935**	**201**	**78**	**1,214**

Note 19 - Debtors

31 March 2025		31 March 2026
£000	**Debtors**	£000
3,862	Trade Receivables	1,890
8,929	Prepayments	6,517
35,193	Other Receivable Amounts	32,796
1	Rounding	(1)
47,985	**Total**	**41,202**

The following table provides further details on items included within debtors.

During 2025/26, total debts of £11,855.28 were written off in relation to 15 cases, this was a made up with 14 Customer Balances and 1 miscellaneous salary expense.

Note 20 - Cash and Cash Equivalents

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

31 March 2025		31 March 2026
£000		£000
105	Cash and Bank balances	108
16,472	Short Term Deposits	34,663
65	Bank Balance/(Overdraft)	57
16,642	**Total Cash and Cash Equivalents**	**34,828**

Note 21 - Creditors

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

31 March 2025			31 March 2026	
PCC	Group		PCC	Group
£000	£000	Creditors	£000	£000
(19,844)	(19,844)	Trade creditors	(16,665)	(16,665)
(3,772)	(3,772)	Council Tax creditors	(5,015)	(5,015)
(4,125)	(4,125)	Council Tax refundable to taxpayers	(4,711)	(4,711)
		Other tax payable		
(39)	(39)	Short term finance lease liability	(42)	(42)
0	0	Finance lease obligations	0	0
(1,955)	(1,955)	PFI Liability - short term adj	(2,495)	(2,495)
(934)	(934)	IFRS-16	(910)	(910)
		Other Creditors:		
0	0	Withholding Tax Payable	(18)	(18)
(6,680)	(6,680)	Payroll related control amounts	(7,594)	(7,594)
(27)	(6,897)	Accumulated Absences accrual	(52)	(7,574)
		Unclaimed funds	(114)	(114)
(1,135)	(1,135)	Operational funds	(741)	(741)
		GPC account		
(1,718)	(1,718)	Deferred Income	(6,111)	(6,111)
(58)	(58)	Police Property Act	(230)	(230)
		Capital Receipts in Advance		
		Rounding	(1)	(1)
(40,287)	**(47,157)**	**Total**	**(44,700)**	**(52,222)**

Note 22 - Provisions

Insurance

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

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

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

Included within the Insurance provision below is £0.9m (2025: £0.9m) in respect of Municipal Mutual Insurance (MMI) Liability. MMI, former insurers, triggered the Municipal Mutual Insurance Scheme of Arrangement in November 2012 as it entered insolvent liquidation.

Unclaimed Claims

National provision of £14.0m as provided by NPCC for undercover claims based on test cases proving to show that there is likely to be a transfer of economic benefit from Chief Constables to claimants, as claims are made. Sussex Police share of the £14m is £0.283m to Police Forces.

31 March 2025					31 March 2026		
Injury and Damage Compensation Claims	**Airwave**	**Undercover Claims**	**Total**	**Current Provisions**	**Injury and Damage Compensation Claims**	**Undercover Claims**	**Total**
£000	**£000**	**£000**	**£000**		**£000**	**£000**	**£000**
(4,226)	(957)	(283)	(5,466)	Opening Balance	(3,491)	(283)	(3,774)
735	957	0	1,692	(Increase)/Decrease in provision during year	(718)	0	(718)
(3,491)	**0**	**(283)**	**(3,774)**	**Closing Balance**	**(4,209)**	**(283)**	**(4,492)**

Note 23 - Usable Reserves

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

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

31-Mar-25 £000		31-Mar-26 £000
(15,033)	**General Fund**	**(16,906)**
	Earmarked Reserves:	
(3,494)	Insurance	(3,651)
(430)	IT Reserve	(430)
(115)	Capital & Investment Expenditure	(6,181)
(340)	Asset Seizures	(639)
(26,514)	Delegated Budget Holder	(28,565)
(13,558)	Cost of Change	(12,368)
(3,034)	Sussex Safer Roads Partnership	(1,518)
(47,485)	**Earmarked Reserves**	**(53,352)**

31-Mar-25 £000	**Capital Receipts Reserve**	31-Mar-26 £000
0	Balance 1 April	(2,405)
(2,439)	Capital Receipts in year	(96)
34	Capital Receipts used for financing	2,501
(2,405)	**Balance 31 March**	**0**

(64,923)	**Total Usable Reserves**	**(70,258)**

Details of Usable Reserves held and their purpose.

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

The policy was last reviewed and approved by the Police and Crime Commissioner in March 2026.

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

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

Single Use Reserves		
Asset Seizure Reserve	Balance of Proceeds of Crime Act (POCA) income received but not spent during the year to be used in accordance with Home Office guidance.	Target level of 6 months costs of financial investigations.
Delegated Budget Holder Reserve	The reserve includes earmarked resources set aside to manage inflationary risks, to manage the savings gap in terms of timing and variation in values, to set aside resources for specific operational requirements and resources to manage the transformation programme.	Agreed annually by the PCC as part of the final outturn.
Cost of Change Reserve	This reserve funds projects that enhance the policing in Sussex and/or deliver savings through the cost of change annual planning cycle.	Assessed as part of the medium term financial planning process and cost of change annual planning cycle.
Sussex Safer Road Partnership (SSRP)	Balance of funding for the Sussex Safer Roads Partnership. This reserve can be used to finance capital or revenue expenditure. The level of this reserve may fluctuate year on year as underspends are transferred in. However, £1.2m is ring-fenced so that in the event that the Partnership is dissolved, there are sufficient funds to cover one year of running and decommissioning costs. This reserve belongs to the SSRP Partnership and any funds remaining will be returned to the contributing partners on a pro rata basis.	Transfer of any SSRP under-spend to reserves at year end.

Note 24 - Unusable Reserves

31 March 2025			31 March 2026	
PCC	Group		PCC	Group
£000	£000		£000	£000
(59,292)	(59,292)	Revaluation Reserve	(59,486)	(59,486)
(105,448)	(105,448)	Capital Adjustment Account	(115,284)	(115,284)
136	2,243,371	Pension Reserve	0	2,123,457
(168)	(168)	Collection Fund Adjustment Account	(150)	(150)
27	6,897	Accumulated Absences Account	53	7,574
		Rounding	1	2
(164,745)	**2,085,360**	**Total**	**(174,866)**	**1,956,113**

Revaluation Reserve

31 March 2025			31 March 2026	
PCC	Group		PCC	Group
£000	£000		£000	£000
(71,162)	**(71,162)**	**Balance 1 April**	**(59,292)**	**(59,292)**
(4,462)	(4,462)	Upward revaluation of assets	(1,862)	(1,862)
15,452	15,452	Downward revaluation of assets and impairment losses not charged to the Surplus or Deficit on the Provision of Services	1,288	1,288
10,990	**10,990**	**(Surplus) or deficit on revaluation of non-current assets not charged to the Surplus or Deficit on the Provision of Services**	**(574)**	**(574)**
484	484	Difference between fair value depreciation and historical cost depreciation	405	405
		Accumulated gains on assets reclassified		
396	396	Accumulated losses on assets sold or scrapped		
880	**880**	**Amount written off to the Capital Adjustment Account**	**405**	**405**
		Adjustment to Rev Reserve	(25)	(25)
		Rounding		
(59,292)	**(59,292)**	**Balance 31 March**	**(59,486)**	**(59,486)**

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

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

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

Capital Adjustment Account

31 March 2025			31 March 2026	
PCC	Group		PCC	Group
£000	£000		£000	£000
(100,264)	**(100,264)**	**Balance 1 April**	**(105,448)**	**(105,448)**
10,076	10,076	Charges for depreciation and impairment of non-current assets	11,061	11,061
4,210	4,210	Revaluation losses/(gains) on non-current assets	(73)	(73)
0	0	Accumulated loss/(gain) on assets reclassified	0	0
413	413	Amortisation of intangible assets	574	574
1,981	1,981	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	437	437
16,680	**16,680**	**Reversal of Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement**	**11,999**	**11,999**
(1,081)	(1,081)	Adjusting Amounts written out of the Revaluation Reserve	(379)	(379)
15,599	**15,599**	**Net written out amount of the cost of non-current assets consumed in the year**	**11,620**	**11,620**
(34)	(34)	Use of Capital Receipts Reserve to finance new capital expenditure	(96)	(96)
(16,175)	(16,175)	Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(13,921)	(13,921)
(4,069)	(4,069)	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(5,814)	(5,814)
(20,278)	**(20,278)**	**Capital financing applied in year:**	**(19,831)**	**(19,831)**
(506)	(506)	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	(1,626)	(1,626)
1	1	Rounding	1	1
(105,448)	**(105,448)**	**Balance 31 March**	**(115,284)**	**(115,284)**

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

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

31 March 2025		**Pension Reserve**	31 March 2026	
PCC	**Group**		**PCC**	**Group**
£000	**£000**		**£000**	**£000**
168	**2,493,251**	**Balance 1 April**	**137**	**2,243,371**
(1,159)	(372,523)	Re-measurements of the net defined benefit (liability)/asset	346	(113,755)
78	145,217	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	171	151,064
(236)	(106,943)	Employer's pensions contributions and direct payments to pensioners payable in the year	(258)	(113,713)
1,286	84,369	Asset Ceiling Adjustment	(396)	(43,510)
137	**2,243,371**	**Balance 31 March**	**0**	**2,123,457**

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

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

31 March 2025		Collection Fund Adjustment Account	31 March 2026	
PCC	Group		PCC	Group
£000	£000		£000	£000
(238)	**(238)**	**Balance 1 April**	**(168)**	**(168)**
70	70	Amount by which council tax and non-domestic rates income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements	18	18
(168)	**(168)**	**Balance 31 March**	**(150)**	**(150)**

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

31 March 2025		Accumulated Absences Account	31 March 2026	
PCC	Group		PCC	Group
£000	£000		£000	£000
9	**5,870**	**Balance 1 April**	**27**	**6,897**
(9)	(5,870)	Settlement or cancellation of accrual made at the end of the preceding year	(27)	(6,897)
27	6,897	Amounts accrued at the end of the current year	52	7,574
18	**1,027**	**Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in year in accordance with statutory requirements**	**25**	**677**
		Rounding	**1**	
27	**6,897**	**Balance 31 March**	**53**	**7,574**

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

Note 25 – Segmental Analysis of Income and Expenditure

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

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
18,381	Use of Reserves	19,590
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 PCC £000	2025/26 GROUP £000
Initial Revenue outturn results per Outturn report	**24,171**	**424,264**
Budget Income from Home Office Grant and Local Taxation	**(24,000)**	**(425,933)**
(Surplus)/Deficit for the year as per Outturn report	**171**	**(1,669)**
Surplus transfer from Chief Constable to PCC	(1,840)	
Final transfer adjustments agreed in the Outturn report:		
Final Budget Outturn Position for the year	**(1,669)**	**(1,669)**
Financial year end accounting adjustments:		
Capital & Investment movements	(862)	**(862)**
Reserve Adjustment	(2,303)	**(2,303)**
Additional MRP and Interest Adjustment re PFI Liability	(500)	**(500)**
Rounding		
Net Expenditure Chargeable to the General Fund as per EFA	**(5,334)**	**(5,334)**
Adjustments between accounting basis & funding basis under regulations	(9,500)	28,589
Deficit on Provision of Services per Comprehensive Income and Expenditure Statement	**(14,834)**	**23,255**
(Surplus) on revaluation of fixed assets	(574)	**(574)**
Re-measurements of the net defined benefit liability/(asset)	(50)	**(157,265)**
Total Comprehensive Income and Expenditure	**(15,458)**	**(134,584)**

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

2024/25 Segmental	2024/25 PCC £000	2024/25 GROUP £000
Initial Revenue outturn results per Outturn report	**21,938**	**397,605**
Budget Income from Home Office Grant and Local Taxation	**(23,137)**	**(399,511)**
(Surplus)/Deficit for the year as per Outturn report	**(1,199)**	**(1,906)**
Surplus transfer from Chief Constable to PCC	(707)	
Final transfer adjustments agreed in the Outturn report:		
Final Budget Outturn Position for the year	**(1,906)**	**(1,906)**
Financial year end accounting adjustments:		
Capital & Investment movements	(10,947)	**(10,947)**
Reserve Adjustment	1,024	**1,024**
Additional Adjustment of the CAA and the Rev Reserve	1,864	**1,864**
PFI Adjustments - Not in the Outturn	1,328	**1,328**
Additional MRP and Interest Adjustment re PFI Liability	1,855	**1,855**
Capital Financing adjustment	(15,742)	**(15,742)**
Other adjustment Capital Receipts Unapplied	2,405	**2,405**
Net Expenditure Chargeable to the General Fund as per EFA	**(20,119)**	**(20,119)**
Adjustments between accounting basis & funding basis under regulations	(4.347)	**35,094**
Deficit on Provision of Services per Comprehensive Income and Expenditure Statement	**(24,466)**	**14,975**
(Surplus) on revaluation of fixed assets	10,990	**10,990**
Re-measurements of the net defined benefit liability/(asset)	127	**(288,154)**
Total Comprehensive Income and Expenditure	**(13,349)**	**(13,349)**

Note 26 - Collaboration Arrangements

The Police and Crime Commissioner and the Chief Constable for Sussex continues to develop joint working relationships with other agencies principally with other southeast 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.

SEROCU

The PCC also collaborates with other forces in the region as a member of the Southeast Regional Organised Crime Unit called SEROCU which is part of the national, regional and local policing arrangement which protects the public from the most serious threats and harm by disrupting and bringing to justice those criminals who present the highest risk to the UK. Their work extends across the breadth of the Southeast region and beyond given the advancement in crime types and technology employed by serious organised criminals.
The PCC has a shared interest in the Western Hub base.

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 27 - Officers' Remuneration

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 Police and Crime Commissioner for Sussex organisations are also required to be disclosed.

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

The table below shows the numbers of police officers and police staff with remuneration more than £50,000. This table excludes the senior employee positions that are 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 and the PCC 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**	Note 1: Collaborative role, so only 55% is funded by Sussex Police
Asst Chief Constable (P COURT)		151		49	**200**	9		**209**	
Asst Chief Constable	2	113		38	**151**			**151**	Note 2: Chief Supt to 08/02/26 – Temp promotion onwards
Asst Chief Constable	3	149		48	**197**			**197**	Note 3: On secondment - ends 31/03/26
Asst Chief Constable	4	132		43	**175**	7		**182**	Note 4: Chief Supt to 05/05/26 – Promotion onwards
Chief Superintendent		121		40	**161**			**167**	
Chief Superintendent		116		40	**156**	6		**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**			**150**	
Chief Superintendent		120		40	**160**	6		**160**	
Chief Superintendent		116		40	**156**			**156**	
Chief Superintendent	5	10		3	**13**			**13**	Note 5: Retired 30/04/25
Chief Superintendent		116		40	**156**	7		**163**	
Chief Superintendent		115		39	**154**			**154**	
Chief Superintendent	6	105		36	**141**	5		**146**	Note 6: Temp Promotion until 02/03/26 – Return to substantive
Chief Superintendent		115		39	**154**	1		**155**	
Chief Superintendent	7	117		39	**156**	2		**158**	Note 7: Temp Promotion 17/04 – 22/07/25 – Return to substantive
Chief Superintendent	8	109		35	**144**			**144**	Note 8: Temp Promotion from 06/10/25
Chief Superintendent	9	45		14	**59**			**59**	Note 9: Retired 13/08/25
Chief Superintendent	10	117		40	**157**			**157**	Note 10: On secondment
Police Staff									Note 11: These two roles under Police Staff are
Asst Chief Officer People Service Director	11	148		25	**173**	5		**178**	Collaborative, so only 55% is funded by Sussex Police
Chief Finance Officer (P APPLETON)		159		27	**186**	4		**190**	
Total		**3,190**	***0***	**937**	**4,127**	**80**	**0**	**4,207**	

YEAR 25/26 continued	Note	Salary, fees and allowances	Compensation for Loss of Office	Employer Pension Contribution	Total Remuneration including Pension contributions	* Annual Leave Accrual	* Pension Accrual	Total
Police and Crime Commissioner								
Police and Crime Commissioner		93		17	**110**	5		**115**
Chief Executive		139		25	**164**	5		**169**
Chief Finance Officer		127		23	**150**	2		**152**
Total		**359**	**0**	**65**	**424**	**12**	**0**	**436**
Grand Total		**3,549**	**0**	**1,002**	**4,551**	**92**	**0**	**4,643**

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: Retire 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 01/09/24 – Return to substantive
Deputy Chief Constable	2	154			51	**205**	7		**212**	
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	**24**			**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 05/03/25
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	**124**			**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**	Collaborative, so only 55% is funded by
Total		**2,906**	**27**	**0**	**888**	**3,821**	**91**	**0**	**3,912**	Sussex Police.

Year 2024/25 continued	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
Officers of the PCC									
Police and Crime Commissioner		90			17	**107**			**107**
Chief Executive		134			25	**159**	7		**166**
Chief Finance Officer		121			23	**144**	1		**145**
Total		**345**	**27**	**0**	**65**	**410**	**8**	**0**	**418**
Grand Total		**3,251**	**27**	**0**	**953**	**4,231**	**99**	**0**	**4,330**

Note 1 – Remuneration Table **2024/25**. Includes backdated pay correction identified during formal retirement and rejoin process.

Note 28 – 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.

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

Note 29 - Related Parties

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

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 2025/26 £3,171,424 (2023/24: £2,361,908) by Weightmans LLP Solicitors in the normal course of business during the year, and 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 Solicitors.

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 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.

The Police and Crime Commissioners and Chief Constables of Sussex Police, Surrey Police, Hampshire Constabulary, Thames Valley Police and Kent Police signed a section 22 agreement that set out the proposed approach to the national and regional programme for police collaboration for the Southeast Regional Organised Crime Unit (SEROCU).

Central Government and Other Public Organisations

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

These include the Home Office, MHCLG, Ministry of Justice, West Sussex, & East Sussex County Councils, Brighton and Hove City Council

and the district and borough councils and health bodies.

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

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

Note 30 - External Audit Costs

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

2024/25			2025/26	
PCC Accounts	**Group Accounts**		**PCC Accounts**	**Group Accounts**
£000	**£000**		**£000**	**£000**
118	179	Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	118	180
		Prior year Audit costs 2022-23	27	41
		Prior year Audit costs 2023-24	13	37
118	**179**	**Total**	**158**	**258**

Note 31 - Leases

PCC as Lessee

Transition to IFRS 16

From 1 April 2024, the Sussex Police and Crime Commissioner (PCC) adopted IFRS 16 Leases in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2024/25. IFRS 16 replaces IAS 17 Leases and introduces a single lessee accounting model requiring most leases to be recognised on the Balance Sheet through the recognition of a Right-of-Use (ROU) asset and a corresponding lease liability.

The adoption of IFRS 16 has resulted in the recognition of lease-related assets and liabilities previously classified as operating leases under IAS 17. The new accounting treatment applies to leases of land, buildings, vehicles, plant and equipment, except where the lease qualifies for the short-term lease exemption or relates to assets of low value.

Transitional Arrangements

The transition to IFRS 16 for Local Authorities has been accounted for prospectively; comparative information for prior years has not been restated in accordance with the Code's adaptation of IAS 8.

Existing lease contracts as at 31 March 2024 have been recognised using the cumulative catch-up approach, with adjustments reflected in opening balances at 1 April 2024.

Under IFRS 16, leases of low-value assets and short-term leases continue to be disclosed off-balance sheet in accordance with recognition exemptions.

The transition has resulted in the initial recognition of new Right-of-Use (ROU) assets totalling £7,339K (see PPE note), with an increase in lease liabilities by £4,135k.

Sussex PCC confirms that the change in lease accounting policy is made in accordance with the transactional provisions in the Code for the adoption of IFRS 16.

On adoption of IFRS 16 Leases, Sussex PCC applied the transitional provisions as set out in the CIPFA Code and IFRS 16. The modified retrospective approach was used, whereby the cumulative effect of initially applying IFRS 16 was recognised as an adjustment to the opening balance of Assets and Lease Liabilities on 1 April 2024, and prior year comparatives were not restated.

The authority exercised practical expedients permitted under the standard, including the use of a the PWLB annuity rates as of 1 April 2024 as a discount rate for leases and the use of hindsight to determine lease terms. Contracts previously assessed as leases under IAS 17 and IFRIC 4 were not reassessed for lease identification. All transitional provisions and public sector adaptations specified in the Code were

followed, such as applying short-term lease exemptions to leases ending within 12 months of the transition date. These choices reflect both the requirements and available flexibilities of the new standard in the local government and police sector context.

Impact of Transition

- Balance of 1 April 2024:
  - Right-of-Use asset: £7,339k.
  - Lease liability: £4,135K
- Opening adjustments represent the present value of lease payments for qualifying leases, previously disclosed as operating lease commitments.
- The transition did not require a full retrospective restatement of prior year balances. Disclosures support users in comparing current and historical figures.

Accounting Policy under IFRS 16

At the commencement date of a lease, the PCC recognises a lease liability measured at the present value of future lease payments and a corresponding Right-of-Use asset representing the right to use the underlying asset throughout the lease term.

Subsequently:

• Lease liabilities are increased for interest charges and reduced by lease payments made.

• Right-of-Use assets are depreciated over the shorter of the lease term or the useful life of the underlying asset.

• Lease liabilities are remeasured when there is a change in future lease payments resulting from a change in an index or rate, lease modification, reassessment of lease term or other qualifying event.

The carrying value of Right-of-Use assets is presented within Property, Plant and Equipment, whilst lease liabilities are disclosed within short-term and long-term creditors as appropriate.

Lease Portfolio

As at 31 March 2026, the PCC held 10 leases for operational land and buildings that meet the recognition criteria of IFRS 16. Each lease is recognised on the Balance Sheet as a Right-of-Use asset and corresponding lease liability.

Right-of-Use Assets

The authority's lease contracts comprise leases of operational land and buildings:

31 March 25 £000	Right to Use	31 March 26 £000
0	Balance at 1 April	6,406
7,339	Adjustments on transition to IFRS 16	542
	Revaluation increase (decrease)	(288)
	Disposal	(83)
(933)	Depreciation	(1,054)
	Rounding	(1)
6,406	**Balance at 31 March**	**5,522**

Transactions under leases

The authority incurred the following expenses and cash flows in relation to leases:

31 March 2025 £000		31 March 2026 £000
	Comprehensive Income and Expenditure Statement	
188	Interest expense on lease liabilities	170
31	Interest expense on lease liabilities - Brighton East	29
35	Expense relating to exempt leases of low-value items	35
0	Variable lease payments not included in the measure of lease liabilities	0
	Cash Flow Statement	
254	Minimum lease payments	234

Maturity analysis of lease liabilities

The lease liabilities are due to be settled over the following time bands (measured at the undiscounted amounts of the expected cash payments):

31 March 2025				31 March 2026		
£000				£000		
ROU Liabilities	**Brighton East**	**Total**		**ROU Liabilities**	**Brighton East**	**Total**
(934)	(39)	(973)	Less than one year	(862)	(42)	(904)
(1,488)	(186)	(1,674)	One to five years	(470)	(199)	(669)
(330)	(211)	(541)	More than five years	(1,078)	(156)	(1,234)
(2,752)	**(436)**	**(3,188)**	**Total Lease liabilities**	**(2,410)**	**(397)**	**(2,807)**

The PCC was committed of 31 March 2026 to making future lease payments of £2.807m under recognised Right-of-Use leases.

There were no material contingent rents, residual value guarantees or sublease arrangements in place during the year.

Movements in Lease Liabilities

The movement in lease liabilities during the year is shown below:

Movements in Lease Liabilities 2025/26	£000
Balance as of 31 March 2025.	(3,188)
IFRS 16 Transition Leases	(457)
IFRS 16 Transition Brighton East	
Payment during the year	969
Interest transition	(170)
Interest Brighton East	
Payment during the year Brighton East	39
Balance outstanding at year-end	(2,807)

The leases are subject to have rent reviews during the length of the contract, however there is uncertainty to disclose the amount that will increase; therefore the following sensitivity analysis chart will inform the reader the financial impact by increasing the rent (remote probability that increases for all leases will happen at the same time).

% Increase on £2.807m	**£000**
1%	£28.07
2%	£56.14
3%	£84.21
5%	£140.35
10%	£280.70

Reconciliation of Liabilities Arising from Financing Activities

Reconciliation of Liabilities Arising from Financing Activities

	01-Apr-25	Financing cash flows	Non-cash changes		Rounding	31-Mar-26
			IFRS 16 & PFI Remeasurement	Other non-cash changes		
	£000	£000	£000	£000	£000	£000
Long-term borrowings	(11,935)	714	0	0	(1)	(11,222)
PFI Liability	(19,921)	2,020	(625)	0	1	(18,525)
Lease Liabilities	(2,752)	799	(457)	0	0	(2,410)
Rounding	(2)					
Total liabilities from financing activities	**(34,610)**	**3,533**	**(1,082)**	**0**	**0**	**(32,157)**

	01-Apr-24	Financing cash flows	Non-cash changes		Rounding	31-Mar-25
			IFRS 16 & PFI Remeasurement	Other non-cash changes		
	£000	£000	£000	£000	£000	£000
Long-term borrowings	(12,648)	714	0	0	(1)	(11,935)
PFI Liability *	(10,467)	1,980	(11,435)	0	1	(19,921)
Lease Liabilities	0	910	(3,662)	0	0	(2,752)
Rounding		(2)				(2)
Total liabilities from financing activities	**(23,115)**	**3,602**	**(15,097)**	**0**	**0**	**(34,610)**

*Please note that £11,435k figure disclosed in the above is comprised of the £10,791k of the PFI Remeasurement due to IFRS 16 Transition and £644k PFI Remeasurement as of 31 March 2025. (Note 32), therefore the cumulative effect of IFRS 16 transition in the MIRS is £11,158k (£10,791k PFI Liability plus £3,662k Lease Liabilities).

PCC as Lessor

Operating Leases

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

Authority as Lessor - Operating Leases

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

31 March 2025 £000		31 March 2026 £000
1,113	Not later than one year	1,106
1,068	Later than one year and not later than five years	1,719
1,240	Later than five years	1,164
3,421	**Total**	**3,989**

The minimum lease payments receivable does not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. There were no contingent rents receivable by the PCC in 2025/26 (2024/25 £Nil).

Note 32 - Service Concession Arrangements

Private Finance Initiatives and Similar Contracts

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

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

The PFI Project Agreement between Sussex Police and Crime Commissioner & Sussex Custodial Services Limited (SCSL) was varied to extract Custodial and Soft Services from the contract and re-provide the services either internally or through other commercial arrangements. The PFI Deed of Variation was executed on 29th November 2019, along with the Healthcare Custody provider, Interpreter Contract and other miscellaneous contracts let to operationally support Custody requirements.

The assets used to provide services at the custody suites are recognised on the Police and Crime Commissioner's Balance Sheet.

Movements in their value over the year are detailed in the analysis of the movement on the Property, Plant and Equipment balance in Note 14 and summarised below:

Movement in PFI Assets – Current Year

2025/26	**PFI**
Cost or Valuation	**£000**
at 1 April 2025	27,277
PFI Remeasurement as part of IFRS 16 Implementation 31st March 2026	625
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(383)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(201)
at 31 March 2026	**27,318**
Accumulated Depreciation and Impairment	
at 1 April 2025	0
Depreciation charge	(347)
Depreciation written out to the Revaluation Reserve	146
Depreciation written out to the Surplus/Deficit on the Provision of Services	201
at 31 March 2026	**0**
Net Book Value	
at 31 March 2026	**27,318**
at 1 April 2025	**27,277**

Movement in PFI Assets – Prior Year

2024/25	**PFI**
Cost or Valuation	**£000**
at 1 April 2024	27,512
PFI Remeasurement as part of IFRS 16 Implementation 1 April 2024	10,791
PFI Remeasurement as part of IFRS 16 Implementation 31 March 2025	644
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(9,839)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(1,831)
at 31 March 2025	**27,277**
Accumulated Depreciation and Impairment	
at 1 April 2024	0
Depreciation charge	(351)
Depreciation written out to the Revaluation Reserve	148
Depreciation written out to the Surplus/Deficit on the Provision of Services	203
at 31 March 2025	**0**
Net Book Value	
at 31 March 2025	**27,277**
at 1 April 2024	**27,512**

Introduction of IFRS16 for PFI

Under IFRS 16 a uniform model is applied; right-of-use assets are recognised for all leases, and the financing obligation is recognised as a lease liability. The accounting for IFRS 16 lease liabilities is very similar to that for finance leases under IAS 17. For leases previously classified as operating leases, the change in accounting approach is a very significant change. For leases previously classified as finance leases the change is much less significant, but there is one difference in the measurement requirements which will apply to some leases

Under IAS 17, finance lease liabilities are not remeasured when the value of payments changes in a way which is not predetermined in the lease contract; for example, where payments are increased in line with an inflation index such as RPI or CPI. The increase in payments arising from indexation is treated in the same way as finance costs and simply expensed in the period to which the payment relates. This additional payment is known as 'contingent rent'. (NB in theory there could be a reduction in payments.)

Under IFRS 16 a different treatment is applied: where indexation or changes in a rate affect future payments, the lease liability is remeasured. Instead of expensing the additional (or reduced) payment, the net present value of future payments that comprise the liability is recalculated based on the revised level of payments. Increases (or reductions) in expenditure are realised as increases (or reductions) in the amortisation charge taken against the remeasured liability. It should be noted that the remeasurement reflects only indexation or rate changes which have already occurred and result in a change to the payment amount. It does not encompass anticipated movements in the index/rate which have not happened yet, or other undetermined changes in future years.

IFRS16 Accounting standard became mandatory from 1st April 2024.

The Police and Crime Commissioner has a PFI contract where the payments are linked to annual unitary costs index, therefore the PFI Liability will be remeasured every year in line with the revised IFRS 16 standard.

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

Movement in PFI Liabilities

2025/26	PFI £000
Balance outstanding at start of year	(19,921)
IFRS16 Remeasurement @ 31st March 2026	(625)
Payments during the year	3,817
Remeasured Interest	(1,797)
Rounding	1
Balance outstanding at year-end	**(18,525)**

2024/25	PFI £000
Balance outstanding at start of year	(10,467)
IFRS16 Remeasurement @ 1st April 2024	(10,791)
IFRS16 Remeasurement @ 31st March 2025	(644)
Payments during the year	3,898
Remeasured Interest	(1,917)
Balance outstanding at year-end	**(19,921)**

This year the actual total unitary charge was £5.052m (2024/25: £4.939m). The table below estimates the amounts payable over the remaining term of the PFI contract.

2024/25 Total £000		Payment for Services £000	Reimbursement of Capital Expenditure £000	Interest £000	2025/26 Total £000
4,939	Payable within one year	886	2,495	1,671	5,052
19,755	Payable within two to five years	1,994	14,321	3,892	20,207
9,878	Payable within six to ten years	3,189	1,709	154	5,052
34,572	**Total**	**6,069**	**18,525**	**5,717**	**30,311**

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

Note 33 - Defined Benefit Pension Scheme

Police Officers

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

The Group participates in three pension schemes for Police officers:

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

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

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

There are currently 4,231 (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 favourable 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.

So, 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 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.

Police Staff

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

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

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

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

The Police Staff Pension Scheme is part of the Local Government Pension Scheme administered by West Sussex County Council in accordance with the Local Government Pension Scheme Regulations 2013. There are 2,133 (2024/25: 2,074) pensioners paid by the LGPS scheme. Police staff employee contributions are based on a banding system and range from 5.5% to 12.5% depending on salary levels. The Chief Constable contributed a further 18.0% (2024/25: 18.9%) of pensionable pay.

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

Assets returns have typically been strong over the year (i.e. higher than last year's accounting discount rate assumption). A higher than assumed investment return will lead to a positive 'Return on assets excluding amounts included in net interest' figure in the Results Schedule.

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

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

Asset Ceiling Adjustment

IAS 19 Accounting standard restricts (by way of an "asset ceiling") the staff LGPS amount of accounting surplus that the Chief Constable and PCC may be able to disclose at 31 March 2026 in the Balance Sheet. The total asset ceiling adjustment of £271.666k (£267.544k and £4.122k) 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 Sussex PCC and Chief Constable have 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		Balance sheet	2025/26	
PCC LGPS	CC LGPS		PCC LGPS	CC LGPS
£000	£000		£000	£000
9,009	692,134	Fair value of plan assets	10,109	713,960
(4,878)	(408,442)	Present value of funded obligations	(5,987)	(446,416)
(4,268)	(293,639)	Effect of the asset ceiling	(4,122)	(267,544)
0	(377)	Present value of unfunded obligations	0	(337)
(137)	**(10,324)**	**Net asset / (liability)**	**0**	**(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 £267,544k for the CC and £4,122k for the PCC are required to the Net Asset / Liability for the effect of the asset ceiling.

2024/25					2025/26			
PCC LGPS £000	CC LGPS £000	Police Officer Pensions £000	Total £000		PCC LGPS £000	CC LGPS £000	Police Officer Pensions £000	Total £000
Comprehensive Income and Expenditure Statement								
Cost of Services								
				Service cost comprising:				
215	15,101	23,300	38,616	Current service cost	166	11,285	15,270	26,721
0	106	0	106	Past service cost	0	13	0	13
				(Gain) / loss from curtailments				
(421)	(32,636)	0	(33,057)	Financing and Investment Income and Expenditure	(536)	(40,452)	0	(40,988)
284	22,978	116,290	139,552	Net interest expense	291	23,848	123,910	148,049
0	0	0	0	Net interest expense	250	17,019	0	17,269
78	**5,549**	**139,590**	**145,217**	**Total charged to Deficit on Provision of Services**	**171**	**11,713**	**139,180**	**151,064**

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

£000	£000	£000	£000		£000	£000	£000	£000
				Re-measurement of the net defined benefit liability comprising:				
246	19,052	0	19,298	Return on plan assets (excluding the amount included in the net interest expense)	236	17,276	0	17,512
(53)	(4,419)	(5,750)	(10,222)	Actuarial gains and losses - experience	172	36,052	(82,010)	(45,786)
(10)	(819)	(3,520)	(4,349)	Actuarial gains and losses arising on changes in demographic assumptions	99	5,288	0	5,387
(1,342)	(87,218)	(288,690)	(377,250)	Actuarial gains and losses arising on changes in financial assumptions	(161)	(19,927)	(70,780)	(90,868)
(2,982)	(210,556)	0	(213,538)	Changes in Asset ceiling (Reserve Prior year)	0	0	0	0

4,268	293,639	0	297,907	Changes in Asset ceiling (current year)	(396)	(43,114)	0	(43,510)
127	**9,679**	**(297,960)**	**(288,154)**	**Total charged to Other CIES**	**(50)**	**(4,425)**	**(152,790)**	**(157,265)**
205	**15,228**	**(158,370)**	**(142,937)**	**Total charged to the CIES**	**121**	**7,288**	**(13,610)**	**(6,201)**

2024/25				Movement in Reserves Statement	2025/26			
PCC LGPS	**CC LGPS**	**Police Officer Pensions**	**Total**		**PCC LGPS**	**CC LGPS**	**Police Officer Pensions**	**Total**
£000	**£000**	**£000**	**£000**		**£000**	**£000**	**£000**	**£000**
(78)	(5,549)	(139,590)	(145,217)	Reversal of net charges made to the Surplus or Deficit on the Provision of Services	(171)	(11,713)	(139,180)	(151,064)
				Actual amount charged against the general fund balance for pensions in the year:				
236	17,127	89,580	106,943	Employers' contributions payable to scheme	258	17,275	96,180	113,713
158	**11,578**	**(50,010)**	**(38,274)**	**Total Pensions Adjustments between Accounting and Funding Basis in year**	**87**	**5,562**	**(43,000)**	**(37,351)**

2024/25				Pensions Assets and Liabilities Recognised in the Balance Sheet	2025/26			
PCC LGPS	**CC LGPS**	**Police Officer Pensions**	**Total**		**PCC LGPS**	**CC LGPS**	**Police Officer Pensions**	**Total**
£000	**£000**	**£000**	**£000**		**£000**	**£000**	**£000**	**£000**
(4,878)	(408,819)	(2,232,910)	(2,646,607)	Present value of the defined obligation	(5,987)	(446,753)	(2,123,120)	(2,575,860)
9,009	692,134	0	701,143	Fair value of plan assets	10,109	713,960	0	724,069
(4,268)	(293,639)	0	(297,907)	Changes in Asset Ceiling	(4,122)	(267,544)	0	(271,666)
(137)	**(10,324)**	**(2,232,910)**	**(2,243,371)**	**Net (liability) / asset arising from the defined benefit obligation**	**0**	**(337)**	**(2,123,120)**	**(2,123,457)**

2024/25				Movement in the Value of Scheme Assets	2025/26			
PCC LGPS £000	CC LGPS £000	Police Officer Pensions £000	Total £000		PCC LGPS £000	CC LGPS £000	Police Officer Pensions £000	Total £000
8,555	**668,334**	**0**	**676,889**	**Opening fair value of scheme assets**	**9,009**	**692,134**	**0**	**701,143**
421	32,636	0	33,057	Interest income	536	40,452	0	40,988
				Re-measurement gain / (loss):				
0	0	0	0	- Actuarial gains / (losses) - experience	496	(12,108)	0	(11,612)
(246)	(19,052)	0	(19,298)	- The return on plan assets, excluding the amount included in the net interest expense	(236)	(17,276)	0	(17,512)
236	17,127	89,580	106,943	Contributions from employer	258	17,275	96,180	113,713
103	5,884	17,270	23,257	Contributions from employees into the scheme	119	6,292	18,310	24,721
0	0	80	80	Transfers in	0	0	500	500
(60)	(12,795)	(106,930)	(119,785)	Benefits / transfers paid	(73)	(12,809)	(114,990)	(127,872)
9,009	**692,134**	**0**	**701,143**	**Closing value of scheme assets**	**10,109**	**713,960**	**0**	**724,069**

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

2024/25				Movements in the Fair Value of Scheme Liabilities	2025/26			
PCC LGPS £000	CC LGPS £000	Police Officer Pensions £000	Total £000		PCC LGPS £000	CC LGPS £000	Police Officer Pensions £000	Total £000
(5,741)	**(470,001)**	**(2,480,860)**	**(2,956,602)**	**Opening balance at 1 April**	**(4,878)**	**(408,819)**	**(2,232,910)**	**(2,646,607)**
(215)	(15,101)	(23,300)	(38,616)	Current service cost	(166)	(11,285)	(15,270)	(26,721)
(284)	(22,978)	(116,290)	(139,552)	Interest cost	(291)	(23,848)	(123,910)	(148,049)
(103)	(5,884)	(17,270)	(23,257)	Contributions from scheme participants	(119)	(6,292)	(18,310)	(24,721)
				Re-measurement gains and losses:				
53	4,419	5,750	10,222	- Actuarial gains / (losses) - experience	(668)	(23,944)	82,010	57,398
10	819	3,520	4,349	- Actuarial gains / (losses) from changes in demographic assumptions	(99)	(5,288)	0	(5,387)
1,342	87,218	288,690	377,250	- Actuarial gains / (losses) from changes in financial assumptions	161	19,927	70,780	90,868
0	(106)	0	(106)	Past service cost	0	(13)	0	(13)
				Gains / (losses) on curtailments				
0	0	(80)	(80)	Transfers in	0	0	(500)	(500)
60	12,795	106,930	119,785	Benefits / transfers paid	73	12,809	114,990	127,872
(4,878)	**(408,819)**	**(2,232,910)**	**(2,646,607)**	**Balance as at 31 March**	**(5,987)**	**(446,753)**	**(2,123,120)**	**(2,575,860)**

The liabilities show the underlying commitments that the Group has in the long run to pay post-employment (retirement) benefits. The total pension liability of £2,123m (2023/24: £2,243m) has a substantial impact on the net worth of the Group as recorded in the Balance Sheet.

However, the pension liability is mitigated as follows:

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

Future estimated costs

The Pension Actuary's report includes an assessment of contributions and expected charges for the next financial year. The total employer contributions expected to be made to the Local Government Pension Scheme by the Group in the year to 31 March 2027 are as follows:

	PCC £000	CC £000	Group £000
LGPS Employer contributions and expected charges to 31 March 2027	215	14,345	14,560

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 %	GROUP 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	0%	Other	0	0%
		Debt Securities:		
0	0%	UK Government	0	0%
		Private Equity:		
23,483	3%	All	27,396	4%
		Real Estate:		
59,341	8%	UK Property	64,420	9%
		Investment Funds and Unit Trusts:		
343,317	49%	Equities	345,719	48%
209,058	30%	Bonds	219,673	30%
33,241	5%	Infrastructure	35,367	5%
27,730	4%	Other	26,623	4%
0	0%	Cash & Cash Equivalents:	0	0%
4,975	1%	All	4,872	1%
701,145	**100%**		**724,070**	**100%**

31 March 2025 £000	31 March 2025 %	PCC Local Government Pension Scheme Assets	31 March 2026 £000	31 March 2026 %
		Equity Securities:		
0	0%	Consumer		0%
0	0%	Manufacturing		0%
0	0%	Energy and Utilities		0%
0	0%	Financial Institutions		0%
0	0%	Health and Care		0%
0	0%	Information Technology		0%
0	0%	Other		
		Debt Securities:		0%
0	0%	UK Government		0%
		Private Equity:		
302	3%	All	383	4%
		Real Estate:		
763	8%	UK Property	899	9%
		Investment Funds and Unit Trusts:		
4,411	49%	Equities	4,827	48%
2,686	30%	Bonds	3,067	30%
427	5%	Infrastructure	494	5%
356	4%	Other	372	4%
0	0%	Cash & Cash Equivalents:		0%
64	1%	All	68	1%
9,009	**100%**		**10,110**	**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

	PCC 2023/24	CC 2023/24	Group 2023/24	PCC 2024/25	CC 2024/25	Group 2024/25	PCC 2025/26	CC 2025/26	Group 2025/26
	%	%	%	%	%	%	%	%	%
Differences between expected and actual return on assets	3.1%	3.1%	3.1%	(2.7%)	(2.8%)	(2.8%)	(2.3%)	(2.4%)	(2.4%)
Experience gains and (losses) on liabilities	(3.1%)	(3.2%)	(3.2%)	1.1%	1.1%	1.1%	(2.9%)	(8.1%)	(8.0%)

Police Pension Scheme

	PCC 2023/24	CC 2023/24	Group 2023/24	PCC 2024/25	CC 2024/25	Group 2024/25	PCC 2025/26	CC 2025/26	Group 2025/26
Experience gains and (losses) on liabilities	%	%	%	%	%	%	%	%	%
Combined Schemes	0.00%	(1.51%)	(1.51%)	0.00%	0.26%	0.26%	0.00%	3.86%	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:

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)
0.5% increase in the Salary Increase Rate	1.0%	20,000
0.5% increase in the Pensions Increase Rate (CPI)	7.0%	145,000
1 year decrease in member life expectancy	2.5%	54,000

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

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

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

LGPS Change in financial assumptions at year ended 31 March	PCC 2025/26 %	PCC 2025/26 £000
0.1% decrease in Real Discount Rate	2%	111
1 year increase in member life expectancy	4%	239
0.1% increase in the Salary Increase Rate	0%	2
0.1% increase in the Pensions Increase Rate (CPI)	2%	112

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

2025/26 Total Group Pension CIES Movements	**Cost of Services**	**Cost of Service**	**(Surplus)/Deficit on Provision of Services**	**(Surplus)/Deficit on Provision of Services**	**Other Comprehensive I&E**	**MIRS**	**MIRS**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
	Police Services	Non-Distributed Costs	Financing & Investment I&E	Taxation and Non-Specific Grant Income	Actuarial (gains)/losses on assets/liabilities	Transfer to Reserve	Adjustments between accounting basis & funding basis under regulations
• current service costs	26,721	0	0	0	0	0	0
• past service costs	0	13	0	0	0	0	0
• interest cost	0	0	148,049	0	0	0	0
• interest income on plan assets	0	0	(40,988)	0	0	0	0
• actuarial (gains) and losses	0	0	0	0	(113,755)	113,755	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	(151064)
• employers' contributions payable to scheme	(17,533)	0	0	0	0	0	17,533
• retirement benefits payable to pensioners	(96,180)	0	0	0	0	0	96,180
Asset Ceiling Adjustment		0	17,269	0	(43,510)	43,510	
Sub-total	**(86,992)**	**13**	**124,330**	**0**	**(157,265)**	**157,265**	**(37,351)**
• pension top up grant	44,078	0	**0**	(44,078)	0	0	0
Total Pension Charges	**(42,914)**	**13**	**124,330**	**(44,078)**	**(157,265)**	**157,265**	**(37,351)**
TOTAL	**37,351**				**(157,265)**	**119,914**	

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

2025/26 Total PCC Pension CIES Movements	**Cost of Services**	**Cost of Service**	**(Surplus)/Deficit on Provision of Services**	**(Surplus)/Deficit on Provision of Services**	**Other Comprehensive I&E**	**MIRS**	**MIRS**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
	Police Services	Non-Distributed Costs	Financing & Investment I&E	Taxation and Non-Specific Grant Income	Actuarial (gains)/losses on assets/liabilities	Transfer to Reserve	Adjustments between accounting basis & funding basis under regulations
• current service costs	166	0	0	0	0	0	0
• past service costs	0	0	0	0	0	0	0
• interest cost	0	0	291	0	0	0	0
• interest income on plan assets	0	0	(536)	0	0	0	0
• actuarial (gains) and losses	0	0	0	0	346	(346)	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	(171)
• employers' contributions payable to scheme	(258)	0	0	0	0	0	258
• retirement benefits payable to pensioners	0	0	0	0	0	0	0
• asset ceiling adjustment	0	0	250	0	(396)	396	0
Sub-total	**(92)**		**5**	**0**	**(50)**	**50**	**87**
• pension top up grant	0	0	**0**	(44,078)	0	0	0
Total Pension Charges	**(92)**		**5**	**(40,767)**	**(50)**	**50**	**87**
TOTAL	**(44,165)**				**(50)**	**137**	

In June 2023, the UK High Court (Virgin Media Limited v NTL Pension Trustees II Limited) ruled that certain historical amendments to contracted-out defined benefit schemes were invalid unless accompanied by the appropriate actuarial confirmation. This judgment has now been upheld by the Court of Appeal.

The Local Government Pension Scheme is a contracted-out defined benefit scheme, and amendments were made between 1996 and 2016 that may affect member benefits. The Government Actuary's Department, as the Local Government Pension Scheme actuary, is currently assessing whether section 37 certificates are in place for all amendments. Some of these have already been confirmed; however, at the date of these financial statements, the full assessment is not complete. Until this analysis is concluded, we are unable to determine whether there is any impact on the liabilities or if it can be reliably estimated. As a result, SPCC does not consider it necessary to make any allowance for the potential impact of the Virgin Media case in its financial statements.

Note 34 - 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.

Mc Cloud Sargeant / Pension Remedy Claims

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 35 - Financial Instruments

35.1 Financial Instruments

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

IFRS 9 Categories	Current Financial Assets							
	Investments		Debtors		Current assets		Total	Total
	31 March 2025 £000	31 March 2026 £000	31 March 2025 £000	31 March 2026 £000	31 March 2025 £000	31 March 2026 £000	31 March 2025 £000	31 March 2026 £000
IFRS 9 Categories								
Fair Value through profit and loss	0	0	0	0	0	0	**0**	**0**
Amortised cost	36,285	37,403	3,899	1,943	0	0	**40,185**	**39,345**
Fair Value through other comprehensive income - designated equity instruments	0	0	0	0	0	0	**0**	**0**
Fair value through other comprehensive income - other	0	0	0	0	0	0	**0**	**0**
Total financial assets	**36,285**	**37,403**	**3,899**	**1,943**	**0**	**0**	**40,185**	**39,345**

IFRS 9 Categories	Non-Current Financial Liabilities							
	Borrowings		Creditors		Other long-term liabilities		Total	Total
	31 March 2025 £000	31 March 2026 £000	31 March 2025 £000	31 March 2026 £000	31 March 2025 £000	31 March 2026 £000	31 March 2025 £000	31 March 2026 £000
Fair Value Through Profit and Loss	0	0	0	0	0	0	**0**	**0**
Amortised Cost	(11,221)	(10,508)	0	0	0	0	**(11,221)**	**(10,508)**
PFI and Finance Lease Liabilities	0	0	0	0	(20,181)	(17,885)	**(20,181)**	**(17,885)**
Other Non-Financial Liabilities	0	0	0	0	0	0	**0**	**0**
	0	0	0	0	0	0	**0**	**0**
Total financial liabilities	**(11,221)**	**(10,508)**	**0**	**0**	**(20,181)**	**(17,885)**	**(31,402)**	**(28,393)**

IFRS 9 Categories	Current Financial Liabilities							
	Borrowings		Creditors		Current liabilities		Total	Total
	31 March 2025 £000	31 March 2026 £000	31 March 2025 £000	31 March 2026 £000	31 March 2025 £000	31 March 2026 £000	31 March 2025 £000	31 March 2026 £000
Fair Value Through Profit and Loss	0	0	0	0	0	0	**0**	**0**
Amortised Cost	(714)	(714)	(10,932)	(7,875)	0	0	**(11,645)**	**(8,589)**
PFI and Finance Lease Liabilities	0	0	0	0	(2,928)	(3,447)	**(2,928)**	**(3,447)**
Total financial liabilities	**(714)**	**(714)**	**(10,932)**	**(7,875)**	**(2,928)**	**(3,447)**	**(14,573)**	**(12,036)**

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

- De-recognition of financial instruments
- Unusual movements to be disclosed
- Allowance for credit losses

35.2 Current Financial Assets - Investments

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

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

31 March 2025 £000	Temporary Lending	31 March 2026 £000
36,285	Short Term Deposits classified as current financial assets - investments	37,403
16,472	Call Account and Money Market Deposits classified as cash equivalents	34,663
52,757	**Total Money Market Deposits**	**72,066**

35.3 Non-Current Financial Assets – Investments

The Treasury Management Strategy and Prudential Indicators approved in March 2026 allowed for £5.0m of the total portfolio to be invested for longer than one year. At 31 March 2026 there were no investments held with a maturity date longer than one year (31 March 2025:Nil).

35.4 Long Term Borrowing

As at 31 March 2026 long term borrowing by the Police and Crime Commissioner for Sussex comprised of long term finance of the PFI schemes (see PFI Note 32 to the accounts) and loan from the Public Works Loan Board (PWLB). The current loan was borrowed for capital purposes in line with the CIPFA Prudential Code for Capital Finance.

31 March 2025 £000	Long Term Borrowing	31 March 2026 £000
(11,935)	Public Works Loan Board	(10,508)
(19,921)	PFI long term finance	(18,526)
(31,856)	Total	**(29,034)**

The 2026 year end balances above represent totals for long term finance borrowing and loans, this includes accrued interest payable of £0.713m on the loans from the Public Works Loan Board which is due within one year. PFI Long term borrowing includes £910k due within one year.

35.5 Fair Values of Assets and Liabilities

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

- For loans from the Public Works Loan Board (PWLB), premature repayment rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures.
- Estimated interest rate at 31 March 2026 for loan from the PWLB is based on loan rate of 1.54% discounted at rate of 4.62%.
- For current assets – investments, prevailing benchmark market rates have been used to provide the fair value.
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the principal outstanding or the billed amount.

The fair values calculated are as follows:

31 March 2025			31 March 2026	
Carrying amount £000	**Fair Value £000**		**Carrying amount £000**	**Fair Value £000**
(19,921)	(22,462)	Long Term PFI Borrowing	18,526	20,361
(11,935)	(9,744)	Long Term Borrowing	11,221	9,112
(31,856)	**(32,206)**	**Long-Term Net Total**	**29,747**	**29,473**
0	0	Short Term Borrowing	0	0
0	**0**	**Short-Term Net Total**	**0**	**0**
(31,856)	**(32,206)**	**Total**	**29,747**	**29,473**
31 March 2025			**31 March 2026**	
Carrying amount £000	**Fair Value £000**		**Carrying amount £000**	**Fair Value £000**
16,472	16,472	Cash and Cash Equivalents	34,663	34,663
36,285	36,285	Short Term Investments	37,403	37,403
52,757	**52,757**	Total	**72,066**	**72,066**

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

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

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

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

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

35.6 Sensitivity Analysis

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

31 March 2025 £000		31 March 2026 £000
0	Increase in interest payable on variable rate borrowings	0
810	Increase in interest receivable on variable rate investments	876
0	Increase in government grant receivable for financing costs	0
810	**Impact on Deficit on the Provision of Services**	**876**
747	**Decrease in fair value of fixed rate borrowing liabilities (no impact on the Deficit on the Provision of Services or Other Comprehensive Income and Expenditure) ***	**(657)**

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

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed. These assumptions are based on the same methodology as used in the 'Fair Value' disclosures. Further detail on risks related to financial instruments is given within Note 36.

Note 36 - Nature and Extent of Risks Arising from Financial Instruments

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

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

36.1 Overall Procedures for Managing Financial Risk

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

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

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

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

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

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

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

The annual Treasury Management Strategy for 2025/26 which incorporates the prudential indicators is approved by the Police and Crime Commissioner for Sussex and is available on the PCC website. The key elements within the 2025/26 strategy were:

- Authorised Borrowing Limit for 2025/26 set at £53.6m. This is the maximum limit of external borrowings or other long term liabilities.

- Operational Boundary expected to be £38.6m. This is the expected level of debt and other long term liabilities during the year.
- Maximum amounts of fixed and variable interest rate exposure were set at 100% respectively for investments.
- Maximum exposure to the maturity structure of debt was 90% at 15-20 years.

These policies were managed by the Police and Crime Commissioner's Chief Finance Officer during the 2025/26 year. Actual performance is reported quarterly to the Joint Audit Committee.

36.2 Credit Risk

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

Credit Risk: Investments

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

The 2025/26 Strategy set specific limits for which specified investments may be placed up to, were designated as follows:

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

The Police and Crime Commissioner's maximum exposure to credit risk in relation to its investments in banks and building societies of £71.6m at 31 March 2026 (2025: £42.4m) cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of non-recoverability applies to all of the Police and Crime Commissioner's deposits, but there was no evidence at the 31 March 2026 that this was likely to crystallise.

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

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

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

Credit Rating	Non-current		Current		Total	
	2024/25 £000	2025/26 £000	2024/25 £000	2025/26 £000	2024/25 £000	2025/26 £000
AAA	0		16,400	34,550	16,400	34,550
A	0	0	1,000	0	1,000	0
A+	0	0	0	4000	0	4000
A-	0	0	35,000	0	35,000	0
N/A as Local Authority Investment	0	0	0	33,000		33,000
Total	**0**	**0**	**52,400**	**71,550**	**52,400**	**71,550**

Credit Risk: Trade Receivables

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

Amount at 31-Mar-25 £0		Amount at 31-Mar-26 £0
3,862	Trade Debtor customer balances *	1,832
3,862	**Total**	**1,832**

* Trade Debtor customer balances are after deduction of £0.025m provision for doubtful debts (2024/25: £0.025m) the Police and Crime Commissioner considers this is the maximum exposure to default on trade debtors.

The Police and Crime Commissioner does not generally allow credit for customers, such that £0.174m of the total £1.832m customer balances are past the due date for payment i.e. over 30 days. The past due, but not impaired amount can be analysed by age as follows:

31 March 2025 £000		31 March 2026 £000
38	Less than three months	74
10	Three to six months	79
35	Six months to one year	5
10	More than one year	16
93		**174**

36.3 Liquidity Risk

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

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

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

36.4 Re-financing and Maturity Risk

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

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

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

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

31 March 2025 £000	Financial Assets:	31 March 2026 £000
52,400	Less than one year	71,550
0	Between two and five years	0
52,400		**71,550**

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

The maturity analysis of the Police and Crime Commissioner's debt and investment portfolio including all financial liabilities (PFI and Brighton) excluding IFRS16 leases is as follows:

31 March 2025 £000	Financial Liabilities:	31 March 2026 £000
(1,894)	Less than one year	(3,250)
(20,985)	Over 1 year	(26,893)
(22,879)	**Total**	**(30,143)**

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

31 March 2025		31 March 2026

£000	Financial Liabilities:	£000
(186)	Between two and five years	(199)
(211)	Over five years	(156)
(397)	**Total**	**(355)**

36.5 Market Risk

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

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

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

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

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

At 31 March 2026 the Police and Crime Commissioner held no variable rate borrowings. For investments, the Police and Crime Commissioner held 48% or £34.55m of its total investment portfolio (2024/25: 31% or £16.40m) in variable rate instant access call accounts. Interest of £3.81m (2024/25: £4.15m) has been credited to the Comprehensive Income and Expenditure Statement in respect of the Police and Crime Commissioner's variable rate investments, representing a 4.35% (2024/25: 5.12%) interest rate of return on an average investment portfolio of £87.58m (2024/25: £80.98m). If interest rates had been 1% higher the financial impact would have been a £0.88m (2024/25: £0.81m) increase in interest credited to the Comprehensive Income and Expenditure Statement. For the PFI & PWLB Liability an increase in the discounting rate (+1%) will be £590k additional financial liability and a decrease by (-1%) will result in a reduction of £657k in the financial liability.

36.6 Price Risk

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

36.7 Foreign Exchange Risk

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

Note 37 – 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 2026. The organisation is required to prepare an annual statement of accounts by the Accounts and Audit Regulations 2015, which require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

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

The Code also draws on approved accounting standards issued by the International Public Sector Accounting Standards Board (IPSAS) and the UK Accounting Standards Board (ASB) where these provide additional guidance.

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

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

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

The following sections set out the Group'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*.

Cash & Cash Equivalents

Cash equivalents are short term, highly liquid investments that mature in one day or less from the date of acquisition and that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Therefore, amounts meeting these criteria are classified as cash equivalents rather than as investments.

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

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

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

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

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

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

Events after the Balance Sheet

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

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

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

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

Government Grants and Contributions

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

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

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

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

Funding of Capital Expenditure to purchase Non-Current Assets

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

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

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

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

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

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

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

Non-Current Assets – Property, Plant and Equipment

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

Recognition

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

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

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

Measurement

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

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

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

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

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

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

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

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

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

Component Assets

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

Impairment

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

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

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

Depreciation

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

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

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

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

Disposal

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

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

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

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

Assets Held for Sale

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

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

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

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that

would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets Held for Sale are not depreciated.

Private Finance Initiative (PFI)

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

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

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

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

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

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

Inventories (Stock) and Long Term Contracts

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

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

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

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

Investment Property

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

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

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

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

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

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

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

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

Intangible Assets

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

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

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

Charges to Revenue for Non-Current Assets

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

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

Debts Outstanding

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

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

Reserves

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

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

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

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

Overheads and Support Services

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

Provisions and Contingent Liabilities

Provisions

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

Contingent Liabilities

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

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.

Precept Income

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

VAT

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

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

IFRS 16 Leases This standard changes the recognition, measurement, presentation and disclosure of leases. It requires lessees to record all leases on the balance sheet with exception available for value and for short term leases. At the commencement of a lease, a lessee will recognise lease payments (lease liability) and an asset representing the right to use the asset during the lease term (right of use asset). Lessees will subsequently reduce the lease liability when paid and recognise depreciation on the right-of use asset.

A lease liability is re-measured upon the occurrence of certain events such as a change in the lease term or a change in an index or rate used to determine lease payments. The re-measurement normally also adjusts the right of use asset.

IFRS 16 Leases was implemented on 1 April 2024. The adoption of the standard did not change the actual cash flows of the Group. However, it required the recognition of right-of-use assets and corresponding lease liabilities, replacing the previous accounting treatment under which lease payments were expensed as incurred. This change affected the presentation of cash flows within the cash flow statement, as amounts previously classified as operating cash outflows were instead reported as financing cash outflows.

IFRS16 Leases - Presentation and disclosure

Accounting policies

Leased assets

The PCC as a lessee
For any new contracts entered into on or after 1 April 2024, the PCC considers whether a contract is or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the PCC assesses whether the contract meets three key evaluations which are whether:

• The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the PCC.

• The PCC has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract.

• The PCC has the right to direct the use of the identified asset throughout the period of use.

• The PCC assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the PCC recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the PCC, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The PCC depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The PCC also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the PCC measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the PCC's incremental borrowing rate. The weighted average lessee's incremental borrowing rate applied to lease liabilities recognised in the Balance Sheet at the date of initial application is 5.13%.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is re-measured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is re-measured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The PCC has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets will be included in property, plant and equipment and lease liabilities will be in current liabilities and non-current liabilities.

Materiality of implementing Leases

This standard, which is mandatory for periods commencing on or after 1 April 2024, requires lessees to account for all leases on their balance sheets, including those which had previously been treated as operating leases and accounted for in the P&L account as an "in-year" expense. This includes leases of retail and commercial property, equipment and vehicles. Accordingly, affected Local Authorities have seen:

- The assets and liabilities on their balance sheets increase significantly, with a potentially material impact on covenant calculations.
- The cost profile of their income statements change, with costs skewed towards the early years of leases and greater volatility due to the frequency of recalculation.
- The nature of costs in the comprehensive income and expenditure statements change, with a greater weighting to finance costs and depreciation, again potentially impacting calculations of covenants.

The Police and Crime Commissioner as Lessor

Operating Leases

Where the Police and Crime Commissioner grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

Employee Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Police and Crime Commissioner. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which

employees can carry forward into the next financial year. The accrual is charged to Surplus or Deficit on the Provision of Services but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits / Exit Packages

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

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

Long-term Employee Benefits – Pension Arrangements

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

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

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

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

All police pension schemes are unfunded schemes which are treated as defined benefit schemes paid from revenue (without managed pension assets). Accrued net pension liabilities have been assessed on an actuarial basis in accordance with IAS19 Employee Benefits, the

net liability and a pensions reserve for both Pension Schemes have 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's decisions whose effect relates to years of service earned in earlier years - debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs

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

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

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

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

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

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

Discretionary Benefits

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

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

Fair Value Measurement

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

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

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

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

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

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

Financial Instruments

Financial Liabilities

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

is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

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

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

Financial Assets

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

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

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

Financial Assets Measured at Amortised Cost

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

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

Expected Credit Loss

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

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

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

Financial Assets Measured at Fair Value through Profit or Loss

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

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

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

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

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

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

Financial Assets Measured at Fair Value through Other Comprehensive Income

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

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

Loans and Receivables

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

Foreign Currency Translation

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

Interests in Companies and Other Entities

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

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

Note 38 - 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 2015, 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 pensions of its former police officers. The Pension Fund is administered by the Chief Constable in accordance with the Police Pension Fund Regulations 2007 (SI 2007 No 1932).

On 1 April 2006 arrangements came into being for funding and accounting for the Police Pension Schemes. Before 1 April 2006 these pensions were paid from the Revenue Account and the Authority (preceding the Police Reform and Social Responsibility Act 2011 creating

the two corporation sole bodies; the Police and Crime Commissioner for Sussex and the Chief Constable of Sussex) received funding from central government as part of the general funding formula to support payments of pensions. Prior to 1 April 2006, there were no employer contributions based on pensionable pay and no top-up grants.

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

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

From 1 April 2015 the Police Pensions Scheme 2015 came into effect and all current active members were transferred to this scheme – except for those qualifying for protections allowing them to remain in the scheme they were already in. From 1 April 2022, these protections no longer apply to anyone and all serving officers are effectively transferred to the 2015 CARE (Career Average Revalued Earnings) pension scheme from that date. Officers now contribute between 12.44% and 13.78% depending on their basic salary. The Chief Constable of Sussex makes an employer's contribution of 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 34 in accordance with IAS 19 'Employee Benefits'.

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

	Police Pension Scheme (PPS) (1987)	New Police Pension Scheme (NPP) (2006)	Police Pensions Scheme 2015
Eligibility for membership	The 1987 scheme is closed to new members	The 2006 scheme is closed to new members	Subject to medical clearance for the purposes of ill-health benefits only for new joiners. Open to all police officers (including 1987 and 2006 scheme members)
Final salary basis	Final salary based on pensionable remuneration which was normally the average remuneration in the employee's final year	Final salary with earnings over the last ten years considered for best average over 3 consecutive years	Career Average Revalued Earnings scheme
How is pension accumulated	1/60 of final salary for first 20 years of service, plus 2/60 for final 10 years of service up to a maximum pension entitlement of 40/60. With option to exchange part of the pension for a lump sum commutation.	1/70 of final salary for each year of service up to a maximum of 35 years of service. With option to exchange part of the pension for a lump sum commutation.	1/55.3 of pensionable earnings each year is added to the members' pension pot for each year of membership.
Commuted lump sum	Commutation of ¼ of annual pension at rates depending on age at retirement.	Additional rather than by commutation at 4x initial annual pension	£12 lump sum for each £1 of pension commuted
Length of service for maximum pension	30 years	35 years	No maximum length of membership
Normal Pension Age (NPA)	Any age after 30 years of service. From age 50 with 25 years of service. Age 55 for all constables and sergeants with less than 25 years of service. Age 60 for all other cases.	Age 55	Age 60. A retirement pension paid on or after NPA is not subject to actuarial reduction. Retirement pension (other than ill-health related pension) paid before NPA is subject to actuarial reduction.
Deferred Pension Age	Age 50 if with 25 years' service, otherwise from age 60.	Age 65 if member opts out or leaves the police force before age 55.	State pension age if opt out or leave police service before age 60 or before NPA without taking a pension.
Pension increases	In line with the Consumer Price Index.	In line with the Consumer Price Index.	In line with the Consumer Price Index.

Glossary of Financial Terms

This section explains key terms and specialist financial language used in the Statement of Accounts

ACCRUAL
An accrual is a liability for expenditure relating to goods and services that have been received or supplied but are not invoiced until the following financial year.

ACCRUED INCOME
Income earned in the financial year which has not yet been received.

ACTUARIAL GAINS AND LOSSES (PENSIONS)
For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because, either events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses), or the actuarial assumptions have changed.

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

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

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

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

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

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

CC
Chief Constable

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

IFRS
International Financial Reporting Standards

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

OPERATING LEASE
A lease other than a finance lease.

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

PCC
Police and Crime Commissioner

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

END OF DOCUMENT

Sussex Police & Crime Commissioner

If you or someone you know has experienced a crime, report it to Sussex Police and find support through Safe Space Sussex.

SAFE SPACE SUSSEX

Always call 999 in an emergency

Call **101** for non-emergency calls

Report online at:
sussex.police.uk/contact-us

www.sussex-pcc.gov.uk