

The Sussex Police and Crime Commissioner For Sussex and Group



Draft Statement of Accounts 2024/25



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**Sussex
Police & Crime
Commissioner**

This document is available in large print

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You can get more copies of this document in various formats

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Police and Crime Commissioner for Sussex

Mrs Katy Bourne OBE

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Office of the Police and Crime Commissioner for Sussex

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Preface

Katy Bourne OBE – Police and Crime Commissioner for Sussex

Welcome to the 2024/25 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, and to determine the precept - the police element of council tax.

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 2025 and presents their overall financial position at the end of that period and the cost of services provided. When read in conjunction with my PCC Annual Report, the Statement provides an insight into the activities of the PCC and the Chief Constable (CC) during the year.

It is part of my robust scheme of financial management and scrutiny, which I review along with the annual budgets with my Chief Finance Officer on a regular basis during the year to be assured that public money is being 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 2025 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's published to provide you – whether you're an elector, local taxpayer, service user, employee, or just interested – with clear information about our financial activities and overall financial health.

Sussex

Sussex Police covers a population of 1.7 million people. The police force area covers 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 and a coastline that spans 137 miles from Chichester Harbour to Camber Sands

Sussex also has Gatwick Airport – the busiest single-runway airport in Europe, and the Port of Newhaven – one of the oldest gateways to France.



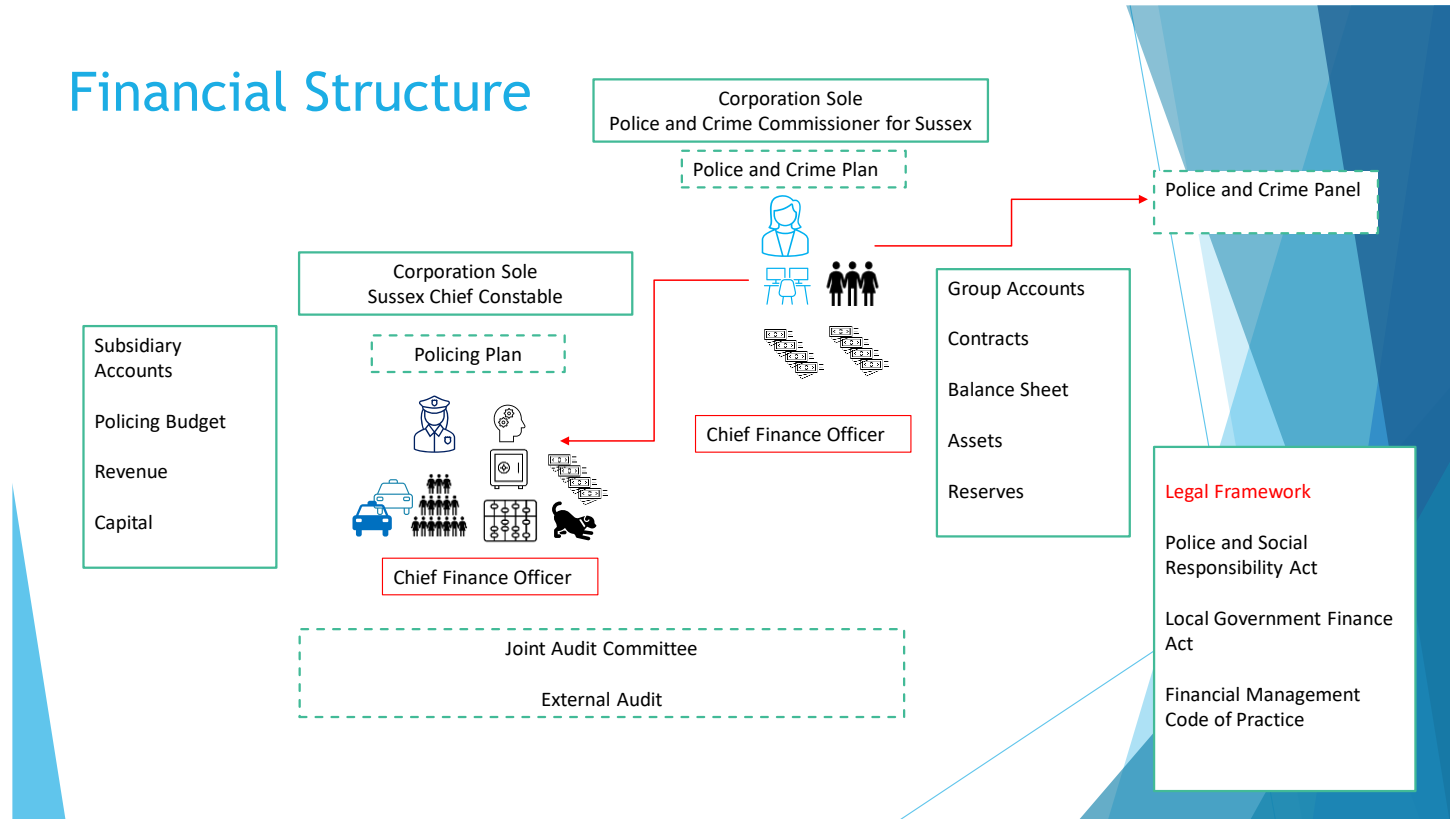
The Statement of Accounts

The Police and Crime Commissioner (PCC) is legally responsible and publicly elected to ensure Sussex has an effective and efficient police force. This involves holding the Chief Constable accountable to the public for policing operations, as defined by the Police Act 1996.

The Act establishes the PCC and Chief Constable as two distinct legal entities. For financial reporting, the Chief Constable's office is treated as a subsidiary of the PCC, reflecting the PCC's authority over its financial and operational policies

The following image provides a pictorial representation of the structure.

Financial Structure



What These Accounts Cover

This Statement of Accounts details all financial transactions for policing in Sussex during the 2024/25 financial year. It gives you a complete picture of the financial standing for both the Police and Crime Commissioner (PCC) and the broader PCC Group – which includes the PCC and the Chief Constable. While we present the combined financial picture for the Group, the Chief Constable's accounts are also prepared separately.

I've made sure these statements follow the highest standards of financial reporting. They're prepared in line with the International Financial Reporting Standards (IFRS) - based Code of Practice on Local Authority Accounting in the United Kingdom. This "Code" is developed by experts from CIPFA/LASAAC and approved by the Financial Reporting Advisory Board (FRAB), ensuring we meet rigorous accounting practices.

Relationship between the Police and Crime Commissioner and the Chief Constable

As the Police and Crime Commissioner (PCC), the PCC is responsible for the finances of the entire PCC Group. This means the PCC controls all assets, liabilities, and financial reserves. The PCC receives all income and funding, and makes all payments for the Group from the overall Police Fund.

The Chief Constable of Sussex fulfills their functions within an annual budget, which the PCC sets in consultation with the Chief Constable. To ensure clear responsibilities, a scheme of delegation is in operation between the two bodies. This scheme determines their respective responsibilities, as well as local arrangements concerning the use of the PCC's assets and staff.

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

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.
- Approve the annual accounts in accordance with the Chief Finance Officer's timetable.
- May not borrow money.
- Appoints a Chief Finance Officer (Executive Director of Commercial and Financial Services Surrey Police and Sussex Police).

Responsibilities of the PCC's Chief Finance Officer:

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

Joint Responsibilities of the PCC 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 fairly its operations during the year. They must be prepared in accordance with proper practices as set out in the Code of Practice on Local Authority Accounting in the United Kingdom (the Code). The Statements of Accounts comprise separate statements for the PCC, the CC as well as group accounts covering both entities.

The Statement of Accounts shows the overall financial position of the Sussex Police Group for the year ending March 31, 2025. This "Group" position, often referred to as "Sussex Police," combines the accounts of the Police and Crime Commissioner for Sussex and its subsidiary, the Chief Constable of Sussex.

If the Group's financial position differs from the individual accounts of the Police and Crime Commissioner or the Chief Constable, these differences are clearly explained in the statements and notes. The Chief Constable of Sussex also prepares separate statutory accounts.

The Statement of Accounts for 2024/25 are prepared in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting 2023/24 and specific CIPFA police accounting guidance.

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

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

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.

Audit Backlog

The external audit system in local government has faced significant challenges in recent years, leading to a substantial backlog of unaudited accounts. In response, the Government has implemented a series of measures to reset and strengthen the system.

A key initiative has been the introduction of statutory backstop dates for clearing the backlog of unaudited accounts. These were set out in The Accounts and Audit (Amendment) Regulations 2024, which came into force on 30th September 2024. These deadlines aim to ensure a return to timely financial reporting, allowing auditors to focus their efforts on providing assurance on the most current accounts, where it holds the greatest value.

The underlying reasons for these audit delays are complex, but a primary factor has been a shortage of skilled auditors available to complete the necessary reviews. This issue, along with broader challenges facing the local authority audit framework, has been widely acknowledged by auditors, the Redmond Review, the National Audit Office (NAO), Public Sector Audit Appointments Ltd (PSAA), the Local Government Association (LGA), and Parliament.

The Government's proposals to reset the local authority audit system, enabling auditors to prioritise more recent financial statements, were enshrined in legislation in Autumn 2024. The reset programme, including the statutory backstop dates, is as follows:

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

A direct consequence of this backlog is that many local bodies, including ours, may receive modified or disclaimed audit opinions, even if there are no underlying issues with their financial accounts themselves. To prevent local bodies from being unfairly prejudiced, the Government has provided guidance and context regarding these types of opinions.

Our auditor issued a disclaimed opinion on our 2022/23 and 2023/24 Statements. It is anticipated they will issue a similar opinion for these

2024/25 Statements. The Government has clarified that where modified or disclaimed opinions arise due to backstop dates, local bodies should not be unfairly judged. Auditors are now required to clearly explain the basis of their opinion, distinguishing between those driven by the backstop dates and those resulting from other factors, such as weaknesses in financial reporting or specific account issues. This explanation should be included in the statement of accounts published by the local body on its website by the relevant backstop date. The Government anticipates that disclaimed opinions primarily driven by the backstop dates will largely be limited to the audits covering the financial years up to and including 2024/25, with a backstop date of 27 February 2026. This reflects the system's focus on catching up before returning to more timely and unqualified audits.

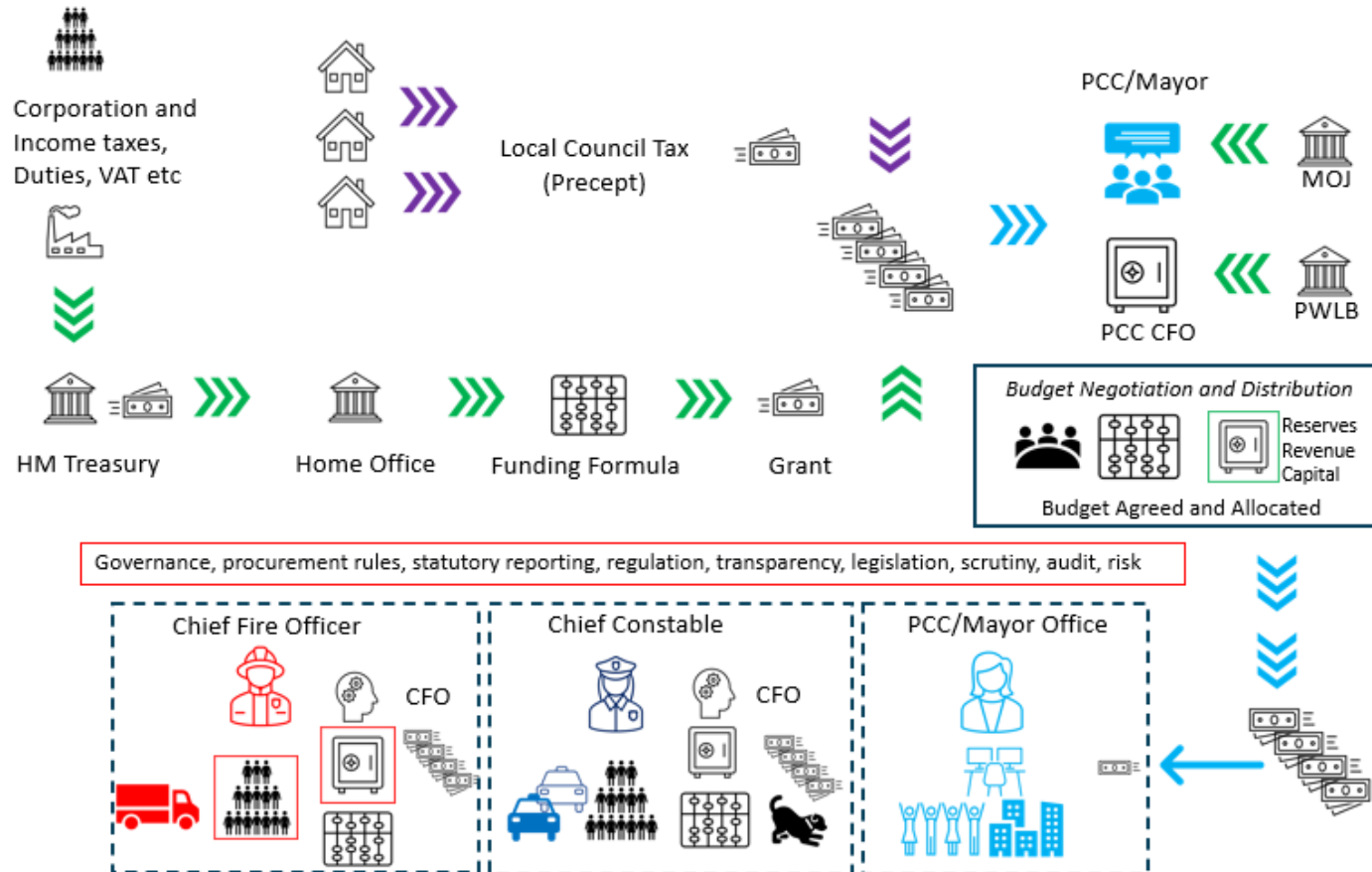
Further details on our specific audit opinion can be found in the Audit Results Report published on our website.

For more information on local audit supervision, please refer to the Financial Reporting Council (FRC) website: <https://www.frc.org.uk/library/supervision/local-audit/>

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.

Main Funding Sources and the Path to Us



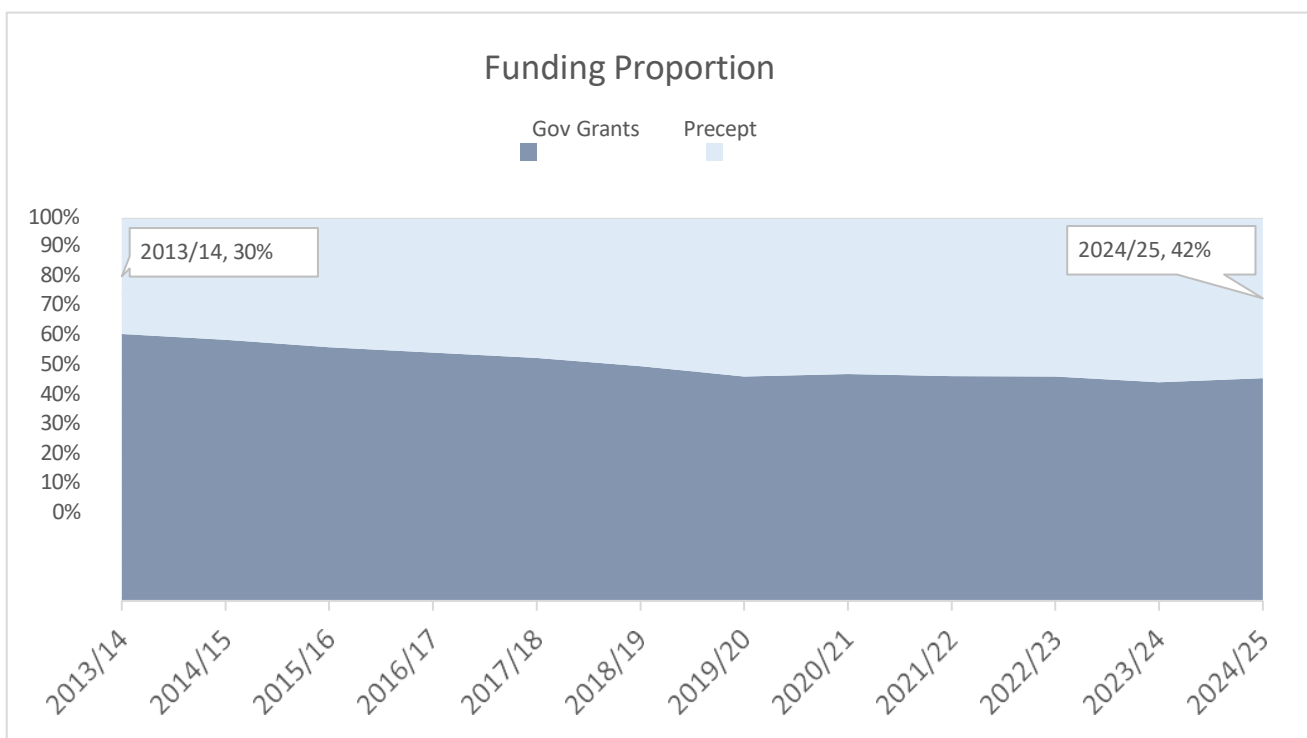
The strategic approach to funding policing bodies underwent a significant shift from the 2016/17 financial year. At that time, the Government committed to protecting funding in "flat cash" terms. This meant that while the nominal grant amount remained stable, its purchasing power would diminish due to inflation. Consequently, policing bodies, including Sussex Police, increasingly relied on increases in the local council tax precept to supplement funding and maintain services.

To provide some flexibility, the Government introduced specific council tax referendum limits for English forces. For instance, in 2018/19, Police and Crime Commissioners (PCCs) gained the ability to raise the Band D equivalent council tax by £12, without requiring a costly local referendum. This flexibility continued with further increases: £24 per Band D in 2019/20, £10 for 2020/21, £15 for 2021/22, and £10 for 2022/23.

The arrival of high inflation rates in subsequent years brought further adjustments. For the 2023/24 financial year, the Policing Minister provided PCCs with the option to increase the local council tax precept by £15 for a Band D property, exceeding the £10 previously expected from the Spending Review 2021. The Home Office indicated that if all PCCs utilised this £15 increase, it would generate an additional £349 million nationally compared to 2022/23.

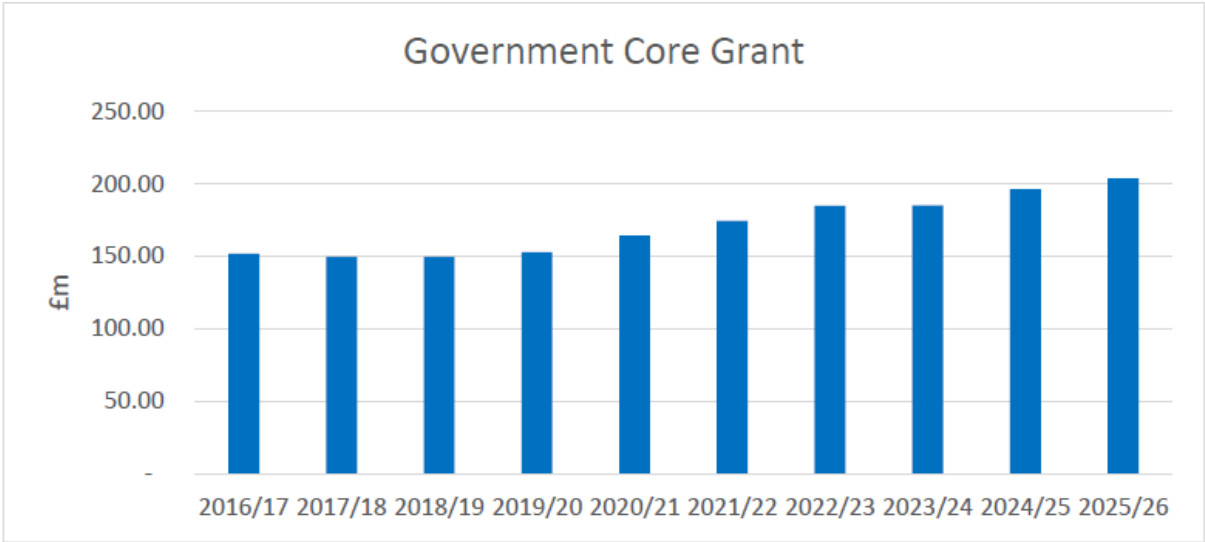
For the 2024/25 financial year, the flexibility for PCCs to increase the Band D council tax precept was generally set at up to £13 without a referendum. This continued the trend of local taxpayers bearing a larger proportion of policing costs.

The cumulative effect of this funding strategy is a notable shift in the balance between government grant and local council tax precept contributions. As government grant funding has largely been frozen in real terms, while the ability to increase the precept has been granted, local taxpayers are now funding a significantly larger portion of the cost of policing. The graph below illustrates this changing proportion, highlighting the increase from 30% in 2013/14 to approximately 42% in 2024/25.

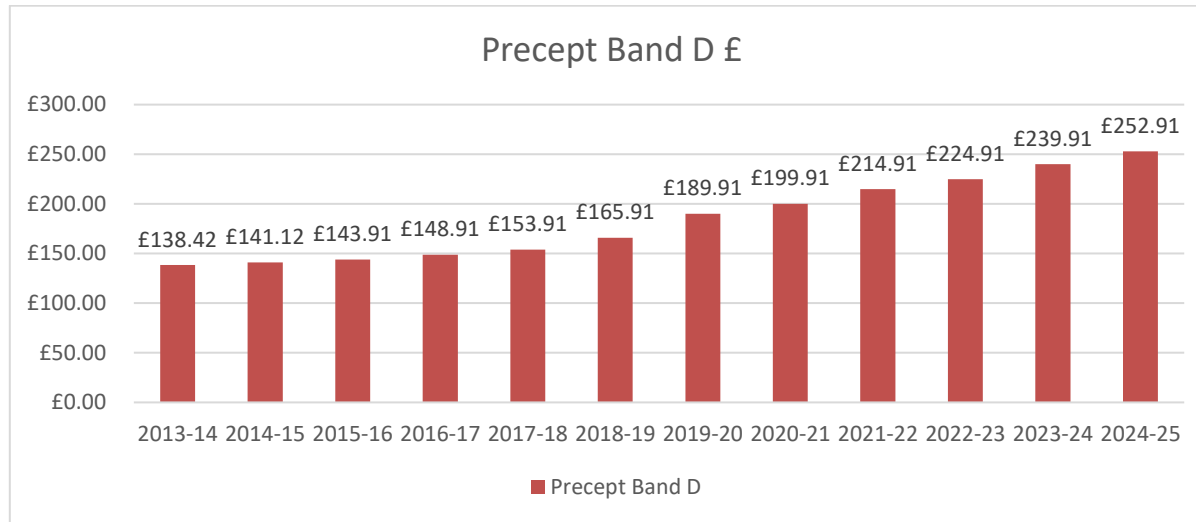


This shift underscores the increasing reliance on local contributions to maintain and invest in policing services. The forthcoming 2025/26 financial year has also seen further adjustments, with the Government providing PCCs with the flexibility to raise the police precept by up to £14 for a Band D property.

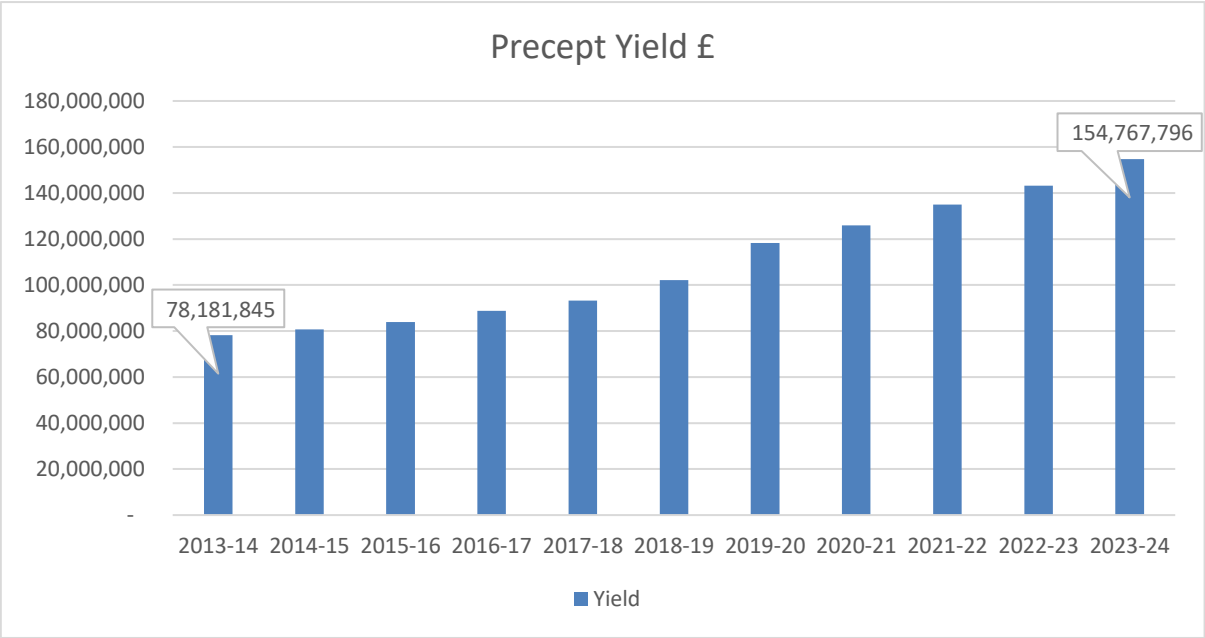
The graph shows that core grant reduced in 2016/17 only increasing by any meaningful sum by 2020/21 when the Operation Uplift program provided further resources for police officer recruitment and pay costs. Core grant sums for Sussex since 2016/17 are shown in the graph below



Meanwhile the precept has increased by £104 (70%) on a Band D property since 2016/17.



The resulting yield from the council tax over the same time is shown in the graph.

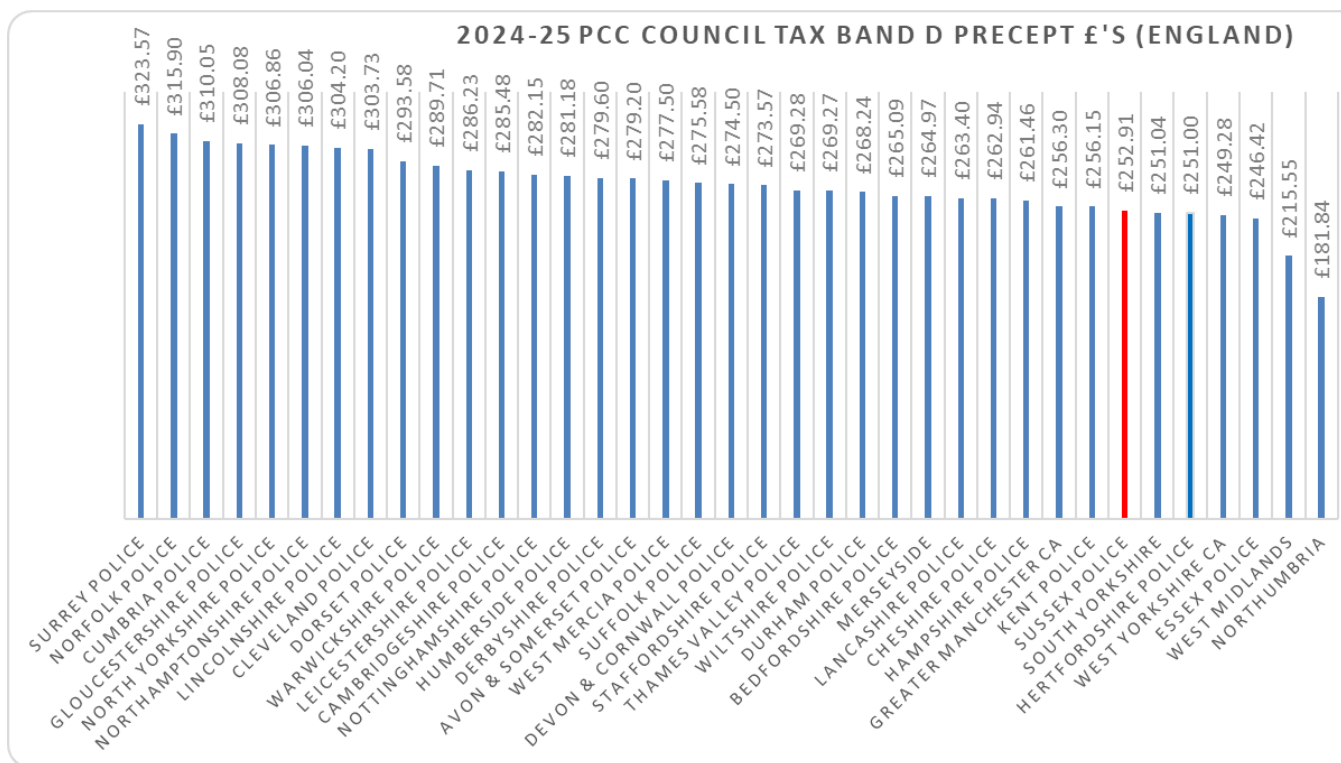


The council tax and precept funding for 2024/25 at the start of the year was forecast as follows:

2023/24 £m	2023/24 Proportion %		2024/25 £m	2024/25 £m	Proportion %
369.365		Total Revenue Expenditure		396.525	
6.695		Less Appropriations (to) / from Reserves		1.539	
362.67		Net Budget Requirement		394.986	
		Less			
185.243		Main Policing & RS Grant	196.291		
3.062		Council Tax Legacy Freeze Grant	3.062		
10.140		Council Tax Local Support Grant	10.140		
5.909		Operation Uplift Performance Grant	11.004		
2.697		Pensions Grant	9.151		
207.051	57%	Total Policing Grant		229.648	58%
155.619		Balance to be raised locally		165.338	
0.851		Less net surplus on collection funds		0.399	
154.768	43%	Council Tax Requirement		164.939	42%

Comparison of the Precept with Other Policing Bodies

The council tax precept for Sussex was one of the lowest - 31 out of 37 – of English policing bodies during 2024/25 at £252.91 per annum for a Band D property. The table shows the range of precepts by policing body in England. The median was £274.50.



Other Income

The PCC continues to seek additional sources of external funding for policing and to maximise its income, for example through developers' contributions such as the Community Infrastructure Levy and/or Section 106 monies, as well as developing a 'trading mind-set' for some of its more commercially aligned services.

Sussex Police continued to review its charging for special police services including Gatwick Airport, football and events in line with nationally

agreed policies.

The Police Reform and Social Responsibility Act 2011 (PRSRA) gives a PCC the power to do anything which is calculated to facilitate, or is conducive or incidental to, the exercise of the functions of the PCC. This is different from the powers that local authorities have under the Localism Act 2011 which gives them the power to do anything that individuals may do, apart from that which is specifically prohibited. Fire and Rescue Authorities have a functional power to do anything they consider appropriate to the carrying out of those fire functions. This situation restricts opportunities for commercial or income generation particularly in relation to the opportunities relating to the estate.

Impacts

Reductions in and the freezing of government grant funding between 2012/13 and 2022/23 and other costs have resulted in Sussex making £67m of reductions and efficiencies to head towards balancing its books. In addition, during that time it also had its ability to raise additional tax revenue from the precept restricted by the government referendum principles – an effective cap.

The Conclusion of Operation Uplift

The **Police Uplift Programme (Operation Uplift)**, launched by the then Prime Minister on 5 September 2019, successfully met its commitment to recruit an additional 20,000 police officers (headcount) in England and Wales by 31 March 2023. Throughout the programme, quarterly statistical bulletins on 'Police officer uplift' tracked progress towards this national target.

As of 31 March 2024, there were 147,746 full-time equivalent (FTE) officers in post across the 43 territorial police forces in England and Wales. This represented a 0.2% increase from March 2023 (up by 312 FTE from 147,434 officers). The Government confirmed this was the highest number of police officers since comparable records began in the year ending March 2003, surpassing the previous peak of 147,434 FTE police officers in March 2023. Sussex Police officers represent approximately 2.15% of this national total.

Maintaining Officer Numbers and Local Commitments

Following the completion of Operation Uplift, Sussex Police was then required to maintain a baseline of 3,166 police officers (headcount). Beyond this baseline, Sussex Police committed to recruiting an additional 60 police officers during the 2024/25 financial year, setting an enhanced target of 3,226 officers. For historical context, the police establishment as of 31 March 2012 was 2,959 officers.

The funding to maintain this uplifted baseline is provided through a dedicated grant, split evenly over the financial year and paid based on officer headcount. To claim the full grant amount, Sussex Police had to ensure the baseline was met on 30 September 2024 and 31 March 2025. The Home Office can withhold £40,000 per officer below the baseline, up to a threshold of 30 officers or 1.5% of the total officer headcount, if targets are not met on these dates. Sussex Police successfully achieved the required officer headcount as of both 30 September 2024 and 31 March 2025, ensuring full eligibility for the maintenance grant. The detailed terms of the new maintenance grant for 2025/26

were published in January 2025.

Recruitment Strategy and Officer Entry Routes

To avoid financial penalties and ensure a consistently robust force, Sussex Police maintains a healthy pipeline of candidates for all police officer entry routes. There are four primary routes to becoming a Police Officer:

- The Police Constable Degree Apprenticeship (PCDA)
- The Police Constable Entry Programme (PCEP)
- The Detective Degree Holder Entry Programme (DDHEP)
- The Detective Constable Entry Programme (DCEP)

Each route adheres to national guidelines for eligibility. Candidates must successfully complete a behavioural style questionnaire, a situational judgement test, an Online Assessment Centre, and an in-person interview before pre-employment checks begin. These rigorous checks include a fitness test, medical clearances, biometric vetting, substance misuse testing, comprehensive vetting, and reference checks.

A dedicated Attraction Team develops tailored recruitment campaigns and materials to appeal to suitable candidates with the right skills, behaviours, and experience for the role. Utilising the force's employer brand of "I am Sussex Police," the team actively promotes the force by attending local colleges, universities, and career fairs with external partners. The Attraction Team also hosts webinars for interested candidates, offering insights into the role, and provides one-to-one conversations for a deeper understanding of the role or the recruitment process. Recruitment campaigns also actively incorporate plans to increase representation from local communities.

Workforce Management and Retention

Sussex Police operates a flexible workforce plan to manage planned officer intakes throughout the year and adapt to changes in attrition levels, ensuring the force remains on track to meet the baseline at the specified checkpoints. The force employs a variety of measures to aid the retention of both officers and staff, including Flexible Working Options, Flexible Retirement Options, and the Retire & Rejoin Scheme. Data gathered from Exit Interviews and newly introduced Stay Conversations help the force comprehensively understand reasons for resignations. This analysis is crucial for identifying and resolving any recurring issues that might impact retention.

Police Staff and PCSOs

As of 30 September 2024, there were 2,386 members of Police Staff working within Sussex Police. These vital roles encompass a wide range of duties, such as answering 999 calls, supporting investigations, and overseeing fleet and estate management, all in direct support of frontline policing. Police Staff roles have differing terms and conditions, and recruitment is undertaken as required. The force maintains a vacancy factor, currently set at 10% per department, to align with the staffing budget.

Sussex Police is also committed to supporting the PCC in the provision of Police Community Support Officers (PCSOs). As of 30 September 2024, there were 253 PCSOs in place, out of a budgeted establishment of 295. Attraction to this role has presented challenges, particularly while the force maintains active police officer recruitment, as the PCSO role is sometimes viewed as a steppingstone to becoming an officer. Planned recruitment campaigns are in place to highlight the unique qualities of the PCSO role and attract further applications to fill the establishment.

The overall budget for 2024/2025 to cover all Police Officer, Police Staff, and PCSO Pay amounted to £344,238,150.

National Context

In terms of the national funding context, Sussex has:

- 18th lowest Net Revenue Expenditure (NRE) per head of population nationally at £207.50 excluding national functions and PCC. Most similar group = £200.33; nationally = £243.43; (Source: p.4 HMICFRS website 2023/24 [HMICFRS Value for Money Profiles](#))
- 7th lowest precept of any PCC in England and Wales at £252.91 per Band D equivalent household 2024/25.
- 5th lowest total funding per head of population at £196.82 (all grants and precept).

Financial Context 2024/25

Throughout the 2024/25 financial year, the Police and Crime Commissioner (PCC) worked in close collaboration with the Chief Constable and her senior team to address the operational needs and financial pressures facing Sussex Police. A significant ongoing challenge is a multi-year funding deficit, where the underlying cost of running the Force continues to grow faster than the available government funding. This necessitates the achievement of substantial year-on-year savings throughout our medium-term financial planning period.

To tackle this, the PCC and Sussex Police undertook a comprehensive review of all budgets during 2024/25. This was done in conjunction with the Service Transformation Programme, specifically designed to identify and deliver efficiency savings and/or generate additional income. Our aim was to set a balanced budget for 2024/25. Our financial strategy adopted a proactive approach to driving these savings, not only to balance the 2024/25 budget but also to achieve an underspend. This strategy served two key purposes:

1. **Reducing Future Costs:** By driving out base operating costs, we aimed to reduce the funding requirements for the 2025/26 budget, which is essential for addressing the ongoing funding deficit.
2. **Creating a One-Off Surplus:** The planned underspend generated a one-off surplus in 2024/25. This surplus is strategically vital, allowing us to fund critical policing programmes, contribute to essential capital works (such as replacing ageing infrastructure), and invest in further efficiency measures designed to reduce future operating costs.

Removing these operating costs from the base budget is critical for addressing the structural funding deficit in 2025/26 and beyond. This proactive approach will continue to be a core element of our rolling four-year Medium Term Financial Plan, and its positive impact is reflected in the 2024/25 financial outturn.

However, significant costs remain outside our day-to-day operating budget. Maintaining an aged estate and replacing end-of-life technology platforms and digital operating systems require substantial investment. Funding for these crucial areas must be set aside through reserves

and allocated over the medium-term strategy, adding further pressure to an already constrained financial environment.

The 2024/25 funding settlement included additional ringfenced investment specifically for recruiting more officers, enabling us to maintain a headcount of 3,226 police officers. This grant was subject to performance conditions designed to encourage the maintenance of officer numbers, and the financial risk of not meeting these targets was carefully assessed within our budget. Two further allocations were received during the financial year, details of which are provided later in this document.

During the financial planning process, the PCC thoroughly considered the financial and other implications of various factors, including grant and precept funding levels, the strategic use of reserves, and the impact of inflation and other cost pressures.

The four-year Medium Term Financial Strategy (MTFS) set out the comprehensive financial context, encompassing our revenue budget, capital spending plans, and specific decisions for 2024/25, alongside estimates for the subsequent three financial years. It integrated all available resources, including government grants, council tax precept, fees and charges, income from special policing services, and the strategic use of reserves and capital.

A £13 precept uplift for 2024/25 was crucial. It enabled Sussex Police to meet rising costs while preserving the significant improvements in operational capacity and capability achieved through investments in previous years. It also supported the delivery of essential transformation and change programmes, designed to build the most efficient policing model possible for the future. This builds on prior investments in innovation, such as digital support for investigations and analytics to deliver smarter, evidence-based policing.

While the approach outlined in the MTFS was expected to deliver a balanced budget for 2024/25, the future remains uncertain, with a projected budget shortfall of £24.4 million over the remaining period of the Strategy. The MTFS also detailed how the general reserve would be built up to £16.2 million by the end of 2029, in line with our reserve strategy. The successful management of the 2024/25 budget was planned through well-constructed and managed workforce plans, the judicious use of one-off reserves, rationalisation of the estates portfolio, efficiencies from a new operating model, non-pay savings, and increases to the precept. This approach necessitates careful monitoring, rigorous scrutiny, and a firm commitment to developing realistic and credible savings that will ensure a sustainable budget going forward.

The decision to increase the police precept to fund operational policing was informed by substantial public consultation, including focus groups with parish, town, and district councillors, and a comprehensive Police Budget and Priorities Survey in which residents provided their views.

The £13 per year increase for a Band D property was recommended by the PCC and subsequently supported and endorsed by the Police & Crime Panel at their meeting in January 2024.

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 2024/25 net revenue budget was approved by the PCC at £390m. This consisted of the following:

- Government grant for Sussex in 2024/25 of £229.648m.
- The precept was increased by £13 to £252.91 for a Band D property, generating £9.5m compared to 2023/24.
- Provision for increases in pay and prices, including growth, inflation and cost pressures of £33.13m.
- The requirement to make a further £8.2m of savings.
- The PCC delegated a budget of £390m to the Chief Constable for 2024/25 to enable the discharge of operational activities under police direction and control.
- During the year the allocation of budget was adjusted through the approval of budget virements as set out in the table below.

2024/25 Net revenue budget	Budget Original £m	Budget Virements £m	Budget Revised £m
Operational Delivery Budget	390.257	-13.883	376.374
Office of the PCC	2.045	-0.011	2.034
Community Safety	1.728	0.164	1.892
PCC Sussex Victim Services	6.118	-5.468	0.65
Commissioning	-5.71	5.611	-0.099
Violence Reduction Unit	0.548	18.112	18.66
Other OPCC Financing Budgets including reserves transfers			
Total Budget Requirement	394.986	4.525	399.511

During 2024/25

The geopolitical, financial and social situations around the world and in Europe continued to create financial pressures and uncertainties for financial management during 2024/25.

Geopolitical Factors

Changing Crime Landscape: Sussex Police faced contrasting challenges across urban and rural areas, with urban centres experiencing issues related to vibrant day and night-time economies, while rural areas presented different policing needs.

National Policing Directives: The force was required to align with the national Policing Vision 2025 and the Home Office's Police Uplift Programme, which mandated maintaining certain officer numbers to avoid financial penalties.

Local Governance: The Police and Crime Commissioner (PCC), re-elected in May 2024, set new priorities for the force, focusing on public trust, tackling serious violence and organised crime, and supporting victims and communities.

Financial Factors

Budget Pressures and Funding Mix: Sussex Police's budget for 2024/25 was £396.5 million, with £229.7 million from central government grants and the remainder from the local council tax precept. The proportion funded by local taxpayers continued to rise, reaching an estimated 42% in 2024/25, up from 30% a decade earlier.

Precept Increases: To address a forecast deficit, Sussex Police chiefs advocated for the maximum allowable increase in the police precept (council tax), raising it by 5.4% (£13 for a Band D property). Even with this increase, the force still needed to reduce expenditure by £8.2 million to balance the budget.

Inflation and Cost Pressures: Operating expenses rose sharply due to inflation, pay awards, and increased employer national insurance contributions. The force faced a £30 million rise in costs, and ongoing efficiency savings were required by the national funding settlement.

Officer Number Requirements: Maintaining police officer numbers was a condition for receiving full government funding, with a potential penalty of up to £9.2 million if numbers fell below the required threshold. This ring-fencing restricted the ability to make savings by reducing officer posts, shifting the burden to other areas such as police staff and support functions.

Transformation and Efficiency: Sussex Police continued a Service Transformation Programme, aiming to modernize operations and close a

medium-term funding gap, while protecting frontline policing.

Key Financial Factors in 2024/25

Here's a breakdown of the main financial factors that shaped the budget in 2024/25:

Budget Pressures and Funding Mix

The budget for 2024/25 totalled £396.5 million. A significant portion, £229.7 million, came from central government grants, with the rest raised through the local council tax precept. Reflecting a long-term trend, the proportion of funding contributed by local taxpayers continued to grow, reaching an estimated 42% in 2024/25, a notable increase from 30% a decade earlier.

Precept Increases

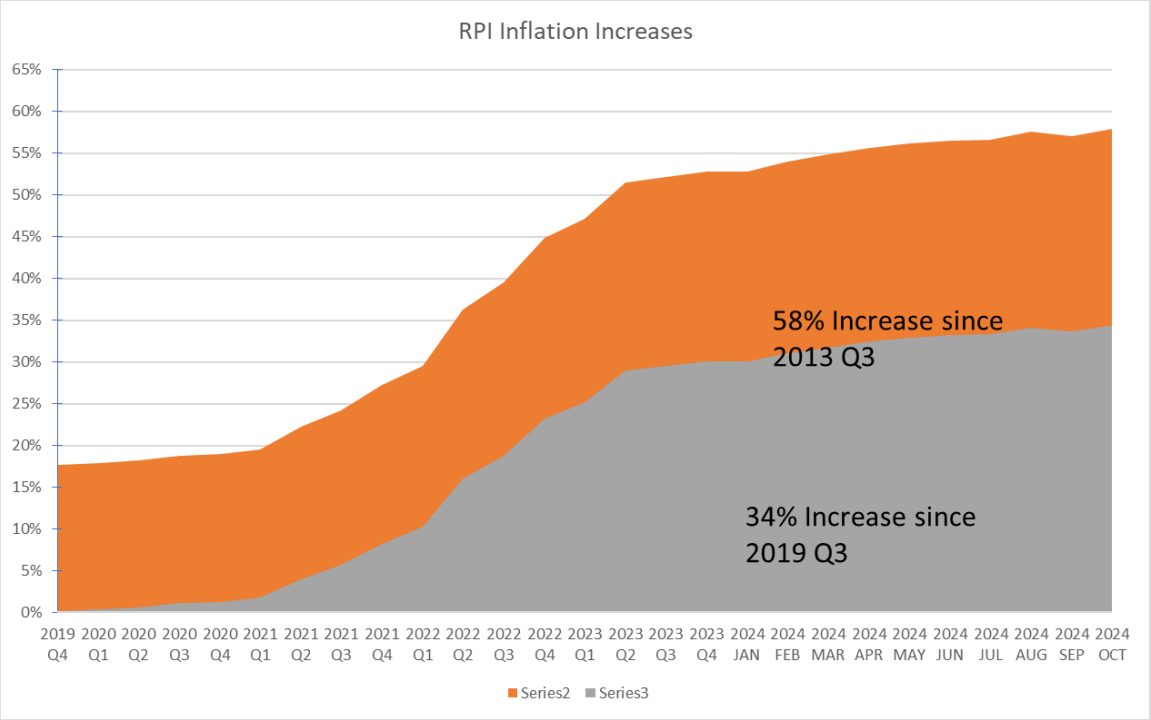
To address a projected funding shortfall, the PCC approved the maximum increase in the police precept without the need for a costly referendum. This resulted in a 5.4% rise, equating to an additional £13 for a Band D property. Despite this increase, £8.2 million in expenditure reductions were identified to balance the budget.

Inflation and Cost Pressures

Inflation has proved persistent after a sharp rise in prices attributed, variously, to the war in Ukraine, the fallout from the Covid pandemic, and the UK's exit from the European Union.

Rising prices for goods and services and the rate at which they increase is known as inflation. Some goods contribute more to the overall inflation rate than others – if some products see a large increase in prices, while others stay more stable, then inflation would be driven by the changing prices in that spending category. So, how the headline inflation rate affects our budget depends on the categories in which we spend.

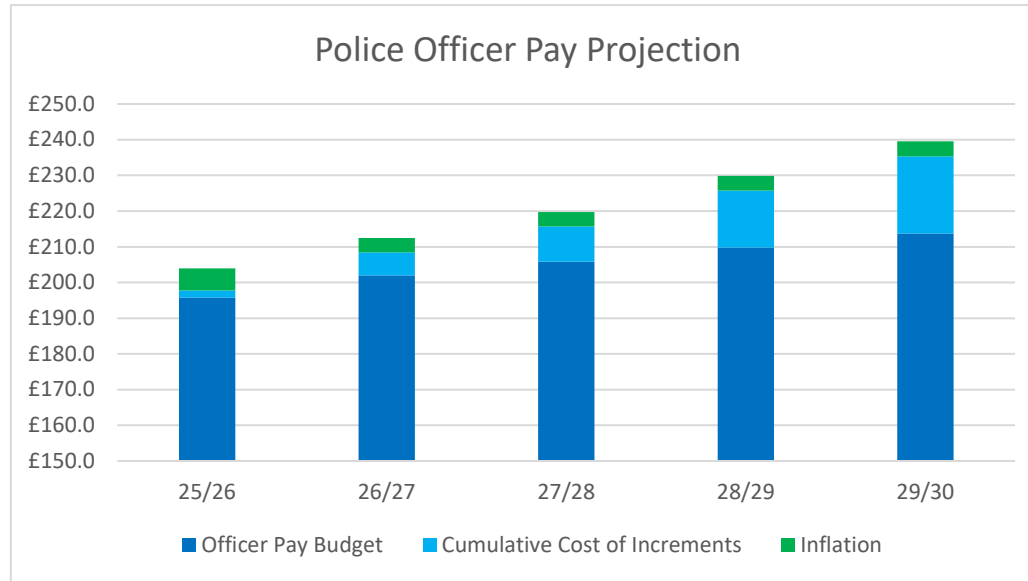
Since 2019 prices as measured by the ONS Retail Prices Index have increased by 34.4%.



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.



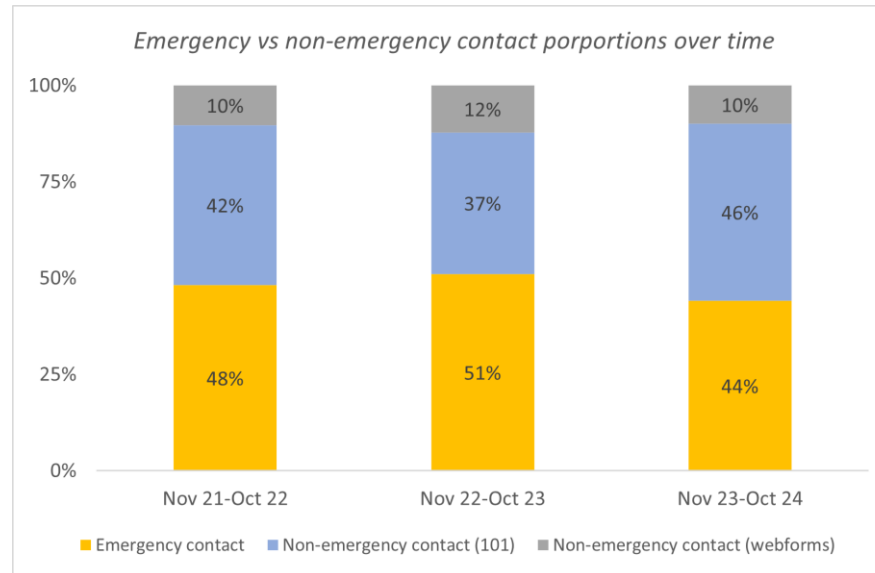
Transformation and Efficiency

Throughout 2024/25, Sussex Police continued to advance its Service Transformation Programme. The overarching aim of this programme is to modernise operations, close the persistent medium-term funding gap, and critically, protect frontline policing services.

Context and Demand

Home Office data offers reassurance that Sussex is a safe county – neighbourhood crime remains low – Sussex is the 13th lowest force nationally (of 43 forces) for risk of crime, having a rate of 745 crimes per 100,000 population.

Over the last 12 months, the profile of contact from the public has changed with Sussex experiencing a 10% reduction in emergency calls (999) and 30% increase in non-emergency calls (101) when compared to the same period the previous year. Non-emergency contact now constitutes 56% of total contact demand.



N.B this data excludes email contact which ceased as a contact channel in July 2022

Despite the reduction in 999 calls the volume of Emergency Response (Category A) incidents has been increasing, and the force attends on average 231 emergency incidents per day.

Over the last 12 months the benefits of the investment in new contact management technology and contact officer training have been realised. Sussex Police is now one of the best performing forces for 999 call answering time within its similar group (MSG) of forces, and consistently one of the top performing forces in the country. Sussex Police’s 101 abandonment rate has almost halved over the past year, and average 101 call wait times are routinely under three minutes.

Public safety/welfare incidents make up the largest proportion of total incidents that the force attends. There has been a notable rise in mental health related emergency incidents, which are becoming increasingly complex and time consuming for officers. Efforts with partners continue to ensure the public receive help and support from the most appropriate service in these instances.

Total recorded crime has risen year on year since 2017 (with the only exception being the pandemic year of 2020). 2023 saw a peak in recorded crime and levels remain high in 2024. There have been some fluctuations in the profile of recorded crime, particularly a sustained increase in retail crime and low-level violence without injury. Neighbourhood crime, such as burglary and vehicle crime, has not grown, and Sussex is not seeing the same rises as some other areas in the country.

In 2024 Sussex Police recorded the highest volume of serious crime since 2016, highlighting the continued protection of the force’s proactive capabilities in disrupting drug crime. The investment that the force has made in pro-active activity has led to an increase in the number of

drug trafficking offences uncovered and solved.



Sexual offences continue to rise year on year, driven in part by the growth of digitally enabled offending such as circulation of self-generated indecent imagery. This is a nationally growing issue, and demand in this area is anticipated to rise with the increased use of smartphones and time online.

The number of reported rape offences has remained consistently high with the force recording on average six per day. The Op Soteria national operating model has become embedded in force since its implementation in July 2023. Since then, enhanced training has been delivered to specialist investigators and first responders, resourcing has been increased, and the force has focused on investing in and building upon its public protection capacity. Charged outcomes for rape offences have subsequently increased but this is an area of considerable pressure for the force and therefore a programme is underway to restructure and specialise Public Protection rape and safeguarding investigation teams.

In addition to the force’s growing investigative demand, Sussex Police continues to service both unplanned protests and pre-planned events. The force manages planned demand well by ensuring event organisers make an appropriate contribution to the resourcing of these occasions. However, large scale events such as Lewes Bonfire, and Premier League football matches are resource intensive and must be balanced against daily demand. Unplanned demand is a growing risk for the force, highlighted by the local resources needed, and the mutual aid requirement to support other forces during the rioting in response to the attacks in Southport in the summer of 2024.

Throughout 2024/25 the revenue budget has been subject to regular monitoring. PCC controlled budgets are also regularly consolidated

with the Chief Constable’s budgets to consider the group position which is published on the PCC’s website as part of governance and transparency arrangements. These regular updates include a review of budgets and spending forecasts for both revenue and capital expenditure and include consideration of certain other key financial items such as capital control limits.

The revenue budget outturn to 31 March 2025, what was spent, is as follows:

Revenue Budget Outturn 2024/25

	To 31 March 2025			
	Actual	Budget	Variance	
	£m	£m	£m	%
Operational Delivery Budget	375.7	376.4	-0.7	0.2%
Office of the PCC	2.0	2.0	-0.1	-3.9%
Community Safety	1.9	1.9	-0.0	-1.8%
PCC Sussex Victim Services	-0.1	0.7	-0.8	-120.9%
Commissioning	-0.1	-0.1	0.0	21.2%
Violence Reduction Unit	-0.1	-0.1	0.0	21.2%
Other OPCC Financing Budgets including Reserves & Transfers	18.4	18.7	-0.3	-1.5%
Total Police Fund	397.6	399.5	-1.9	-0.5%
Funding	-399.5	-399.5	0.0	
Total including funding	-1.9	0.0	-1.9	

- The PCC Group spent £1.9m (0.5%) less in the year than planned.
 - The total operational delivery budget for Sussex Police is £376.4m, against this the outturn position of £375.6m resulting in an underspend of £0.8m or 0.2%.
 - Financial Provisions & Reserves are underspent by £0.3m against a budget of £18.7m. This includes the revenue and financing costs of the capital programme, interest receivable on cash balances and transfers to and from reserves included within the balanced budget plans.
- The result of the above is overall

The financial highlights of Sussex Police can be found in the Chief Constables Statement of Accounts for 2024/25.

The budget for the Office of the Police and Crime Commissioner (OPCC) includes the costs of running the office including the PCC salary and direct costs, staff salaries and office costs to cover the statutory functions of scrutiny, internal and external audit, performance management, community engagements, independent custody visiting scheme, financial management, legal services, bank and treasury costs and complaints handling.

The £1.2 million surplus can be attributed to a combination of factors, predominantly the carry-forward of unspent funds from the prior year's budget. This included resources allocated for office costs and victim's services that were not fully utilized, as well as savings realized from staff vacancies and various smaller budget variations.

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 at the end of June 2026 and published in the summer.

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

Capital Expenditure and Capital Financing

Beyond day-to-day operations, the PCC invests in fixed assets like buildings, technology, communications, and other major equipment. These assets are used to deliver services over multiple years or to enhance existing assets. All non-current assets are controlled by the PCC, as per the funding agreement with the Chief Constable.

Our capital and investment program spent £16.2 million against a budget of £20.2 million. This resulted in an overall variance, including project slippage, of £4.0 million.

Capital and Investment Budget Outturn 2024/25

	Actual	Revised Budget	Variance over/ (under) spend	
	£m	£m	£m	%
DDaT Strategy	2.01	2.06	(0.05)	(2%)
ERP	0.49	0.58	(0.09)	(16%)
CFS: Cost of Change	0	0.74	(0.74)	(100%)
CFS: Fleet Strategy	9.17	9.09	0.08	0.9%
CFS: Estates and Facilities	1.38	2.52	(1.14)	(45%)
CFS: Estates Strategy	0.33	0.91	(0.58)	(64%)
Corporate Services	0.47	0.61	(0.14)	(23%)
Specialist Crime Schemes	1.12	1.64	(0.52)	(32%)
Operational Investments	1.24	2.05	(0.81)	(40%)
Total	16.21	20.20	(3.99)	(20%)

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.

Capital and Investment Funding 2024/25

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	0.43	0.43	3%
Capital Receipts	0	0.03	0.03	0%
Revenue Funding	11.40	0	11.40	81%
Reserves	0	4.35	4.35	17%
External Borrowing	0	0	0	0%
Internal Borrowing	0	0	0	0%
Total	11.40	4.81	16.21	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 £16.2 million investment in long-term fixed assets as property, plant, and equipment (PPE) and intangibles.

Additionally, £0.061 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 increased by £1.172 million to £29.69 million. You can find more details in Note 13, as the CFR includes the impact of IFRS 16 Leases implementation.

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-24	31-Mar-25	Movement
	£m	£m	£m
Long Term Assets	196	202	6
Current Assets	98	105	7
Current Liabilities	-47	-51	-4
Long Term Liabilities	-2,520	-2,268	252
Net Liabilities	-2,273	-2,012	261
Financed by			
Usable Reserves	-54	-64	-10
Unusable Reserves	2,327	2,076	-251
Total Reserves	2,273	2,012	-261

Movement between years:

The movement between years was £262m and the major change arose due to pensions adjustments (IAS 19) when recognising an asset ceiling for the LGPS pension scheme.

Employee Pension Schemes:

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

The total long term pension liability reduced by £249m to £2,243m and has a substantial impact on the net worth of the Group. This is the main constituent of the total Net Liabilities on the Balance Sheet, 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 provide in the future, for service completed up to the balance sheet date. The pension liability is valued using an actuarial valuation and can fluctuate dependent on external factors and changes in actuarial assumptions.

The pension liability shows the underlying commitment that the Group has in the long run to pay post-retirement benefits. The total liability of £2,243m (£2,493m in 2023/24) has a substantial impact on the net worth of the Group as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Group remains healthy.

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

Reserves

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

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

Total useable reserves totaled £64.063m as of 31 March 2025 of which £46.625m is earmarked. The General Fund Reserve at 31 March 2025 is £15.032m and represents 4% of the Net Revenue Expenditure Budget of £394.98m. This is in line with the approved Reserves Policy which sets a minimum target for the General Reserve of 4% of Net Revenue Expenditure Budget. The additions to the earmarked reserves will, subject to PCC scrutiny and approval, be allocated to help Sussex Police achieve the changes to enable it to make ongoing revenue savings to meet the forecast deficits in future financial years.

Other

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

Assets Held for Sale The assets held for sale balance on 31 March 2025 comprises of two sites surplus to current requirements. These sites are at Astley House in Lewes, East Sussex, and Chichester in West Sussex. All of these properties are expected to be sold within the next 12 months in line with the Estates Strategy.

Financing and Investment Income – Interest receivable has increased from £3.957m in 2023/24 to £4.147m in 2024/25 reflecting the high interest rates for deposits over the financial year.

Value for Money

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

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

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

- Capital expenditure is an essential element in the development of the PCC's service since it represents major investment in new and improved assets. The PCC approves a four-year capital programme each year with the MTFS and monitors its implementation and funding closely at management meetings.
- The PCC approved a balanced budget for 2024/25 with a £13 increase in the council tax precept. Further savings have been identified to balance the budget for 2024/25 and work is ongoing to meeting the savings gap over the remaining financial planning period.
- Monthly financial performance reports and quarterly group budget monitoring reports are presented to the Chief Constable and PCC and are published as 'key decisions.'
- Performance reports are presented and discussed with the PCC regularly and reviewed at the public Performance and Accountability meetings which are webcast.
- The PCC receives reports from HMICFRS and will act on recommendations as required.
- The Internal Audit Service is required to objectively examine, evaluate and report upon the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of the PCC and Chief Constable's resources. This is achieved through the delivery of a risk based annual audit plan which is monitored by the independent Joint Audit Committee on a quarterly basis. The Chief Internal Auditor also prepares an annual report based on the work of the Internal Audit Service which provides an independent and objective opinion on the internal control, governance and risk environments of the PCC and Chief Constable based on the work undertaken by the Internal Audit Service throughout 2024/25.
- The Joint Audit Committee (JAC) provides a non-executive independent assurance to the PCC and Chief Constable and helps to ensure efficient, effective and adequate assurance arrangements are in place. Their [Terms of Reference](#) set out their role in full.
- At the time of publication of these accounts the auditors VFM work was ongoing. At that time no risks of significant weaknesses in arrangements had been identified. The auditor will issue their VFM narrative commentary in their 2024/25 Auditor's Annual Report.

The Financial Year Ahead 2025/26

I am responsible for preparing this financial strategy which I construct with the assistance of the Chief Constable's Chief Finance Officer, other staff and officers for presentation to the PCC for approval.

The Sussex PCC Medium Financial Strategy 2025-29 was published in February 2025 following the approval of the annual budget and council

tax precept. In summary the strategy

Planning for an Uncertain Future

The greater the uncertainty about future central government policy then the greater the need to demonstrate the PCC entity's long-term financial resilience, given the risks attached to its core funding. This MTFS is prepared on the assumption that the legal entities of the PCC and the Chief Constable are both going concerns, meaning they will continue in operation for the foreseeable future and will be able to realise assets and discharge liabilities in the normal course of operations.

The Group's revenue budget is primarily comprised of personnel costs (approximately 80%) and other costs (approximately 20%). The primary driver of financial uncertainty and cost is the rate of increase in the pay bill.

Workforce Costs

Police Officer Pay Increases (staff increases are similar)

- 2019-2021: Police officer pay experienced a period of limited increases or even freezes.
- 2022: A pay increase of £1,900 per officer (4-5%) was awarded.
- 2023: A further increase of 7% was awarded.
- 2024: A 4.75% increase was awarded.

Budgetary Impact of Pay Increases - The 7% pay increase approved in July 2023, which exceeded the budgeted amount, necessitated additional funding of £7.1 million. However, this was insufficient to fully cover the increased costs for both officers and staff. A similar situation arose in 2024 with the 4.75% pay increase.

At the end of July 2023, the then Minister of State for Crime, Policing and Fire approved a 7% pay increase for police officers which was higher than budgeted. Fortunately, additional resources of £7.1m were provided to meet the budget shortfall, but they were not sufficient to meet the full costs of the pay increases of both officers and staff.

The underlying issue is the discrepancy between the Home Office's grant allocation formula, which is based on a funding formula rather than the actual profile of officer pay including increments that inflates the costs. This mismatch leads to recurrent costs that are not covered by government grants and must be funded through local council tax resources.

The increase to employers National Insurance Contributions (NIC) and the change in the threshold that they are payable will cost Sussex PCC/Police and estimated £6.2 million for 2025/26. The Home Office has provided a grant of £5.5 million to cover the costs arising from changes but this is not enough to cover the actual estimated cost, leaving a shortfall of at least £700k as the grant does not cover overtime and other pay costs that attract NIC.

Operating Cost Increases

The other expenditure in the Group's revenue budget comprises the costs of enabling policing, services to victims and communities. The costs of the vehicles including purchase, operating and maintaining buildings, provision of equipment, IT infrastructure and devices, communications devices and systems, services to victims of crime, forensics and many other ancillary items make up the remaining 20% of the budget.

These costs are exposed to price rises. The geopolitical, financial and social situations around the world and in Europe continue to create financial pressures and uncertainties for financial planning. The uncertainty and unpredictability influences costs and makes it difficult to plan our finances accurately. Unlike a manufacturer, retailer, or other supplier we are unable to adjust our income, which in our case are represented by the council tax and government grant we receive, to take account of rising prices mid-year. Once income has been maximised then costs must be reduced to balance the budget.

Whilst the rate of change to inflation has reduced from its double-digit highs, prices are rising month on month just at a slower pace. For context, prices have risen by 34% since Q3 2019. Most of the cost increases are already baked into the operating costs for the Group. In addition, suppliers continue to try, and in some cases succeed, to transfer the financial risk they are exposed to through prices onto the Group. At the time of writing, oil prices were also increasing. This was driven by a combination of rising demand and the weakening of the British Pound against the US Dollar. This situation fuelled concerns that it could contribute to higher inflation.

The increase to employers National Insurance Contributions (NIC) and the change in the threshold that they become payable will impact on suppliers and essential service providers such as Victim Support and charities that supply services to the PCC and Chief Constable. It is expected that those suppliers and service providers impacted will look to negotiate additional funding and/or trim their services to match their costs to remain financially viable.

Some reductions in costs are being experienced with key operating costs, such as utility costs and liquid fuel for the vehicle fleet, but as explained above, these prices are unpredictable.

The Costs of Capital

We also manage the costs of borrowing money for long-term investments, such as buildings or equipment. Interest rates have been fluctuating. While higher rates mean we earn more interest on our savings, they also make new borrowing more expensive.

UK government bond prices (Gilt's) rather than the Bank of England Base Rate play a crucial role in determining the cost of borrowing for local authorities through the Public Works Loans Board (PWLB). PWLB interest rates are determined by adding a margin to the yield on gilts. Fluctuations in gilt yields directly translate into changes in PWLB interest rates, impacting the cost to the PCC to borrow. The UK's long-

term borrowing costs increased to the highest level in more than a quarter of a century on 07 January 2025 after the first of a string of government bond sales due over the coming weeks. The 25 year PWLB interest rate was 6.15 percent on 14 January 2025. The Government plans for near record debt sales could increase the cost of these gilts even further if the market appetite for bonds reduces.

The need to borrow is increasing as our revenue capacity to fund these items outright reduced. Legislation requires that money is set aside to meet the costs of debt even if internal balances are used to fund them in the short term. So, the capital plans are important and a key element of this strategy. Further detail on capital can be found later in this Strategy. In addition, risk is addressed throughout with the detail included in Appendix B.

A Budget Shortfall of £5m after Precept and Grant

The net revenue budget for 2025/26 is £423.6m an increase of £27.1m (£396.5m 2024/25). Grant income from the Home Office provides the largest element of funding for the Sussex Police fund. In 2025/26, the core government grants, excluding one off special grants, will total £245.7m. The balance of £177.3m is funded from local council taxpayers in the form of the local precept. Throughout the years of austerity, when core government grants were reduced or increases limited, the precept has been the key funding source that has enabled the PCC to keep the books balanced. The proportion of funding received from the precept has therefore increased with the local taxpayer paying a growing proportion year on year. In 2013/24 the local council tax precept accounted for 30% of the net funding. In 2025/26 it is estimated to account for 42%. With Sussex Police struggling to meet the costs of operations the opportunity to increase the precept by £14 (5.5%) is welcomed.

Even with the £14 increase to the precept, expenditure will still have to be reduced by £5.0m to balance the budget in 2025/26. Plans are being progressed to mitigate the cost pressures already identified and forecast predominantly through the Transformation programme, and these are set out in this MTFS.

Use of Reserves

Reserves can be split into two main types. Those that are held to mitigate risk, such as the General Reserve and Insurance Reserve, and those that are earmarked for specific purposes. Earmarked reserves including the Change Management Reserve and Delegated Budget Holder reserves hold sums that have been set aside, through prudent budgeting, to smooth the transition of change and to help fund the change programmes required to generate sustainable savings.

Must Sustain Police Officer Numbers

The Home Office Police Uplift Programme has continued to encourage forces to maintain officer numbers through their performance grant mechanism. A financial penalty of up to £7.5m (£9.2m 2024/25) is triggered if the officer numbers are not maintained throughout the year, this is only a remote risk, and it represents the maximum penalty for not meeting numbers. The details of maintenance grant terms for 2025/26 are not yet published though. However, it is expected that Sussex Police must continue to maintain its target headcount of 3,226

in September 2025 and March 2026 to ensure the full grant is received.

The effective ringfencing of the police officer numbers means that budget savings cannot be achieved by reducing police officers in 2025/26. This places the burden of further budget savings on all other remaining unprotected budgets including police staff.

Other Strategies

A new Estates Transformation Strategy has been published which feeds into this financial strategy. The capital requirements to bring the estate to modern standards is more than the resources that are available to the PCC. The PCC is limited in the borrowing that can be taken to fund capital schemes for the Joint Transport Strategy, Estates Strategy and IT Strategy. This constraint is particularly notable when there are pressures to decarbonise.

Reserves have been carefully reviewed to ensure all monies are properly earmarked or established for purpose. Some of the earmarked reserves are being used to balance the budget in 2025/26. The General reserve has been maintained at 4% of the net revenue budget throughout the MTFS period and more details can be found later in this Strategy.

Finally

After taking account of the known and anticipated issues, the revenue and capital estimates contained in this MTFS are considered robust and that the level of reserves is considered adequate to cover the financial risks faced by the PCC for 2025/26. However, this is with the caveat that it is of the utmost importance that management works to find sustainable savings.

Senior leaders have prioritising leadership time to ensure that plans are realistic, the savings are delivered and the budget balanced. If during the year and the MTFS period it looks as though savings targets will be missed, both the PCC's Chief Finance Officer and Chief Constable's Chief Finance Officer will need to consider mitigating actions as set out required by their statutory responsibilities and duties.

Other Issues

Comprehensive Spending Review

In July 2024 the incoming Chancellor of the Exchequer announced a multi-year spending review to conclude in spring 2025 (SR2025). They also announced changes to the Charter for Budget Responsibility to require spending reviews to be held every two calendar years, covering a spending period of at least three years, saying that this would ensure there will always be up to date medium-term departmental spending plans. The Chancellor indicated that the decision-making in SR2025 would reflect the government's 'mission-led' approach. She further announced that the government would establish a new Office for Value for Money (OVfM) to help it "put value for money at the heart of decision-making" and to recommend system reforms.

Leading up to the SR2025 the government has issued a settlement for just the 2025/26 financial year.

The S25R was published on 11 June 2025. SR25 sets departmental budgets for day-to-day spending for three years 2026/27 until 2028-29, and until 2029-30 for capital investment – this is referred to as Phase 2. The top three highlights for policing were:

1. Increase in Police Spending Power - The Spending Review 2025 sets out a notable increase in funding for policing. Police spending power is planned to increase by an average of 2.3% per year in real terms over the entire Spending Review period, from 2023-24 to 2028-29. Specifically for the period starting 2025-26 and ending 2028-29 (Phase 2), the Home Office settlement provides an average 1.7% real terms increase per year in police spending power. This "Police Core Spending Power" includes projected total police settlement funding, counter terrorism funding, and estimated funding from the police council tax precept.

What this means for our assumptions? I would assume that most if not all of the increase will be generated from increases to the local council tax precept. No referendum limits have been published with the CSR (The document mentions that full details of annual police funding will be set out in the Police Funding Settlement (December 2025). I would assume £14 could be in their estimates. Can we create a new MTFE scenario where we add £14 in each of the next three financial years forecast (approx 5% year on year. the current estimate is 2%)

2. Commitment to More Neighbourhood Policing - A key aspect of the policing settlement is the government's Plan for Change commitment to increase visible policing and keep communities safe. This is to be achieved by putting an additional 13,000 police officers, police community support officers (PCSOs), and special constables into neighbourhood policing roles over the current Parliament. This emphasis on neighbourhood presence aims to help restore public confidence in policing.

What this means for our assumptions? Nothing at this time until we are provided with our detailed funding allocation in December 2025.

3. Programme of Police Reform Alongside the increased investment and focus on frontline numbers, the government plans to implement a programme of police reform. This reform agenda will focus on raising standards, harnessing technology, increasing efficiency, and improving accountability within policing. Further details on these planned reforms will be set out in a forthcoming Police Reform white paper. The Home Office has also committed to delivering at least 5% savings and efficiencies over Phase 2 of the SR period, including £153 million by 2028-29 from reducing third party resources and insourcing digital roles. The budget for counter-terrorism policing will also be increased to maintain capabilities and protect officer numbers.

What this means for our assumptions? Police Reform is the biggest unknown at the moment and likely to be one of the biggest impacts in the medium term. Described at the 'Elephant in the Room' the lack of any specific financial forecasts of the cost of change and any cashable efficiencies is a current concern. Possible that some of the savings required of the Home Office could trickle into some resources policing draws down from directly or indirectly. Item to add to the strategic risk register.

Local Government Reform

The Government published the English Devolution White Paper: Power and partnership: Foundations for growth in December 2024. The white paper proposes to extend devolution to all parts of England, with more powers and funding for local areas.

It proposes the creation of new 'Strategic Authorities', which would be responsible for strategic planning, transport, and economic development in their areas.

It proposes to give more powers to mayors, including powers over transport, housing, public safety and skills. The paper expresses a preference for unitary local government, with the aim of replacing two-tier systems with single-tier councils. It does not propose any major structural changes to policing itself. It does not suggest abolishing PCCs, merging police forces, or transferring significant policing powers to local authorities. The focus is more on how policing can work more effectively with reformed local government structures to deliver better outcomes for communities. With this may come more resources, but also added responsibilities on policing.

Devolution Priority Programme

The Devolution Priority Programme is an initiative by the UK government to fast-track local government devolution in areas that demonstrate a strong commitment and readiness to embrace greater local control. The programme focuses on establishing Mayoral Strategic Authorities, led by directly elected mayors, which will be granted significant powers over areas such as transport, infrastructure, skills, housing, economic development and public safety including fire and police.

The three upper-tier councils (West Sussex, East Sussex, and Brighton & Hove) expressed a strong interest in joining the Devolution Priority Programme with the three submitting a joint expression of interest. The Government announced on Wednesday 5 February 2025 the following areas agreed to join the programme to create Mayoral Strategic Authorities with a directly elected mayor:

- Cumbria
- Cheshire & Warrington
- Norfolk & Suffolk
- Greater Essex
- Sussex & Brighton
- Hampshire & Solent

These six successful areas will now work to a devolution timetable, with full government backing, with consultations set to launch in February 2025.

Challenges and Considerations

- Change of Governance – It is not clear at this time how the current role of Police and Crime Commissioner would be discharged under the Mayoral Office. There will be considerations if migrating functions and responsibilities to a mayoral function.
- Stakeholder Engagement: It is crucial to ensure that the Sussex Police is fully engaged in the devolution process and that our voices are heard.
- Collaboration: Successful devolution requires strong collaboration between local authorities, fire, police businesses, and other stakeholders.
- Financial sustainability: The Mayoral Strategic Authority must have the necessary financial resources to deliver on its objectives. Precepts, grants and other finances will therefore be of key interest.

The Devolution Priority Programme presents a significant opportunity for Sussex to gain greater control over its own future. By embracing devolution, Sussex can unlock its full potential, improve the lives of its residents, and create a more prosperous future for the region.

However, it is essential to address the challenges and considerations to ensure that devolution is a success and that public safety is maintained during a period of significant change to the governance of Sussex.

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).

Financial Standing and Going Concern

Our financial statements are prepared on the assumption that the Police and Crime Commissioner (PCC) and Chief Constable Group will continue as a going concern. This means we expect to operate for the foreseeable future, realizing assets and settling liabilities as part of our normal operations.

The going concern concept is fundamental to accounting, assuming an organization will continue its functions and services indefinitely. If this weren't the case, asset valuation would require special consideration, and the financial statements would be fundamentally impacted.

The Local Government Accounting Code clarifies that government changes should not negatively affect the PCC or Chief Constable's ability to continue as a going concern. Even if assets were transferred from the PCC without compensation, their continued use for public benefit means the PCC doesn't need to consider any restrictions on property use from a going concern perspective.

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 2024/25

Apart from the implementation of IFRS 16 Leases standard, there were no changes to reporting within the 2024/254 Code of Practice on Local Authority Accounting which were identified as having significant impact for Sussex Police.

Explanation of the Key Accounting Statements

The Statement of Accounts set out the PCC and Chief Constable's financial standing and performance for the year ended 31 March 2025. The Statements represent the accounts for the PCC and those for the PCC Group. The accounts for the Chief Constable of Sussex are available separately.

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

The Accounts Comprise:

Narrative Report

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

Statements of Responsibilities

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

The Independent Auditor's Report

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

The Expenditure and Funding Analysis Note to the Accounts

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

The Comprehensive Income and Expenditure Statement

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

The Movement in Reserves Statement

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

The Balance Sheet

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

The Cash Flow Statement

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

Notes to the Accounts

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

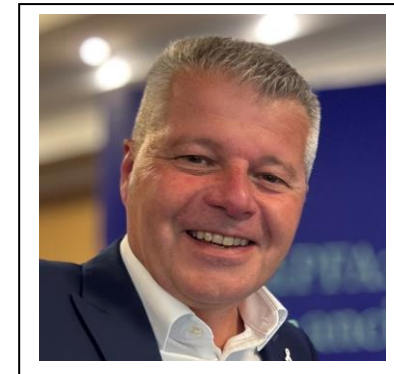
Glossary of Financial Terms

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

Further Information

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

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



30 June 2025

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 2025.

Katy Bourne OBE
Police and Crime Commissioner
Dated: 30 June 2025

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 2025.



Iain McCulloch FCPFA
Chief Finance Officer
Dated: 30 June 2025

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

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

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

2023/24				2024/25		
Expenditure	Income	Net	Note	Expenditure	Income	Net
£000	£000	£000		£000	£000	£000
307,546	0	307,546	Employee Costs	325,695	0	325,695
14,246	0	14,246	Premises	13,639	0	13,639
6,599	0	6,599	Transport	7,417	0	7,417
67,143	0	67,143	Supplies & Services	74,011	0	74,011
2,498	0	2,498	Third Party Payments	2,397	0	2,397
9,603	0	9,603	Capital Charges: Depreciation, Amortisation, Impairment (Proxy)	11,306	0	11,306
0	(60,809)	(60,809)	Income	0	(68,687)	(68,687)
407,635	(60,809)	346,826	Net Cost of Services	434,465	(68,687)	365,778
1,413	0	1,413	Other Operating Expenditure	950	0	950
136,230	(33,479)	102,751	Financing and Investment Income and Expenditure	140,975	(37,234)	103,741
0	(403,865)	(403,865)	Taxation and Non-Specific Grant Income	0	(428,658)	(428,658)
545,278	(498,153)	47,125	(Surplus) or Deficit on Provision of Services	576,390	(534,579)	41,811
		7,998	(Surplus) or Deficit on revaluation of Property, Plant and Equipment			1,156
		159,211	Re-measurement of the net defined benefit liability			(288,154)
		167,209	Other Comprehensive Income and Expenditure			(286,998)
		214,334	Total Comprehensive Income and Expenditure			(245,187)

PCC

2023/24				2024/25			
Expenditure	Income	Net		Note	Expenditure	Income	Net
£000	£000	£000			£000	£000	£000
2,702	0	2,702	Employee Costs		2,514	0	2,514
130	0	130	Premises		123	0	123
13	0	13	Transport		14	0	14
10,458	0	10,458	Supplies & Services		12,880	0	12,880
0	0	0	Third Party Payments		0	0	0
0	(17,441)	(17,441)	Income		0	(23,830)	(23,830)
13,303	(17,441)	(4,138)	Net Cost of Services		15,531	(23,830)	(8,299)
409,519	0	409,519	Intra-Group Funding Transfer		441,260	0	441,260
1,413	0	1,413	Other Operating Expenditure		950	0	950
2,095	(4,352)	(2,257)	Financing and Investment Income and Expenditure		1,707	(4,598)	(2,891)
0	(403,865)	(403,865)	Taxation and Non-Specific Grant Income		0	(428,650)	(428,650)
426,331	(425,659)	672	(Surplus) or Deficit on Provision of Services		459,448	(457,078)	2,370
		7,998	(Surplus) or Deficit on revaluation of Property, Plant and Equipment				1,156
		2,418	Re-measurement of the net defined benefit liability				127
		10,416	Other Comprehensive Income and Expenditure				1,283
		11,088	Total Comprehensive Income and Expenditure				3,653

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 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
Movement in reserves during 2024/25							
Surplus or deficit on the provision of services		41,811	0	0	41,811		41,811
Other Comprehensive Income / Expenditure		0	0	0	0	(286,998)	(286,998)
Total Comprehensive Income and Expenditure		41,811	0	0	41,811	(286,998)	(245,187)
Adjustments between accounting basis and funding basis under regulations	6	(51,235)	0	0	(51,235)	51,235	0
Net Increase or Decrease before Transfers to Earmarked Reserves		(9,424)	0	0	(9,424)	(235,763)	(245,187)
Transfers to / from Earmarked Reserves		9,422	(7,017)	(2,405)	0	(15,769)	(15,769)
Increase or Decrease in 2024/25		(2)	(7,017)	(2,405)	(9,424)	(251,532)	(260,956)
Rounding		1	(1)		0	1	1
Balance at 31 March 2025		(15,033)	(46,625)	(2,405)	(64,063)	2,075,926	2,011,863

GROUP 2023/24

	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 2023		(13,719)	(32,879)	0	(46,598)	2,117,184	2,070,586
Movement in reserves during 2023/24							
Surplus or deficit on the provision of services		47,125	0	0	47,125		47,125
Other Comprehensive Income / Expenditure		0	0	0	0	167,209	167,209
Total Comprehensive Income and Expenditure		47,125	0	0	47,125	167,209	214,334
Adjustments between accounting basis and funding basis under regulations	6	(55,166)	0	0	(55,166)	55,166	0
Net Increase or Decrease before Transfers to Earmarked Reserves		(8,041)	0	0	(8,041)	222,375	214,334
Transfers to / from Earmarked Reserves		6,728	(6,728)	0	0	(12,099)	(12,099)
Increase or Decrease in 2023/24		(1,313)	(6,728)	0	(8,041)	210,276	202,235
Rounding						(3)	(3)
Balance at 31 March 2024	23& 24	(15,032)	(39,607)	0	(54,639)	2,327,457	2,272,818

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)
Movement in reserves during 2024/25							
Surplus or deficit on the provision of services		2,370	0	0	2,370	0	2,370
Other Comprehensive Income / Expenditure		0	0	0	0	1,283	1,283
Total Comprehensive Income and Expenditure		2,370	0	0	2,370	1,283	3,653
Adjustments between accounting basis and funding basis under regulations	6	(11,794)	0	0	(11,794)	11,794	0
Net Increase or Decrease before Transfers to Earmarked Reserves		(9,424)	0	0	(9,424)	13,077	3,653
Transfers to / from Earmarked Reserves		9,422	(7,017)	(2,405)	0	(15,769)	(15,769)
Increase or Decrease in 2024/25		(2)	(7,017)	(2,405)	(9,424)	(2,692)	(12,116)
Rounding		1	(1)				0
Balance at 31 March 2025		(15,033)	(46,625)	(2,405)	(64,063)	(174,179)	(238,242)

PCC 2023/24

	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 2023		(13,719)	(32,879)	0	(46,598)	(178,514)	(225,112)
Movement in reserves during 2023/24							
Surplus or deficit on the provision of services		672	0	0	672	0	672
Other Comprehensive Income / Expenditure		0	0	0	0	10,416	10,416
Total Comprehensive Income and Expenditure		672	0	0	672	10,416	11,088
Adjustments between accounting basis and funding basis under regulations		(8,713)	0	0	(8,713)	8,713	0
Net Increase or Decrease before Transfers to Earmarked Reserves		(8,041)	0	0	(8,041)	19,129	11,088
Transfers to / from Earmarked Reserves		6,728	(6,728)	0	0	(12,099)	(12,099)
Increase or Decrease in 2023/24		(1,313)	(6,728)	0	(8,041)	7,030	(1,011)
Rounding					0	(3)	(3)
Balance at 31 March 2024	23&24	(15,032)	(39,607)	0	(54,639)	(171,487)	(226,126)

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-24			31-Mar-25		
PCC	Group	Note	PCC	Group	
£000	£000		£000	£000	
194,491	194,491	Property, Plant and Equipment	14	199,313	199,313
1,094	1,094	Investment Property	15	1,109	1,109
710	710	Intangible Assets	16	1,407	1,407
196,295	196,295	Long Term Assets		201,829	201,829
31,517	31,517	Short-Term Investments	36	36,285	36,285
3,676	3,676	Assets Held for Sale	17	2,057	2,057
1,524	1,524	Inventories	18	1,777	1,777
48,379	48,379	Short-Term Debtors	19	47,984	47,984
12,830	12,830	Cash and Cash Equivalents	20	16,642	16,642
97,926	97,926	Current Assets		104,746	104,746
(714)	(714)	Short-Term Borrowing	36	(714)	(714)
(34,659)	(40,520)	Short-Term Creditors	21	(39,315)	(46,186)
(5,466)	(5,466)	Provisions	22	(3,774)	(3,774)
(40,839)	(46,700)	Current Liabilities		(43,803)	(50,674)
(11,935)	(11,935)	Long-Term Borrowing	36	(11,221)	(11,221)
(10,551)	(2,503,634)	Other Long-Term Liabilities	34&36	(11,601)	(2,254,835)
(4,770)	(4,770)	Grants Receipts in Advance – Capital	12	(1,708)	(1,708)
(27,256)	(2,520,339)	Long Term Liabilities		(24,530)	(2,267,764)
226,126	(2,272,818)	Net Assets / (Liabilities)		238,242	(2,011,863)
(54,639)	(54,639)	Usable Reserves	23	(64,063)	(64,063)
(171,487)	2,327,457	Unusable Reserves	24	(174,179)	2,075,926
(226,126)	2,272,818	Total Reserves		(238,241)	2,011,863

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 2025.



Iain McCulloch FCPFA
Chief Finance Officer
Dated: 30 June 2025

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 2025 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.

2023/24		CASH FLOW STATEMENT	Note	2024/25	
PCC £000	Group £000			PCC £000	Group £000
672	47,125	Net deficit on the provision of services		2,370	41,812
(24,680)	(71,133)	Adjustment to surplus or deficit on the provision of services for noncash movements	6	(23,917)	(63,359)
5,094	5,094	Adjustment for items included in the net deficit on the provision of services that are investing or financing activities		(2,129)	(2,129)
(18,914)	(18,914)	Net cash flows from operating activities		(23,675)	(23,675)
10,326	10,326	Net cash flows from investing activities		18,106	18,106
1,153	1,153	Net cash flows from financing activities		1,758	1,758
(7,435)	(7,435)	Net (increase) or decrease in cash and cash equivalents		(3,812)	(3,812)
5,395	5,395	Cash and cash equivalents at the beginning of the reporting period	20	12,830	12,830
12,830	12,830	Cash and cash equivalents at the end of the reporting period		16,642	16,642

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:

2023/24		OPERATING ACTIVITIES - INTEREST	2024/25	
PCC £000	Group £000		PCC £000	Group £000
(3,959)	(3,959)	Interest received	(4,148)	(4,148)
1,806	1,806	Interest paid	1,228	1,228
(2,153)	(2,153)	Total	(2,920)	(2,920)

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

2023/24		OPERATING ACTIVITIES ADJUSTMENTS FOR NON-CASH	2023/24	
PCC £000	Group £000		PCC £000	Group £000
(8,915)	(8,915)	Depreciation	(10,892)	(10,892)
(992)	(992)	Impairment and downward valuations	(2,171)	(2,171)
(688)	(688)	Amortisation	(413)	(413)
(12,099)	(12,099)	Capital Financing	(15,742)	(15,742)
130	130	(Increase)/decrease in creditors	(4,725)	(4,725)
(1,692)	(1,692)	Increase/(decrease) in debtors	(395)	(395)
(1)	(1)	Increase/(decrease) in inventories	253	253
(45,645)	(45,645)	Movement in pension liability	(38,274)	(38,274)
(994)	(994)	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	(1,981)	(1,981)
46,214	(239)	Other non-cash movements charged to the (surplus)/deficit on provision of services	50,423	10,981
0	0	Rounding		
(24,680)	(71,133)	Total	(23,917)	(63,359)

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

2023/24			2024/25	
PCC	Group		PCC	Group
£000	£000	OPERATING ACTIVITIES	£000	£000
		ADJUSTMENTS INVESTING/FINANCING		
319,000	319,000	Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	142,000	142,000
751	751	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	2,439	2,439
(314,657)	(314,657)	Other items for which the cash effects are investing or financing cash flows	(146,567)	(146,567)
5,094	5,094		(2,129)	(2,129)

- Cash Flow from Investing Activities

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

The daily average lending for 2024/25 was £80.9m, an increase of £7.2m compared with £73.7m during 2023/24 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 £4.148m of investment interest received for the year.

2023/24		2024/25
PCC & Group	INVESTING ACTIVITIES	PCC & Group
£000		£000
15,421	Purchase of property, plant, equipment, investment property and intangible assets	16,208
315,000	Purchase of short-term and long-term investments	147,000
(751)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(2,439)
(319,000)	Proceeds from short-term and long-term investments	(142,000)
(343)	Other receipts from investing activities	(664)
10,326		18,106

- Cash Flow from Financing Activities

2023/24		2024/25
PCC & Group	FINANCING ACTIVITIES	PCC & Group
£000		£000
0	Other receipts from short-term borrowing	0
1,153	Cash payments for the reduction of outstanding liabilities relating to finance leases and on-Balance-Sheet PFI contracts	1,758
0	Repayments of short and long term borrowing	0
1,153		1,758

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			2023/24			2024/25		
Net Expenditure Chargeable to the General Fund	Adjustments	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to the General Fund	Adjustments	Net Expenditure in the Comprehensive Income and Expenditure Statement		
£000	£000	£000		£000	£000	£000		
261,218	46,327	307,545	Employee Costs	286,393	39,302	325,695		
14,246	0	14,246	Premises	13,639	0	13,639		
6,599	0	6,599	Transport	7,417	0	7,417		
67,143	0	67,143	Supplies & Services	74,011	0	74,011		
2,498	0	2,498	Third Party Payments	2,397	0	2,397		
(0)	9,603	9,603	Capital Charges: Depreciation, Amortisation, Impairment	0	11,306	11,306		
(992)	992	0	(Gains)/Losses on PPE Revaluations	(2,172)	2,172	0		
(60,809)	0	(60,809)	Income	(68,687)	0	(68,687)		
289,904	56,922	346,826	Net Cost of Services	312,998	52,780	365,778		
(297,945)	(1,756)	(299,701)	Other Income and Expenditure	(322,423)	(1,544)	(323,966)		
(8,041)	55,166	47,125	(Surplus) or Deficit on Provision of Services	(9,425)	51,236	41,811		
(46,598)			Opening Combined General Fund Balance	(54,640)				
(8,042)			Plus Surplus on the General Fund Balance for the Year (Statutory Basis)	(9,425)				
			Rounding	2				
(54,640)			Closing Combined General Fund Balance	(64,063)				

PCC EFA:

2023/24			2024/25			
Net Expenditure Chargeable to the General Fund	Adjustments	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to the General Fund	Adjustments	Net Expenditure in the Comprehensive Income and Expenditure Statement
£000	£000	£000		£000	£000	£000
2,828	(126)	2,702	Employee Costs	2,654	(140)	2,514
130	0	130	Premises	123	0	123
13	0	13	Transport	14	0	14
10,458	0	10,458	Supplies & Services	12,880	0	12,880
0	0	0	Third Party Payments	0	0	0
(9,603)	9,603	0	Capital Charges: Depreciation, Amortisation, Impairment	(11,306)	11,306	0
(992)	992	0	(Gains)/Losses on PPE Revaluations	(2,172)	2,172	0
(17,441)	0	(17,441)	Income	(23,830)	0	(23,830)
(14,607)	10,469	(4,138)	Net Cost of Services	(21,637)	13,338	(8,299)
6,566	(1,756)	4,810	Other Income and Expenditure	12,213	(1,543)	10,670
			Rounding		-	
(8,041)	8,713	672	(Surplus) or Deficit on Provision of Services	(9,424)	11,795	2,370
(46,598)			Opening Combined General Fund Balance	(54,640)		
(8,041)			Plus Surplus on the General Fund Balance for the Year (Statutory Basis)	(9,424)		
			Rounding	1		
(54,639)			Closing Combined General Fund Balance	(64,063)		

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

Note 2 – Going Concern

Going Concern Section 1 – Underlying Principle

These accounts have been prepared on a going concern basis that the authority will continue in operational existence for the foreseeable future. The Police and Crime Commissioner for Sussex and the Chief Constable of Sussex have assessed going concern and that cash flow requirements can be met for the assessment period to May 2026.

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

Overall funding for policing nationally will increase by up to £1.1 billion compared to the 2024/25 funding settlement, bringing the total up to £19.6 billion for policing in 2025/26. Within this, funding to Police and Crime Commissioners (PCCs) will increase and represent an increase to PCC funding in cash terms of 6.6% (4.1% real terms) above the 2024/25 police funding settlement.

£200. Million to deliver the first steps of this Government's Neighbourhood Policing Commitment in 2025-26.

This is a one-year settlement with a comprehensive spending review planned that will provide a three-year settlement.

For 2025/26 the settlement has determined that the Band D increase is up to £14 without the need for a referendum.

Going Concern Section 2 – Current & Forecast Financial Position

2025/26 Budget

The 2025/26 revenue budget was set in February 2025 as a balanced budget of £423.7m. A capital and investment programme budget was also set in February 2025, providing a further £28.04m in 2025/26 to be financed by a combination of government grant, capital receipts, borrowing and revenue contributions. The capital programme supports investment in the estate, fleet replacement and equipment, Information Technology, business led IT Projects and operational equipment. This is essential to ensure fit-for-purpose services, to deliver savings and generate income to balance the budgets over the medium term financial plan period to 2028/29.

MTFS 2025/26 to 2028/29

The key principles underlying the PCC's MTFS 2025/26 to 2028/29 are:

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

The Medium Term Financial Strategy forecast published in Feb 25 estimated a savings requirement totalling £29.3m over the 4 year period of the strategy with £5.0m being required in 2025/26. This has to be met from tactical efficiency savings and reshaping of services. £6.0m savings for 2024/25 were achieved as part of the budget setting process. Additional tactical savings have been identified and actioned in-year resulting in £1.1m over-achieved savings totalling £1.1m. and to be carried forward from 2024/25 to 2025/26 of which £0.4m Firearms Licensing savings are at risk.

A forecast balanced revenue and capital budget for 2024/25 was estimated at the end of February 2025. This has been estimated taking into account a number of cost increases which have been greater than assumed in the original estimates. These include the increased police officer pay award, an assumed increase for police staff pay in line with police officers, and actual rates of police officer attrition being higher

than budgeted with replacement new recruits joining at lower pay rates. This is in part offset by a one off grant provided by the Home Office. Further cost pressures are also arising from increased utility price costs, liquid fuel and many more supplies and services that are purchased. The cost of borrowing which funds the capital programme is has also doubled compared with the time the budget was approved and is now included in the revised forecast.

Going Concern Section 3 – Cash Position

The PCC for Sussex held £52.4m at 31 March 2025 (£16.4m in MMFs and £36m in fixed term investments no more than 12 months), compared to £45.2m (£14.2m in MMFs and £31m in fixed term investment) at the beginning of the financial year.

The PCC for Sussex deems the uncertainty on income cash flows low as most of its income is receivable as approved grant resources from the Home Office and council tax from local billing authorities which is fixed for each financial year (the risk of variation in cash is included in the council tax collection fund – see Note 10). The PCC for Sussex also remains confident in its ability to maintain sufficient cash for its activities throughout the medium term and has a borrowing strategy in place to borrow against capital investment as plans are approved. The PCC for Sussex is also able to mitigate any short term deposit timing cash flow requirements with its ability to borrow short term monies from other institutions and local authorities at short notice.

In a 'stressed' case scenario whereby income is constrained further in the event of unexpected economic shocks and income recovering only very slowly, the PCC for Sussex has sufficient levels of reserves and investments that it would not run out of cash during 2025/26.

The forecasted cash flow as of 31 May 2026 shows that the Sussex PCC Group will have enough cash to continue operating as a going concern for the rest of 2025/26.

Going Concern Section 4 – Conclusion

The 2024/25 accounts have been prepared on a going concern basis, with the projected underspend and targets in 2025/26 within the level of general useable reserves and a plan to produce a balanced budget in 2025/26.

[Note 3 - Critical Judgements in Applying Accounting Policies](#)

The preparation of the financial statements requires the Group to make judgements, estimates and assumptions that affect the application of policies and reporting amounts of assets and liabilities, income and expenditure. The estimates and associated assumptions are based

on historical experience and various other factors, the results of which form the basis of making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources.

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

- Establishing valuations of operational and investment properties, which are assessed by an independent qualified Valuer (see Note 38 for details of the accounting policy relating to the valuation process and see Notes 14 and 15 for details of revaluation amounts).
- Depreciation is calculated based on asset value and expected useful life of the asset. If the useful life of an asset is reduced then the depreciation charge to the CIES will increase. The PCC monitors the useful life of assets to identify where changes to the depreciation charge are required during the year.
- Capitalisation of non-current assets and intangible assets requires management judgement to ensure expenditure incurred during the year is correctly capitalised as Property, Plant & Equipment (PPE) or Intangible Assets. If expenditure does not meet the capital criteria it is released as revenue.
- Calculating employee benefit accruals e.g. unused holiday, this is based on staff time records and an average cost for each grade (see Notes 38 and 24 for the accounting policy and amounts respectively).
- Costs of pension arrangements require estimates assessed by an independent qualified actuary regarding future cash flows that will arise under the scheme liabilities. The assumptions underlying the valuation used for IAS19 reporting are the responsibility of the Group as advised by their actuaries. The financial assumptions are largely prescribed at any point and reflect market expectations at the reporting date. Assumptions are also made around the life expectancy of the UK population (see Note 34 for details of the pension schemes in place for police staff and police officers, see also the separate Chief Constable accounts for the Police Pension Fund Account Statements).
- Future levels of funding for Local Government - The 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 when appropriate based on expectation, experience, relevant documentary evidence and other support such as advice from specialist consultants.
- Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to the Comprehensive Income and Expenditure Statement for the income that might not be collected.
- Working capital has been judged as being attributable in full to the Police and Crime Commissioner. The PCC controls the treasury management function and all bank accounts, therefore all working balances (cash, current debtors and liabilities) are recognised in the PCC's Balance Sheet.

Pensions Actuarial Assumptions

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

There is also uncertainty around the life expectancy of the UK population. The value of current and future pension benefits will depend on how long they are assumed to be in-payment. The mortality assumptions have changed from the previous accounting period to take account of recent mortality experience. Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2023

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 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 2024/25 accounts of the PCC Group for both police and staff pension schemes.

Insurance Actuarial Assumptions

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

Note 4 - Events After the Balance Sheet Date

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

The Statement of Accounts subject to audit were authorised for issue by the Chief Finance Officer on 30 June 2025. 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 2025, 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	<p>Assets are independently assessed by professional valuers. Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate 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.</p> <p>The Police and Crime Commissioner carries the assets used under the PFI contract on its Balance Sheet as part of Property, Plant and Equipment. The original recognition of these assets at fair value (based on the cost to purchase the property) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.</p>	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 £31,014 for every year that useful lives had to be reduced.
Intangible Assets	Intangible Assets are assessed by the business and amortised over useful lives that are dependent on assumptions about the use and potential obsolescence in relation to individual assets. The PCC carries intangible assets for purchased computer software and systems development including those purchased at the end of the Equip project. The standard period of amortisation noted within the Financial Regulations is 3 years.	If the useful life of assets is reduced, amortisation increases and the carrying amount of the asset falls. It is estimated that the annual amortisation charge would increase by £278,127 if useful lives were reduced by 1 year.
Pensions Liability	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Two consulting actuaries (Hymans Robertson LLP and Government Actuary's Department) are engaged to provide the Group with expert advice about the assumptions to be applied.</p> <p>Pension assumptions include the impact of "McCloud/Sargeant" transitional protections for both officer and staff pension schemes to better reflect the Fund's local assumptions, particularly those for salary increases and withdrawal rates. The Fund's actuary also carried out calculations in order to estimate the impact that the Guaranteed Minimum Pension (GMP) equalisation will have on the pension fund liabilities.</p>	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 £41.6m and an increase in the police officer pension scheme pension liability of £162m.
Item (cont'd)	Uncertainties	Effect if Actual Results Differ from Assumptions
Pensions Costs	There are three pension schemes for police officers, the 2006 Police Officer Pension Scheme (NPPS), the Police Pension Scheme (PPS) and the Police Pension Scheme 2015 (2015 scheme); all of which are unfunded, defined benefit schemes. An unfunded scheme treated as a defined benefit scheme has no investment assets to meet its pension liability the Group must generate cash to meet the actual pension payments as they fall due.	The benefits payable are funded by contributions from employers and police officers and any shortfall is met by a top up grant from the Home Office of £40.8m (£40.5m for 2023/24) and other Pension Grant to the PCC. Further details of the schemes can be found in the Police Officer Pension Fund Accounts at the end of these statements.
Insurance Claims Liability	The level of potential claims facing the Police and Crime Commissioner is independently assessed by professional actuaries Arthur J Gallagher Insurance Brokers Limited (Gallagher) on an annual basis. This assesses the future potential cost on the Police and Crime Commissioner of claims both known and unknown. Claims more likely to materialise in terms of probability, cost and timing, are carried as provision on the balance sheet. Funding for more intangible claims is held in the insurance reserve. The assessment is subject to peer review.	Additional resources required to cover claims costs would be 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 £4.01m relating to customers. A review of significant balances suggested that a provision for bad and doubtful debts of £0.04m was appropriate.	Based on the balance outstanding at 31 March 2025, If collection rates were to deteriorate, every 1% decrease would require an additional impairment provision of £0.04m.
Income & Expenditure	The majority of funding to the Group is from Government Grants and Precept income.	Currently 58% of the Net Budget Requirement is met by Government Grant Funding and 42% by Precept collections.

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

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

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

2023/24		2023/24		2024/25		2024/25
Usable Reserves			Usable Reserves	Usable Reserves		
General Fund Balance	Capital Receipts Reserve	Movements in Unusable Reserves		General Fund Balance	Capital Receipts Reserve	Movement in Unusable Reserves
£000	£000	£000		£000	£000	£000
			Adjustments primarily involving the Capital Adjustment Account:			
			Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement (CIES):			
(8,915)	0	8,915	Depreciation and impairment of non-current assets	(10,892)	0	10,892
(992)	0	992	Revaluation Losses on Property Plant and Equipment	(2,172)	0	2,172
0	0	0	(Gains)/losses on Held for Sale property revaluations	0	0	0
(20)	0	20	Movements in the market value of Investment Properties	15	0	(15)
(688)	0	688	Amortisation of intangible assets	(413)	0	413
344	0	(344)	Capital grants and contributions applied	433	0	(433)
(242)	(751)	993	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to CIES	458	(2,439)	1,980
0	0	0	Insertion of items not debited or credited to the CIES:	0	0	0
2,470	0	(2,470)	Statutory provision for the financing of capital investment	3,112	0	3,112
			Adjustments primarily involving the Capital Receipts Reserve Account:			
0	0	0	Transfer of cash sale proceeds credited as part of the (gain)/loss in CIES	0	0	0
0	751	(751)	Application of capital receipts to finance new capital expenditure	0	34	(34)
			Adjustments primarily involving the Pensions Reserve:			
(143,166)	0	143,166	Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(145,217)	0	145,217
97,521	0	(97,521)	Employers pension contributions/direct payments to pensioners payable in year	106,943	0	(106,943)
			Adjustments primarily involving the Collection Fund Adjustment Account:			
(795)	0	795	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	(70)	0	70
			Adjustment primarily involving the Accumulated Absences Account:			
(682)	0	682	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in year in accordance with statutory requirements	(1,028)	0	1,028
(1)		1	Rounding	1		1
(55,166)	0	55,166	Total Adjustments	(48,830)	(2,405)	51,235

PCC

2023/24		2023/24		2024/25		2024/25	
Usable Reserves				Usable Reserves			
General Fund Balance	Capital Receipts Reserve	Movement in Unusable Reserves		General Fund Balance	Capital Receipts Reserve	Movement in Unusable Reserves	
£000	£000	£000		£000	£000	£000	
			Adjustments primarily involving the Capital Adjustment Account:				
			Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement (CIES):				
(8,915)	0	8,915	Depreciation and impairment of non-current assets	(10,892)	0	10,892	
(992)	0	992	Revaluation Losses on Property Plant and Equipment	(2,172)	0	2,172	
		0	(Gains)/losses on Held for Sale property revaluations	0	0	0	
(20)	0	20	Movements in the market value of Investment Properties	15	0	(15)	
(688)	0	688	Amortisation of intangible assets	(413)	0	413	
344	0	(344)	Capital grants and contributions applied	433	0	(433)	
(242)	(751)	993	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to CIES	458	(2,439)	1,980	
			Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
2,470	0	(2,470)	Statutory provision for the financing of capital investment	3,112	0	(3,112)	
			Adjustments primarily involving the Capital Receipts Reserve Account:				
		0	Transfer of cash sale proceeds credited as part of the (gain)/loss in CIES			0	
	751	(751)	Application of capital receipts to finance new capital expenditure		34	(34)	
			Adjustments primarily involving the Pensions Reserve:				
(131)	0	131	Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(78)		78	
237	0	(237)	Employers pension contributions and direct payments to pensioners payable in year	236		(236)	
			Adjustments primarily involving the Collection Fund Adjustment Account:				
(795)	0	795	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	(70)		70	
			Adjustment primarily involving the Accumulated Absences Account:				
20	0	(20)	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	(18)		18	
(1)		1	Rounding				
(8,713)	0	8,713	Total PCC Adjustments	(9,389)	(2,405)	11,794	

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 2025 is £15m and represents 4% of the Net Revenue Expenditure Budget of £399.5m. 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 2023 £000	Transfers In 2023/24 £000	Transfers Out 2023/24 £000	Balance at 31 March 2024 £000	Transfers In 2024/25 £000	Transfers Out 2024/25 £000	Balance at 31 March 2025 £000
Earmarked Reserves:							
Insurance Reserve	(2,570)	(190)	0	(2,760)	(734)	0	(3,494)
IT Reserve	0	(430)	0	(430)	0	0	(430)
Capital & Investment Reserve	(2,691)	(9,774)	12,068	(397)	(13,467)	13,749	(115)
Asset Seizures Reserve	(311)	(8)	162	(157)	(183)	0	(340)
Delegated Budget Holder Reserve	(13,260)	(8,278)	1,734	(19,804)	(10,810)	4,960	(25,654)
Covid 19	(1,768)	0	1,768	0	0	0	0
Cost of Change	(8,999)	(3,317)	0	(12,316)	(1,242)	0	(13,558)
Sussex Safer Roads Partnership Reserve	(3,280)	(493)	30	(3,743)	0	709	(3,034)
Rounding	0	1	0	1			0
Total Earmarked Reserves	(32,879)	(22,489)	15,762	(39,606)	(26,436)	19,418	(46,625)

Note 8 - Other Operating Expenditure

2023/24		2024/25
£000		£000
1,171	Levies	1,408
242	Gains/losses on the Disposal of Non-Current Assets	(486)
1,413	Total Other Operating Expenditure	922

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

2023/24			2024/25		
PCC	Group		PCC	Group	
£000	£000		£000	£000	
1,806	1,806	Interest payable and similar charges	1,392	1,392	
(102)	104,906	Net interest on the net defined benefit liability (asset)	(137)	106,495	
(3,959)	(3,959)	Interest receivable and similar income	(4,148)	(4,148)	
(2)	(2)	Income and expenditure in relation to investment properties and changes in their fair value	(29)	(29)	
(2,257)	102,751	Total	(2,922)	103,710	

Note 10 - Taxation and Non-Specific Grant Income

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

31 March 2024			31 March 2025	
PCC	Group		PCC	Group
£000	£000		£000	£000
(154,825)	(154,825)	Council tax income	(165,269)	(165,269)
(248,697)	(248,697)	Non ring-fenced government grants	(262,948)	(262,956)
(343)	(343)	Capital grants and contributions	(433)	(433)
(1)	(1)	Rounding		
(403,865)	(403,865)	Total	(428,650)	(428,658)

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 tax payers 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
	£ p
A	168.61
B	196.71
C	224.81
D	252.91
E	309.11
F	365.31
G	421.52
H	505.82

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 2024/25 of £165,268,502. The following table sets out the amounts due and received from the individual local authorities.

Precepts Due and Collected 2024/25

Local Authority	Precept Due 2024/25	Additional amounts received / (retained) in respect of collection fund surplus/(deficit)	Share on movement on collection fund in 2024/25	Net Total
	£	£	£	£
Brighton and Hove	23,665,902	(149,404)	(102,180)	23,414,318
East Sussex				
Eastbourne Borough Council	9,025,650	6,527	17,194	9,049,371
Hastings Borough Council	6,759,778	253,476	(4,961)	7,008,293
Lewes District Council	9,746,721	62,166	(85,263)	9,723,625
Rother District Council	9,913,440	190,654	179,614	10,283,708
Wealden District Council	17,317,759	52,797	119,254	17,489,810
West Sussex				
Adur District Council	5,667,688	(101,838)	(142,271)	5,423,579
Arun District Council	16,325,341	(237,353)	138,110	16,226,097
Chichester District Council	14,204,184	(219,206)	121,956	14,106,934
Crawley Borough Council	9,265,864	131,537	(12,787)	9,384,614
Horsham District Council	16,482,954	107,925	(51,935)	16,538,944
Mid Sussex District Council	16,617,325	237,580	(91,853)	16,763,052
Worthing Borough Council	9,947,127	63,942	(154,912)	9,856,157
Total	164,939,733	398,803	(70,034)	165,268,502

In the table above, the first two columns of figures record the cash amounts received in year (for precepts due in the current 2024/25 year plus any final adjustments from the previous year). These are reflected in calculation of the budget requirement and PCC funding during the year. The third column of figures calculated on an accruals basis records any remaining amounts due as part of the PCC's attributable

share of the carried-forward surplus or deficit on the Collection Fund at the year-end (i.e. sharing out in full the surplus or deficit on the Collection Fund at the end of the year, which will then be distributed to or recovered from the PCC in a subsequent financial year). This is so the PCC as a precepting authority can account in full for the amounts of council tax billed on their behalf.

The year-end surplus or deficit on the Collection Fund is distributed between billing and precepting authorities on the basis of estimates of the year-end balance made on 6 February 2024 for council tax.

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

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

This year the PCC share of the movement on the collection fund was a negative shift in 2024/25 of £0.070m compared to the prior year, giving a total balance of £0.168m (the 2023/24: positive shift of £0.098m) 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 credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement:

31 March 2024			31 March 2025		
PCC	Group		PCC	Group	
£000	£000		£000	£000	
(130,250)	(130,250)	Home Office Police Grant	(142,846)	(142,846)	
(64,780)	(64,780)	DCLG Revenue Support Police Grant	(66,111)	(66,111)	
(10,140)	(10,140)	Council Tax Support Grant	(10,140)	(10,140)	
(3,062)	(3,062)	Council Tax Freeze Grant	(3,062)	(3,062)	
(40,465)	(40,465)	Police Officer Pension Grant	(40,767)	(40,767)	
0	0	Pension Remedy Grant	(7)	(7)	
0	0	Redmond Review Local Audit Fees Grant	(15)	(23)	
(343)	(343)	Capital Grants and Contributions	(433)	(433)	
(249,040)	(249,040)	Total	(263,381)	(263,389)	

Credited to Services

31 March 2024			31 March 2025		
PCC	Group		PCC	Group	
£000	£000		£000	£000	
0	(3,263)	PFI	0	(3,263)	
0	(3,941)	Counter Terrorism	0	(4,542)	
(1,970)	(1,970)	Victims Services Commissioning Grant - Victims	(1,966)	(1,966)	
(149)	(149)	Victims Services Commissioning Grant - Restorative Justice	(149)	(149)	
(2,596)	(2,596)	Victims Services Commissioning Grant - Sexual & Domestic Abuse	(2,737)	(2,737)	
(8,168)	(8,168)	HO Police Uplift Programme	(12,012)	(12,012)	
0	(138)	Collaboration with other Forces	(560)	(560)	
(4,210)	(5,541)	Other Grants and Contributions	(3,402)	(5,194)	
0	(300)	Assets Recovery Incentive Scheme	0	(604)	
(17,093)	(26,066)	Total	(20,826)	(31,027)	

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 2024 £000		31 March 2025 £000
(6)	Laser Scanning Technology	(6)
(12)	Video Enabled Justice	(12)
(18)	Chichester DC - S106 Monitoring	(18)
(130)	Digital Policing Programme	(130)
(22)	Beachy Head Chaplaincy Refurbishment	0
(11)	MOPAC SY ARV CBRN Ops Comms	(11)
(133)	ESMCP Grant DNSP & MFW	(133)
(178)	Providing S106 Funding To Wellbeing Projects	(115)
(5)	Chichester DC - Rural Crime Team (Off-Road Bike)	0
(24)	Hastings Station Building	(24)
(57)	Lewes HQ Bramber - Final account	(57)
0	Hastings BCS106 - Share of Income	(86)
0	Horsham DC Planning Permission DC/16/1677	(74)
(596)	Total	(666)

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

31 March 2024 £000		31 March 2025 £000
(560)	HO Police Transformation Grant (Digital Policing)	0
(127)	HO Domestic Abuse Perpetrator	(127)
0	HO DPP-NPCC Reserves 21/22	0
(860)	HO Penalty Notice Transformation	(860)
(810)	DFT004 DOT Road Policing	0
(150)	DFT RPR Research Fund - Roads Policing	0
(152)	DFT Highways NRPOII Project Roads Policing	0
(1,515)	GLOS POL National Road Policing	0
0	CTBP Vehicle Refresh	(55)
(4,174)	Total	(1,042)

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 2024		31 March 2025
£000		£000
28,759	Opening Capital Financing Requirement	28,518
	Capital Investment:	
15,162	Property Plant and Equipment	19,444
258	Intangible Assets	1,041
1	Rounding	
15,421	Total Capital Spending	20,485
	Sources of Finance:	
(751)	Capital receipts	(33)
(12,442)	Government Grants and other contributions	(16,175)
	Sums set aside from revenue:	
(2,469)	- Minimum revenue provision	(3,112)
(15,662)	Total Sources of Finance	(19,320)
0	Rounding adjustment	0
28,518	Closing Capital Financing Requirement	29,683
	Explanation of movements in year:	
(2,469)	MRP set-aside	(3,112)
	Asset Acquired under Finance lease	3,212
	Asset Acquired due to PFI Remeasurement	1,065

All of the total Property Plant and Equipment acquisitions mounted to £19.447m, but £16.208m is related to investment in long term fixed assets has been capitalised as property, plant, equipment (PPE) and intangibles, £3.212m is related to IFRS 16 Right to Use Assets and £1.065m is related to the PFI Remeasurement as part of the IFRS 16 Leases Implementation. An additional amount totalling £0.061m of expenditure was incurred during the year as part of the capital and investment programme and related projects but was not capitalised, as it did not meet the criteria for capitalisation. Instead, it was treated as expenditure in the Comprehensive Income and Expenditure Statement and excluded in full from the Capital Financing Requirement (CFR).

Note 14 - Property, Plant and Equipment

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

Movements to 31 March 2025

	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Assets Under Construction £000	IFRS 16 Right of Use £000	Total Property, Plant and Equipment £000
Cost or Valuation					
at 1 April 2024	163,362	55,313	9,437		228,112
Additions	3,112	5,299	8,324	3,212	19,947
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(1,598)				(1,598)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(3,351)				(3,351)
De-recognition – disposals		(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)
Assets reclassified (to)/from Held for Sale					
Rounding from prior year	(1)	1	(1)		(1)
at 31 March 2025	162,783	55,623	11,732	3,212	233,350
Accumulated Depreciation and Impairment					
at 1 April 2024	(132)	(33,489)			(33,621)
Depreciation charge	(2,408)	(7,570)		(915)	(10,893)
Depreciation written out to the Revaluation Reserve	443				443
Depreciation written out to the Surplus/Deficit on the Provision of Services	1,179				1,179
De-recognition – disposals		8,854			8,854
PPE Impairment of Held for Sale properties					
Assets reclassified (to)/from Held for Sale					
Rounding					1
at 31 March 2025	(918)	(32,205)		(915)	(34,037)
Net Book Value					
at 31 March 2025	161,865	23,418	11,732	2,297	199,313
at 31 March 2024	163,230	21,824	9,437		194,491

Movements to 31 March 2024

	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
Cost or Valuation				
at 1 April 2023	173,244	48,860	4,781	226,885
Additions	645	7,376	7,141	15,162
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(8,595)	0	0	(8,595)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(2,033)	0	0	(2,033)
De-recognition – disposals	0	(3,288)	0	(3,288)
Assets reclassified (to)/from within PPE	99	2,365	(2,464)	0
Assets reclassified (to)/from Intangible Assets			(21)	(21)
Rounding	2			2
at 31 March 2024	163,362	55,313	9,437	228,112
Accumulated Depreciation and Impairment				
at 1 April 2023	(100)	(29,225)	0	(29,325)
Depreciation charge	(1,670)	(7,245)	0	(8,915)
Depreciation written out to the Revaluation Reserve	665	0	0	665
Depreciation written out to the Surplus/Deficit on the Provision of Services	974	0	0	974
De-recognition – disposals	0	2,980	0	2,980
PPE impairment of Held for Sale properties	0	0	0	0
Assets reclassified (to)/from Held for Sale	0	0	0	0
Rounding	(1)	1	0	0
at 31 March 2024	(132)	(33,489)	0	(33,621)
Net Book Value				
at 31 March 2024	163,230	21,824	9,437	194,491
at 31 March 2023	173,144	19,635	4,781	197,560

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')

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

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

- Market Value
- Existing Use Value
- Fair Value

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

IAS36 'Impairment of assets' requires an annual assessment of impairment to the value of an asset. As the entire property portfolio was revalued as at 31 March 2025 an impairment review was not necessary.

Property, Plant and Equipment Revaluations

	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment	Total
	£000	£000	£000
Carried at historical cost	3,559	23,418	26,977
Valued at current value as at:			
31/03/2025	161,567	0	161,567
Total Cost or Valuation	165,126	23,418	188,544

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

Material Change Valuation Review for 2024/25

The full property portfolio was either included within the valuation programme for 204/25 or subject to a desktop indexation exercise giving a total deficit on revaluation of non-current assets of £3.327m. This decrease is reflected in the asset balances as at 31 March 2025.

Physical Assets Held

Physical assets excluding furniture and equipment owned by the PCC as at 31 March 2025 comprised:

2023/24 No.		2024/25 No.
46	Operational Buildings	43
4	PFI	4
1	Leased Properties	1
6	Radio Masts	6
3	Investment Properties	3
1,162	Vehicles and Vessels	1,193

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 2025 the PCC had approved a capital programme of £116.1m committed to be spent over 4 years to the end of 2028/29. The original budget approved for 2025/26 amounts to £28m.

At 31 March 2025, 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 £5.19m.

These are summarised as follows:

- £0.976m – Estates improvements
- £0.107m - Fleet vehicles
- £0.132m – ICT developments
- £3.976m - Equipment

Note 15 - Investment Properties

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

31 March 2024	Investment Property Income and Expenditure	31 March 2025
£000		£000
(23)	Rental income from investment property	(14)
1	Direct operating expenses from investment property	0
(22)	Net (gain)/loss	(14)

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

31 March 2024	Investment Properties Movements in Year	31 March 2025
Non-Current £000		Non-Current £000
1,524	Opening Balance	1,094
(20)	Net gains/losses from fair value adjustments	15
(410)	Disposal	0
1,094	Balance at the end of the year	1,109

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

Note 16 - Intangible Assets

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

All expenditure on intangible assets during the year relates to purchased computer software and systems development. The Police and Crime Commissioner does not currently have any internally generated assets capitalised. All software is given a finite useful life and amortised on a straight-line basis over the economic life of the investment to reflect the pattern of consumption of benefits. The useful lives assigned to software and licenses capitalised by the Police and Crime Commissioner are assessed on an individual basis and range between 2 and 10 years. The amortisation of £413k (2024: £688k) 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 2024		31 March 2025	
Total		Total	
£000		£000	
	Balance at start of year:		
13,267	Gross carrying amounts	13,546	
(12,148)	Accumulated amortisation	(12,836)	
1,119 Net carrying amount at start of year		710	
258	Purchases	540	
	Disposals	(116)	
21	Reclassifications and transfers	570	
	Reversal of past impairment losses recognised in the Deficit on Provision of Services		
(688)	Amortisation for the period	(413)	
	Amortisation written off on disposal	116	
710 Net carrying amount at end of year		1,407	
	Comprising:		
13,546	Gross carrying amounts	14,656	
(12,836)	Accumulated amortisation	(13,249)	
710 Total		1,407	

	Carrying Amount		Remaining Amortisation Period
	31-Mar-24 £000	31-Mar-25 £000	
Software and Licences	-	111	1 years
Software and Licences	209	186	2 years
Software and Licences	501	1,110	3 years
Software and Licences	-	-	4 years
Total	710	1,407	

Note 17 - Assets Held for Sale

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

31 March 2024		31 March 2025	
£000		£000	
3,951	Balance outstanding at start of year	3,676	
	Assets newly classified as held for sale:		
0	Transferred from Property Plant and Equipment	0	
(275)	Assets Sold	(1,618)	
0	Depreciation	0	
3,676	Balance Outstanding year end	2,057	

The assets held for sale balance at 31 March 2025 comprises of two sites surplus to current requirements. These sites are at Astley House in Lewes, East Sussex, and Chichester, West Sussex. All of these assets are expected to be sold within the next 12 months in line with decisions made by the PCC Estates Board.

Note 18 - Inventories

The tables below show the level of stocks held:

2023/24				Inventory Stock	2024/25			
Workshop Stores	Fuel	IS Equipment	Total		Workshop Stores	Fuel	IS Equipment	Total
£000	£000	£000	£000		£000	£000	£000	£000
1,136	201	188	1,721	Balance outstanding at start of year	1,055	182	287	1,524
7,677	1,441	606	9,108	Purchases	12,048	1,144	429	13,621
(7,757)	(1,460)	(507)	(9,305)	Recognised as an expense in the year	(11,812)	(1,133)	(423)	(13,368)
1,055	182	287	1,525	Balance Outstanding at Year End	1,291	193	293	1,777

Note 19 - Debtors

31 March 2024		31 March 2025	
£000	Debtors	£000	
1,592	Trade Receivables	3,862	
14,831	Prepayments	8,929	
31,956	Other Receivable Amounts	35,193	
0	Rounding	1	
48,379	Total	47,985	

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

31 March 2024		31 March 2025
£000	Debtors	£000
1,023	Council Tax debtor	868
6,785	Council Tax receivable from taxpayers	7,197
1,592	Trade debtors	3,862
3,431	Other debtors	3,876
35,574	Prepayments & accrued income	32,205
(25)	Provision for bad debt	(25)
	Roundings	2
48,379	Total Debtors	47,985

During 2024/25, total debts of £11,674.25 were written off in relation to 20 cases, this was a mixture of Customer Balances and miscellaneous salary expenses.

Note 20 - Cash and Cash Equivalents

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

31 March 2024		31 March 2025
£000		£000
105	Cash and Bank balances	105
14,280	Short Term Deposits	16,472
(1,555)	Bank Balance/(Overdraft)	65
12,830	Total Cash and Cash Equivalents	16,642

Note 21 - Creditors

31 March 2024			31 March 2025	
PCC	Group		PCC	Group
£000	£000		£000	£000
(17,379)	(17,379)	Trade payables	(19,844)	(19,844)
(17,280)	(23,141)	Other payables	(19,471)	(26,341)
		Rounding		(1)
(34,659)	(40,520)	Total Creditors	(39,315)	(46,186)

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

31 March 2024			31 March 2025	
PCC	Group	Creditors	PCC	Group
£000	£000		£000	£000
(17,379)	(17,379)	Trade creditors	(19,844)	(19,844)
(3,817)	(3,817)	Council Tax creditors	(3,772)	(3,772)
(3,752)	(3,752)	Council Tax refundable to taxpayers	(4,125)	(4,125)
		Other tax payable		
		Short term finance lease liability		
(1,012)	(1,012)	Finance lease obligations	(1,956)	(1,956)
		Other Creditors:		
(115)	(115)	Withholding Tax Payable		
(5,859)	(5,859)	Payroll related control amounts	(6,680)	(6,680)
(9)	(5,870)	Accumulated Absences accrual	(27)	(6,897)
		Unclaimed funds		
(1,087)	(1,087)	Operational funds	(1,145)	(1,145)
		GPC account		
(1,567)	(1,567)	Deferred Income	(1,718)	(1,718)
(62)	(62)	Police Property Act	(48)	(48)
		Capital Receipts in Advance		
		Rounding		(1)
(34,659)	(40,520)	Total	(39,315)	(46,186)

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. 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 (2024: £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.

Motorola Airwave

In 2023 it was announced by the Home Office that a dispute had been actioned against Motorola by the CMA (Competition and Markets Authority) relating to the percentage used in their indexation applied to Menu Service charging across all Police Forces.

A provision was created 31 March 2024 following appeals from Motorola and the case to be heard in court of appeal. The court has subsequently ruled unanimously in favour of the Home office and Police Forces are not required to repay the credit amounts. The provision has been reversed during 2024/25.

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 2024				-	31 March 2025			
Injury and Damage Compensation Claims	Airwave	Undercover Claims	Total	Current Provisions	Injury and Damage Compensation Claims	Airwave	Undercover Claims	Total
£000	£000	£000	£000		£000	£000	£000	£000
(4,414)			(4,414)	Opening Balance	(4,226)	(957)	(283)	(5,466)
189	(957)	(283)	(1,051)	(Increase)/Decrease in provision during year	735	957	0	1,692
(1)			(1)	Rounding				
(4,226)	(957)	(283)	(5,466)	Closing Balance	(3,491)	0	(283)	(3,774)

Note 23 - Usable Reserves

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

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

31 March 2024		31 March 2025	
£000		£000	
(15,033)	General Fund	(15,033)	
	Earmarked Reserves:		
(2,760)	Insurance	(3,494)	
(430)	IT Reserve	(430)	
(397)	Capital & Investment Expenditure	(115)	
(157)	Asset Seizures	(340)	
(19,803)	Delegated Budget Holder	(25,654)	
(12,316)	Cost of Change	(13,558)	
(3,743)	Sussex Safer Roads Partnership	(3,034)	
0	Capital Receipts	(2,405)	
(39,606)	Earmarked Reserves	(49,030)	
(54,639)	Total Usable Reserves	(64,063)	

31 March 2024		31 March 2025	
£000		£000	
0	Balance 1 April	0	
(751)	Capital Receipts in year	(2,439)	
751	Capital Receipts used for financing	34	
0	Balance 31 March	(2,405)	

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 2025.

Reserve		Level or Target
General Reserves		
General Reserve	<p>Provides a working balance to cover day to day cash flow requirements and to cover exceptional unforeseen financial and operational risks. The target level of the reserve is reviewed as part of the annual budget setting process.</p> <p>This includes 1% available to the Chief Constable for operational priorities without the need for additional approval.</p>	4% of Net Revenue Expenditure Budget as at 31 March each year.
Contingency and Risk Reserves		
Insurance Reserve	<p>Provides for the self-funding of certain uninsurable risks, such as payments of compensation or damages. This Reserve is funded from revenue or transfers from other reserves and adjusted annually, following an independent actuarial review, to reflect inflation and risk up to date management information.</p> <p>To improve consistency in funding claims, there is a need to split claims between a provision on the balance sheet for the cost of claims received and outstanding; and funds held in the reserve to cover claims incurred but not received or quantified. Claims that have been reported and assessed as more likely to be settled are carried as a financial provision whilst known incidents where no claim has yet been made, are covered by the insurance reserve. The revenue account is used to meet any in-year liabilities if they arise. Any year-end variance in the revenue claims budget will not normally be met from or transferred to the general force budget, but transferred to/from the insurance Reserve. The level of the reserve is reviewed annually.</p>	Assessed as part of the annual insurance actuarial review.
Investment Reserves		
Capital and Investment Reserve	<p>To support planned one-off and non-recurring investments of a capital and revenue nature. Change management initiatives providing support for implementing cost-saving initiatives. Financing asset replacement plans and commitments over 5-10 years.</p> <p>As at 31 March 2024 the balance on this reserve was zero following full utilisation during the year for investment purposes.</p>	<p>In line with investment and replacement plans included within the MTFS and dependant on financing requirements of the Capital Strategy.</p> <p>Funded from: approved in year revenue budget surplus; transfers from other reserves; specific approved contributions.</p>

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

Single Use Reserves		
Asset Seizure Reserve	Balance of Proceeds of Crime Act (POCA) income received but not spent during the year to be used in accordance with Home Office guidance.	Target level of 12 months costs of financial investigations.
Delegated Budget Holder Reserve	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 2024			31 March 2025	
PCC	Group		PCC	Group
£000	£000		£000	£000
(71,162)	(71,162)	Revaluation Reserve	(67,261)	(67,261)
(100,264)	(100,264)	Capital Adjustment Account	(106,914)	(106,914)
168	2,493,251	Pension Reserve	136	2,243,371
(238)	(238)	Collection Fund Adjustment Account	(168)	(168)
9	5,870	Accumulated Absences Account	27	6,897
		Rounding	1	1
(171,487)	2,327,457	Total	(174,179)	2,075,926

Revaluation Reserve

31 March 2024			31 March 2025	
PCC	Group		PCC	Group
£000	£000		£000	£000
(79,824)	(79,824)	Balance 1 April	(71,162)	(71,162)
(965)	(965)	Upward revaluation of assets	(4,158)	(4,158)
8,963	8,963	Downward revaluation of assets and impairment losses not charged to the Surplus or Deficit on the Provision of Services	5,314	5,314
7,998	7,998	(Surplus) or deficit on revaluation of non-current assets not charged to the Surplus or Deficit on the Provision of Services	1,156	1,156
597	597	Difference between fair value depreciation and historical cost depreciation	2,349	2,349
28	28	Accumulated gains on assets reclassified		
42	42	Accumulated losses on assets sold or scrapped	396	396
667	667	Amount written off to the Capital Adjustment Account	2,745	2,745
(3)	(3)	Adjustment to Rev Reserve		
0	0	Rounding		
(71,162)	(71,162)	Balance 31 March	(67,261)	(67,261)

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 2024			31 March 2025	
PCC £000	Group £000		PCC £000	Group £000
(95,542)	(95,542)	Balance 1 April	(100,264)	(100,264)
8,915	8,915	Charges for depreciation and impairment of non-current assets	10,892	10,892
992	992	Revaluation losses/(gains) on non-current assets	2,172	2,172
688	688	Amortisation of intangible assets	413	413
0	0	Accumulated loss/(gain) on assets reclassified	0	0
0	0	Accumulated loss/(gain) on assets sold or scrapped	0	0
993	993	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	1,981	1,981
11,588	11,588	Reversal of Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement	15,458	15,458
(667)	(667)	Adjusting Amounts written out of the Revaluation Reserve	(2,773)	(2,773)
10,921	10,921	Net written out amount of the cost of non-current assets consumed in the year	12,685	12,685
(751)	(751)	Use of Capital Receipts Reserve to finance new capital expenditure	(34)	(34)
(12,442)	(12,442)	Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(16,175)	(16,175)
(2,470)	(2,470)	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(3,112)	(3,112)
(15,663)	(15,663)	Capital financing applied in year:	(19,321)	(19,321)
20	20	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	(15)	(15)
0	0	Rounding	1	1
(100,264)	(100,264)	Balance 31 March	(106,914)	(106,914)

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 2024		Pension Reserve	31 March 2025	
PCC £000	Group £000		PCC £000	Group £000
(2,144)	2,288,395	Balance 1 April	168	2,493,251
(564)	(54,327)	Re-measurements of the net defined benefit (liability)/asset	(1,159)	(372,523)
131	143,166	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	78	145,217
(237)	(97,521)	Employer's pensions contributions and direct payments to pensioners payable in the year	(236)	(106,943)
2,982	213,538	Asset Ceiling Adjustment	1,286	84,369
168	2,493,251	Balance 31 March	137	2,243,371

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 2024		Collection Fund Adjustment Account	31 March 2025	
PCC	Group		PCC	Group
£000	£000		£000	£000
(1033)	(1033)	Balance 1 April	(238)	(238)
795	795	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	70	70
(238)	(238)	Balance 31 March	(168)	(168)

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

31 March 2024		Accumulated Absences Account	31 March 2025	
PCC	Group		PCC	Group
£000	£000		£000	£000
29	5,188	Balance 1 April	9	5,870
(-29)	(-5,188)	Settlement or cancellation of accrual made at the end of the preceding year	(9)	(5,870)
9	5,870	Amounts accrued at the end of the current year	27	6,897
20	682	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	18	1,027
9	5,870	Balance 31 March	27	6,897

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.

2023/24 £000	Description	2024/25 £000
	<i>Employee costs:</i>	
204,847	<i>Police Officers</i>	223,240
109,884	<i>Police Staff & PCSO's</i>	117,761
7,867	<i>Other Employee Costs (includes Ill Health & Injury Pension)</i>	8,611
322,598	Total Employee costs	349,613
14,179	Total Buildings & Premises	13,583
6,623	Total Transport	7,421
49,978	Total Supplies & Services and Third Party Payments	50,058
393,378	Gross Expenditure	420,674
(42,683)	Total Income	-45,008
1	Reconciling Man Accounts & Stat Fin Reporting	0
350,696	Chief Constable's Net Expenditure	375,667
1,892	Office of the Sussex PCC	1,955
1,771	Community Safety	1,858
224	Victim Support & Restorative Justice	-136
(133)	Violence Reduction Unit	-120
0	Video Enabled Justice	0
280	Non-Delegated income adjustment from Chief	0
11,958	Use of Reserves	18,381
195	Financial Provisions (Capital Financing and Treasury Management)	
16,187	PCC's Net Expenditure	21,938
366,883	Total Sussex Police Group	397,605

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 2025.

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 2025.

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

2024/25 Segmental	2024/25 PCC £000	2024/25 CC £000	2024/25 GROUP £000
Initial Revenue outturn results per Outturn report	21,938	375,667	397,605
Budget Income from Home Office Grant and Local Taxation	(23,137)	-376,374	-399,511
(Surplus)/Deficit for the year as per Outturn report	(1,199)	(707)	(1,906)
Surplus transfer from Chief Constable to PCC	(707)	707	
Final transfer adjustments agreed in the Outturn report:			
Final Budget Outturn Position for the year	(1,906)	0	(1,906)
Financial year end accounting adjustments:			
Capital & Investment movements	(10,947)	0	(10,947)
Reserve Adjustments	1,024	0	1,024
Other Adjustment	2,405	0	2,405
Net Expenditure Chargeable to the General Fund as per EFA	(9,424)	0	(9,424)
Adjustments between accounting basis & funding basis under regulations	11,794	39,441	51,235
Deficit on Provision of Services per Comprehensive Income and Expenditure Statement	2,370	39,441	41,812
(Surplus) on revaluation of fixed assets	1,156	0	1,156
Re-measurements of the net defined benefit liability/(asset)	127	(288,281)	(288,154)
Rounding			
Total Comprehensive Income and Expenditure	3,653	(248,840)	(245,187)

2023/24 Reconciliation of Outturn from Budget report to Statement of Accounts Subjective Analysis

2023/24 Segmental	2023/24 PCC £000	2023/24 CC £000	2023/24 GROUP £000
Initial Revenue outturn results per Outturn report	15,992	350,891	366,883
Budget Income from Home Office Grant and Local Taxation	(12,145)	(359,876)	(372,021)
(Surplus)/Deficit for the year as per Outturn report	3,847	(8,985)	(5,138)
Surplus transfer from Chief Constable to PCC	(8,985)	8,985	
Final transfer adjustments agreed in the Outturn report:			
Final Budget Outturn Position for the year	(5,138)	0	(5,138)
Financial year end accounting adjustments:			
Capital & Investment movements	943		943
Reserve Adjustments PFI	(3,705)		(3,705)
Other adjustment	(141)		(141)
Bad Debt adjustment			
Rounding			
Net Expenditure Chargeable to the General Fund as per EFA	(8,041)		(8,041)
Adjustments between accounting basis & funding basis under regulations	8,713	46,453	55,166
Deficit on Provision of Services per Comprehensive Income and Expenditure Statement	672	46,453	47,125
(Surplus) on revaluation of fixed assets	7,998		7,998
Re-measurements of the net defined benefit liability/(asset)	2,418	156,793	159,211
Total Comprehensive Income and Expenditure	11,088	203,246	214,334

Note 26 - Collaboration Arrangements

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

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

In 2023/24 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 South East 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 South East 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.

2023/24 Sussex Share £000	Collaboration Area	2024/25 Sussex Share £000
8,271	Commercial and Finance Services	11,204
2,806	Corporate Services	3,442
	Criminal Justice & Custody	
15,245	Digital, Data and Technology	16,391
3	Enterprise Resource Planning	316
23,268	Operations & Protective Security	24,417
5,107	People Services	5,873
28,189	Specialist Crime	30,423
82,889	Total	92,066

Note 27 - Officers' Remuneration

Remuneration

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

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

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

Gross Remuneration £	Number of employees 31 March 2024	Number of employees 31 March 2025
50,000-54,999	600	719
55,000-59,999	385	496
60,000-64,999	215	238
65,000-69,999	120	168
70,000-74,999	32	72
75,000-79,999	15	24
80,000-84,999	18	11
85,000-89,999	3	5
90,000-94,999	8	10
95,000-99,999	0	10
100,000-149,999	3	4
150,000-199,999	0	1
	1,399	1,758

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

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

In line with Trade Union (Facility Time Publication Requirements) Regulations 2017 (SI 2017/328) the Chief Constable has an obligation to report annually on paid time off provided to trade union representatives for trade union duties and activities. The following details relate to 2024/25. There were 11 employees who were union officials during the period (9.51 full time equivalents). The total cost of facility time was £162,253.05 which represents 0.14% of the total pay bill.

Remuneration paid to senior employees during 2024/25

YEAR 24-25	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)	1	154,858	19,620	52,516	226,995			226,995
Chief Constable (J SHINER)	1	113,311			113,311			113,311
Temp Chief Constable (D MCCLAREN)	2	17,186		4,521	21,708			21,708
Dep Chief Constable (D MCCLAREN)	2	154,183		50,770	204,953	7		204,960
Asst Chief Constable		120,112		40,052	160,164	3		160,167
Asst Chief Constable		130,131		41,729	171,860	1		171,861
Asst Chief Constable	3	73,543	4,938	23,798	102,279			102,279
Asst Chief Constable	4	147,593		47,016	194,609			194,609
Asst Chief Constable	5	18,349		5,993	24,341			24,341
Asst Chief Constable	6	9,422		3,246	12,668			12,668
Chief Superintendent		110,226		38,066	148,292	8		148,300
Chief Superintendent		110,035		38,066	148,101	1		148,102
Chief Superintendent		109,836		38,066	147,902	7		147,909
Chief Superintendent		109,836		38,066	147,902	4		147,906
Chief Superintendent		103,458		35,632	139,091	8		139,099
Chief Superintendent	7	7,370		2,552	9,922	8		9,930
Chief Superintendent		108,483		37,577	146,060			146,060
Chief Superintendent		102,316		35,398	137,714			137,714

Note 1 Retire 31-08-24,
Note 1 Rejoin 01-10-24
Note 2 Temp Prom 01-09-24 - 30-09-24
Note 3 Retired 30-09-24
Note 4 On secondment - ends 31-03-25
Note 5 Temp Prom 30-09-24 - 24-11-24
Note 6 Temp Prom until 12th May 2024
Note 7 Promotion 5th March 25

Chief Superintendent	8	57,645	2,367	19,768	79,780			79,780	Note 8 Retire 29-10-24, Rejoin 03-12-24
Chief Superintendent	6	102,577		35,584	138,161			138,161	
Chief Superintendent		104,976		35,361	140,337	6		140,343	
Chief Superintendent		101,920		35,272	137,192	8		137,200	
Chief Superintendent	9	14,408		4,986	19,393	8		19,401	Note 9 Temp Promotion 10-02-25
Chief Superintendent	10	59,335		20,512	79,846			79,846	Note 10 Promotion 01-09-24
Chief Superintendent		101,435		35,076	136,511	2		136,513	
Chief Superintendent	8	34,404		11,913	46,317			46,317	
Chief Superintendent	5	95,561		27,975	123,536	8		123,544	
Chief Superintendent	11	109,413		37,189	146,602			146,602	Note 11 On Secondment
Chief Superintendent	12	105,987		35,639	141,625			141,625	Note 12 On Secondment
Police Staff									
Asst Chief Officer - People Services Portfolio Director		144,292		25,173	169,465	7		169,472	
Chief Finance Officer (P APPLETON)		157,564		28,022	185,585	5		185,590	
Total		2,889,763	26,925	885,533	3,802,221	91	0	3,802,312	

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

** There have been no relocation costs in 2024/25

Police and Crime Commissioner									
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Police and Crime Commissioner	90,146		16,745	106,891			106,891
Chief Executive	133,711		25,173	158,884	7		158,891
Chief Finance Officer	121,272		22,781	144,053	1		144,054
	345,128	0	64,699	409,827	8	0	409,835

3,234,891	26,925	950,233	4,212,048	99	0	4,212,147
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Remuneration paid to senior employees during 2023/24

Year 2023/24	Note	Salary, fees and allowances	* Relocation	* Bonus	Employer Pension Contribution	Total Remuneration including Pension contributions	* Annual Leave Accrual	* Pension Accrual	Total
		£000	£000	£000	£000	£000	£000	£000	£000
Police Officers									
Chief Constable (J SHINER)		191			33	224	8		232
Deputy Chief Constable 1	1	56			0	56			56
Deputy Chief Constable 2		158			45	203	8		211
Assistant Chief Constable 1		139			39	178			178
Assistant Chief Constable 2		114			35	149	4		153
Assistant Chief Constable 3	2	97			30	127			127
Assistant Chief Constable 4		138			39	177	8		185
Assistant Chief Constable 5	3	29			8	37	5		42
Chief Superintendent		101			31	132	5		137
Chief Superintendent	4	96			29	125			125
Chief Superintendent	5	93			28	121			121
Chief Superintendent		101			31	132			132
Chief Superintendent		98			29	127			127

Note 1, Retired 17-06-23

Note 2, Leaver 10-01-24

Note 3, Joiner 08-01-24

Note 4, Secondment 01-04-23

Note 5, Promotion 25-09-23

Chief Superintendent	6	97			28	125	9		134	Note 6, Promotion 01-07-23
Chief Superintendent	7	41			12	53			53	Note 7, Leaver 01-09-23
Chief Superintendent	8	113			30	143			143	Note 8, Leaver 23-03-24
Chief Superintendent		98			30	128	7		135	
Chief Superintendent		97			30	127	8		135	
Chief Superintendent	9	91			28	119			119	Note 9, Promotion 31-07-23
Chief Superintendent		101			31	132	5		137	
Chief Superintendent		103			31	134	1		135	
Chief Superintendent		115			29	144	1		145	
Chief Superintendent	10	93			28	121			121	Note 10, Promotion 19-06-23
Chief Superintendent	11	96			29	125	8		133	Note 11, Promotion 18-09-23
Chief Superintendent	12	55			17	72	3		75	Note 12, Promotion 02-10-23
Police Staff										
Exec Dir Commercial & Finance		101			19	120			120	
ACC People Services Director		137			25	162	7		169	
Programme Director - SERIP	13	15		26	0	41			41	Note 13, Leaver 13-04-23
Total		2,764	0	26	744	3,534	87	0	3,621	
Officers of the PCC										
Police and Crime Commissioner		89			18	107			107	
Chief Executive		127			25	152			152	
Chief Finance Officer		115			23	138			138	
Total		331	0	0	66	397	0	0	397	
		3,095	0	26	810	3,931	87	0	4,018	

Note 28 – Exit Packages

The 2024/25 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 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

Exit Packages for the year ended 31 March 2024

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 2023/24	No.	No.	No.	£
£0 - £20,000	4	0	4	70,142
£20,001 - £40,000	3	0	3	67,892
£40,001 - £60,000	1	0	1	52,460
£60,001 - £80,000	1	0	1	68,225
£80,001 - £100,000	1	0	1	94,467
Total	10	0	10	353,186

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

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

Note 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 2023/24 year in respect of Legal services and the Police and Crime Commissioner.

Legal services were provided to the Sussex Police Group of circa 2024/25 £2,361,908 (2023/24: £1,659,200) by Weightmans LLP Solicitors in the normal course of business during the year, Ms Hannah Walsh (Solicitor to the Sussex Police Group from 1 April 2017) is employed by Weightmans LLP Solicitors.

The Police and Crime Commissioners and Chief Constables of Sussex, Surrey Police, Hampshire Constabulary and Thames Valley Police signed a Section 22 Agreement that set out the proposed approach to the national and regional programme for police collaboration and transformation for the South East Regional Integration Partnership (SERIP). The total net spend for 2024/25 was £0 (2023/24: £2,720).

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 South East Regional Organised Crime Unit (SEROUCU).

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, DLUHC, 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:

2023/24			2024/25	
PCC Accounts £000	Group Accounts £000		PCC Accounts £000	Group Accounts £000
109	109	Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	118	179
		Prior year Audit costs		
(3)	(3)	PSAA Refund		
		Rounding		
107	107	Total	118	179

Note 31 - Leases

PCC as Lessee

Finance Leases

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

Authority as Lessee - Finance Leases

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

31 March 2024			31 March 2025	
£000			£000	
364	Other Land and Buildings		355	
364	Total		355	

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

31 March 2024	Minimum lease payments are made up of the following amounts:	31 March 2025
£000		£000
	Finance lease liabilities (net present value of minimum lease payments):	
(34)	- current	(39)
(436)	- non-current	(396)
(175)	Finance costs payable in future years	(144)
(645)	Minimum lease payments	(579)

Minimum Lease Payments			Finance Lease Liabilities	
31 March 2024	31 March 2025	The minimum lease payments will be payable over the following periods:	31 March 2024	31 March 2025
£000	£000		£000	£000
(68)	(68)	Not later than one year	(37)	(39)
(272)	(272)	Later than one year and not later than five years	(174)	(186)
(308)	(240)	Later than five years	(262)	(211)
(648)	(580)	Total	(473)	(436)

Minimum lease payments don't include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2024/25 there were no contingent rents payable by the PCC (2023/24 £Nil).

The Group as a Lessee

From 1st April 2024, the new International Financial Reporting Standard, IFRS 16, came into effect for Local Authorities. IFRS 16 introduces a new 'Right-of-Use' asset class to the balance sheet, and also recognises the corresponding short-term and long-term lease liability. This applies to all leases - property, land, vehicles, plant and equipment.

IFRS 16 changes the recognition, measurement, presentation and disclosure of leases. In particular, it requires lessees to record all leases on the balance sheet, with exceptions available for low value and short-term leases. At the commencement of a lease, a lessee recognises lease payments (lease liability) and an asset representing the right to use the asset during the lease term (right of use asset). Lessees 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.

The standard has no impact on the actual cash flows of a group. However, the standard requires the capitalisation, and subsequent depreciation of costs that were previously expenses as paid, which impacts disclosures of cash flows within the cash flow statement. The amounts previously expensed as operating cash outflows are instead capitalised and are presented as financing cash outflows.

The group has 13 leases for land and buildings, which meet the criteria of IFRS 16 Leases. Each lease is reflected on the balance sheet as a Right-of-Use asset and a lease liability.

Right-of-Use Assets

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

31 March 2024		31 March 2025
£000	Land and buildings	£000
0	Balance at 1 April	0
0	Adjustments on transition to IFRS 16	3,212
0	Depreciation	(915)
0	Balance at 31 March	2,297

Transactions under leases

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

31 March 2024		31 March 2025
£000		£000
Comprehensive Income and Expenditure Statement		
0	Interest expense on lease liabilities	164
0	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		
0	Minimum lease payments	199

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 2024		31 March 2025	
£000		£000	
		Low value leases	ROU Liabilities
1,073	Less than one year	52	1,098
2,176	One to five years	58	1,822
825	More than five years	119	600
4,074	Total undiscounted liabilities	229	3,519

The above figures for 2024/25 include £0.2m in relation to exempt leases of low-value items. The Group was committed at 31 March 2025 to making payments of £3.5m under 13 Right of Use leases from 2025/26.

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

PCC as Lessor

Finance Leases

The PCC has no finance leases 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 2024		31 March 2025	
£000		£000	
1,005	Not later than one year	1,113	
1,204	Later than one year and not later than five years	1,068	
1,171	Later than five years	1,240	
3,380	Total	3,421	

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. There were no contingent rents receivable by the PCC in 2024/25 (2023/24 £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

2024/25	PFI
Cost or Valuation	£000
at 1 April 2024	27,512
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(31)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(204)
at 31 March 2025	27,277
Accumulated Depreciation and Impairment	
at 1 April 2024	
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

Movement in PFI Assets – Prior Year

2023/24	PFI
Cost or Valuation	£000
at 1 April 2023	28,250
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(532)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(206)
at 31 March 2024	27,512
Accumulated Depreciation and Impairment	
at 1 April 2023	0
Depreciation charge	(360)
Depreciation written out to the Revaluation Reserve	154
Depreciation written out to the Surplus/Deficit on the Provision of Services	206
at 31 March 2024	0
Net Book Value	
at 31 March 2024	27,512
at 1 April 2023	28,250

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 inline 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

2024/25		PFI
		£000
Balance outstanding at start of year		(10,467)
IFRS16 Remeasurement @ 1 st April 2024		(834)
IFRS16 Remeasurement @ 31 st March 2025		(232)
Payments during the year		2043
Other movements		(1,019)
Balance outstanding at year-end		(10,509)
2023/24		PFI
		£000
Balance outstanding at start of year		(11,620)
Payments during the year		2,201
Other movements		(1,048)
Balance outstanding at year-end		(10,467)

This year the actual total unitary charge was £4.939m (2023/24: £4.830m). The table below estimates the amounts payable over the remaining term of the PFI contract.

2023/24 Total £000		Payment for Services £000	Reimbursement of Capital Expenditure £000	Interest £000	2024/25 Total £000
4,830	Payable within one year	2,850	1,142	948	4,940
19,320	Payable within two to five years	11,398	5,693	2,664	19,755
14,490	Payable within six to ten years	5,699	3,675	504	9,878
(1)	Rounding		(1)		
38,639	Total	19,947	10,509	4,116	34,573

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

Note 33 - Impairment Losses

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

All properties were revalued at 31 March 2025 and therefore there has been no requirement for an impairment review.

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

Note 34 - Defined Benefit Pension Scheme

Police Officers

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

The Group participates in three pension schemes for Police officers:

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

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

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

There are currently 4,215 (2023/24: 4,120) 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 2024/25 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 2025.

Pension Remedy

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

Key Points about the Pension Remedy

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

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

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

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

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

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.

Police Staff

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

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

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

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

The Police Staff Pension Scheme is part of the Local Government Pension Scheme administered by West Sussex County Council in accordance with the Local Government Pension Scheme Regulations 2013. There are 1,870 (2022/23: 1,705) pensioners paid for by the Chief Constable LGPS scheme. Police staff employee contributions are based on a banding system and range from 5.5% to 12.5% depending on salary levels. The Chief Constable contributed a further 18.9% (2023/24: 19.9%) of pensionable pay.

Formal actuarial valuations are carried out every three years, where each employer's assets and liabilities are calculated on a detailed basis, using individual member data. The last triennial valuation of the Fund was carried out as at 31 March 2022.

The accounting balance sheet position as at 31 March 2025 and the projected charge to the Comprehensive Income and Expenditure account for 2024/25 are from the 2022 formal valuation.

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

The pension expense for the period to 31 March 2025 and the projected pension expense for the year to 31 March 2026 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, PO19 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 2025 in the Balance Sheet. The total asset ceiling adjustment of £297,907k (£293,639k and £4,268k) 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.

Present value of agreed past service contributions has been calculated to be £9,947k for the Chief Constable and £137k for the PCC.

These agreed past service contributions have been committed to be paid to the Fund and are added to the net asset position. This position is then compared against the economic benefit available as a reduction in future contributions to determine if there is an additional liability to recognise.

131	9,195	133,840	143,166	Total charged to Deficit on Provision of Services	78	5,549	139,590	145,217
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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:				
(265)	(20,891)	0	(21,156)	Return on plan assets (excluding the amount included in the net interest expense)	246	19,052	0	19,298
179	14,903	37,550	52,632	Actuarial gains and losses - experience	(53)	(4,419)	(5,750)	(10,222)
(33)	(2,881)	0	(2,914)	Actuarial gains and losses arising on changes in demographic assumptions	(10)	(819)	(3,520)	(4,349)
(445)	(32,064)	(50,380)	(82,889)	Actuarial gains and losses arising on changes in financial assumptions	(1,342)	(87,218)	(288,690)	(377,250)
0	0	0	0	Changes in Asset ceiling (Reserve Prior year)	(2,982)	(210,556)	0	(213,538)
2,982	210,556		213,538	Changes in Asset ceiling (current year)	4,268	293,639	0	297,907
2,418	169,623	(12,830)	159,211	Total charged to Other CIES	127	9,679	(297,960)	(288,154)
2,549	178,818	121,010	302,377	Total charged to the CIES	205	15,228	(158,370)	(142,937)

2023/24				Movement in Reserves Statement	2024/25			
PCC LGPS	CC LGPS	Police Officer Pensions	Total		PCC LGPS	CC LGPS	Police Officer Pensions	Total
£000	£000	£000	£000		£000	£000	£000	£000
(131)	(9,195)	(133,840)	(143,166)	Reversal of net charges made to the Surplus or Deficit on the Provision of Services	(78)	(5,549)	(139,590)	(145,217)
				Actual amount charged against the general fund balance for pensions in the year:				

237	16,994	80,290	97,521	Employers' contributions payable to scheme	236	17,127	89,580	106,943
106	7,799	(53,550)	(45,645)	Total Pensions Adjustments between Accounting and Funding Basis in year	158	11,578	(50,010)	(38,274)

2023/24				Pensions Assets and Liabilities Recognised in the Balance Sheet	2024/25			
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)	Present value of the defined obligation	(4,878)	(408,819)	(2,232,910)	(2,646,607)
8,555	668,334	0	676,889	Fair value of plan assets	9,009	692,134	0	701,143
(2,982)	(210,556)	0	(213,538)	Changes in Asset Ceiling	(4,268)	(293,639)	0	(297,907)
(168)	(12,223)	(2,480,860)	(2,493,251)	Net (liability) / asset arising from the defined benefit obligation	(137)	(10,324)	(2,232,910)	(2,243,371)

2023/24				Movement in the Value of Scheme Assets	2024/25			
PCC LGPS £000	CC LGPS £000	Police Officer Pensions £000	Total £000		PCC LGPS £000	CC LGPS £000	Police Officer Pensions £000	Total £000
7,641	608,186	0	615,827	Opening fair value of scheme assets	8,555	668,334	0	676,889
370	29,127	0	29,497	Interest income	421	32,636	0	33,057
0	0	0	0	Re-measurement gain / (loss):				
				- Actuarial gains / (losses) - experience	0	0	0	0
265	20,891	0	21,156	- The return on plan assets, excluding the amount included in the net interest expense	(246)	(19,052)	0	(19,298)
237	16,946	80,290	97,473	Contributions from employer	236	17,085	89,580	106,901
98	5,485	16,260	21,843	Contributions from employees into the scheme	103	5,884	17,270	23,257

0	0	210	210	Transfers in	0	0	80	80
0	0	0	0	Transfers out	0	0	0	0
(56)	(12,301)	(96,760)	(109,117)	Benefits / transfers paid	(60)	(12,753)	(106,930)	(119,743)
8,555	668,334	0	676,889	Closing value of scheme assets	9,009	692,134	0	701,143

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.

2023/24				Movements in the Fair Value of Scheme Liabilities	2024/25			
PCC LGPS £000	CC LGPS £000	Police Officer Pensions £000	Total £000		PCC LGPS £000	CC LGPS £000	Police Officer Pensions £000	Total £000
(5,497)	(458,585)	(2,440,140)	(2,904,222)	Opening balance at 1 April	(5,741)	(470,001)	(2,480,860)	(2,956,602)
(233)	(15,998)	(21,710)	(37,941)	Current service cost	(215)	(15,101)	(23,300)	(38,616)
(268)	(22,005)	(112,130)	(134,403)	Interest cost	(284)	(22,978)	(116,290)	(139,552)
(98)	(5,485)	(16,260)	(21,843)	Contributions from scheme participants	(103)	(5,884)	(17,270)	(23,257)
				Re-measurement gains and losses:				
(179)	(14,903)	(37,550)	(52,632)	- Actuarial gains / (losses) - experience	53	4,419	5,750	10,222

33	2,881	0	2,914	- Actuarial gains / (losses) from changes in demographic assumptions	10	819	3,520	4,349
445	32,064	50,380	82,889	- Actuarial gains / (losses) from changes in financial assumptions	1,342	87,218	288,690	377,250
0	(319)	0	(319)	Past service cost	0	(106)	0	(106)
				Gains / (losses) on curtailments				
0	0	(210)	(210)	Transfers in	0	0	(80)	(80)
0	0	0	0	Transfers out	0	0	0	0
56	12,349	96,760	109,165	Benefits / transfers paid	60	12,795	106,930	119,785
0	0	0	0	Rounding adjustment	0	0	0	0
(5,741)	(470,001)	(2,480,860)	(2,956,602)	Balance as at 31 March	(4,878)	(408,819)	(2,232,910)	(2,646,607)

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 £2,243m (2023/24: £2,493m) 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 2025 are as follows:

	PCC £000	CC £000	Group £000
LGPS Employer contributions and expected charges to 31 March 2026	225	16,180	16,405

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 2025.

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

	Local Government Pension Scheme		Police Pension Schemes	
	2023/24	2024/25	2023/24	2024/25
Investment returns: The return on Fund in market value terms estimated on actual Fund returns. Total Fund Returns from April to March	8.2%	2.0%	0.0%	0.0%
Mortality assumptions: Longevity at 65 for current pensioners:				
• Men	21.0 years	20.9 years	21.9 years	21.9 years
• Women	24.0 years	23.9 years	23.6 years	23.9 years
Longevity at 65 for future pensioners:				
• Men	22.0 years	21.9 years	23.6 years	23.3 years
• Women	25.6 years	25.5 years	25.1 years	25.2 years
Rate of inflation	3.10%	3.05%	2.60%	2.70%
Rate of increase in salaries	4.25%	4.25%	3.85%	3.45%
Rate of increase in pensions	2.75%	2.75%	2.60%	2.70%
Rate for discounting scheme liabilities	4.85%	5.80%	4.75%	5.65%
CARE Revaluation Rate (CPI Prior year)	2.95%	2.75%	3.85%	3.95%

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 2025. The Local Government Pension Scheme's assets consist of the following categories, by proportion of the total assets held:

31 March 2024 £000	31 March 2024 %	GROUP Local Government Pension Scheme Assets	31 March 2025 £000	31 March 2025 %
		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:		
20,218	3%	All	23,483	3%
		Real Estate:		
55,844	8%	UK Property	59,341	8%
		Investment Funds and Unit Trusts:		
339,115	50%	Equities	343,317	49%
195,344	29%	Bonds	209,058	30%
32,214	5%	Infrastructure	33,241	5%
26,380	4%	Other	27,730	4%
0	0%	Cash & Cash Equivalent:	0	0%
7,774	1%	All	4,975	1%
676,889	100%		701,143	100%

31 March 2024 £000	31 March 2024 %	PCC Local Government Pension Scheme Assets	31 March 2025 £000	31 March 2025 %
		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%
	0%	Debt Securities:		
0	0%	UK Government	0	0%
		Private Equity:		
256	3%	All	302	3%
		Real Estate:		
706	8%	UK Property	763	8%
		Investment Funds and Unit Trusts:		
4,286	50%	Equities	4,411	49%
2,469	29%	Bonds	2,686	30%
407	5%	Infrastructure	427	5%
333	4%	Other	356	4%
	0%	Cash & Cash Equivalents:		
98	1%	All	64	1%
8,555	100%		9,009	100%

History of Experience Gains and Losses

The actuarial gains identified as movements on the Pensions Reserve in 2024/25 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2025.

Local Government Pension Scheme

	PCC 2022/23	CC 2022/23	Group 2022/23	PCC 2023/24	CC 2023/24	Group 2023/24	PCC 2024/25	CC 2024/25	Group 2024/25
	%	%	%	%	%	%	%	%	%
Differences between expected and actual return on assets	(4.6%)	(5.7%)	(5.7%)	3.1%	3.1%	3.1%	(2.7%)	(2.8%)	(2.8%)
Experience gains and (losses) on liabilities	(22.8%)	(15.4%)	(15.5%)	(3.1%)	(3.2%)	(3.2%)	1.1%	1.1%	1.1%

Police Pension Scheme

	PCC 2022/23	CC 2022/23	Group 2022/23	PCC 2023/24	CC 2023/24	Group 2023/24	PCC 2024/25	CC 2024/25	Group 2024/25
Experience gains and (losses) on liabilities	%	%	%	%	%	%	%	%	%
Combined Schemes	0.00%	(7.86%)	(7.86%)	0.00%	(1.51%)	(1.51%)	0.00%	0.26%	0.26%

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 2025	Approximate % impact on Defined Benefit Obligation	Approximate monetary amount £000
0.5% increase in Real Discount Rate	-7.5%	(162,000)
1 year decrease in member life expectancy	2.5%	52,000
0.5% increase in the Salary Increase Rate	1.0%	20,000
0.5% increase in the Pensions Increase Rate (CPI)	7.0%	161,000

Staff Pension Scheme:

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

Change in financial assumptions at year ended 31 March	CC 2024/25 %	CC 2024/25 £000
0.1% decrease in Real Discount Rate	2%	8,312
0.1% increase in the Salary Increase Rate	0%	271
0.1% increase in the Pensions Increase Rate (CPI)	2%	8,273

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

Change in financial assumptions at year ended 31 March	PCC 2024/25 %	PCC 2024/25 £000
0.1% decrease in Real Discount Rate	2%	111
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:

2024/25 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	38,616	0	0	0	0	0	0
• past service costs	0	106	0	0	0	0	0
• interest cost	0	0	139,552	0	0	0	0
• interest income on plan assets	0	0	(33,057)	0	0	0	0
• actuarial (gains) and losses	0	0	0	0	(372,523)	372,523	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	(145,217)
• employers' contributions payable to scheme	(17,363)	0	0	0	0	0	17,363
• retirement benefits payable to pensioners	(89,580)	0	0	0	0	0	89,580
Asset Ceiling Adjustment		0	0	0	84,369	(84,369)	
Sub-total	(68,327)	106	106,495	0	(288,154)	288,154	(38,274)
• pension top up grant	40,767	0	0	(40,767)	0	0	0
Total Pension Charges	(27,560)	106	106,495	(40,767)	(288,154)	288,154	(38,274)
TOTAL			38,274		(288,154)		249,880

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

2024/25 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	215	0	0	0	0	0	0
• past service costs	0	0	0	0	0	0	0
• interest cost	0	0	284	0	0	0	0
• interest income on plan assets	0	0	(421)	0	0	0	0
• actuarial (gains) and losses	0	0	0	0	(1,159)	1,159	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	(78)
• employers' contributions payable to scheme	(236)	0	0	0	0	0	236
• retirement benefits payable to pensioners	0	0	0	0	0	0	0
• asset ceiling adjustment	0	0	0	0	1,286	(1,286)	0
Sub-total	(21)		(137)	0	127	(127)	158
• pension top up grant	0	0	0	(40,767)	0	0	0
Total Pension Charges	(21)		(137)	(40,767)	127	(127)	158
TOTAL	(40,925)				127	31	

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 35 - Contingent Liabilities

Although the accounts include (through the establishment of provisions and creditors) known liabilities faced by the Group at 31 March 2025, they exclude potential costs where the liability is not yet established and/or the amounts are uncertain.

At 31 March 2025, the Police and Crime Commissioner and Chief Constable of Sussex Group had no known contingent liabilities, except for the following the unknown details of the Sussex Safer Road Partnership's dissolution.

There is currently no information available regarding the Sussex Safer Road partnership's dissolution, including how the decommissioning expenses and any remaining balance will be divided. As of the reporting date, the accounts show no provision, and this issue will be closely monitored going forward

Note 36 - Financial Instruments

36.1 Financial Instruments

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

Financial Assets/Liabilities:

	Current Financial Assets							
	Investments		Debtors		Current assets		Total	
	31 March 2024 £000	31 March 2025 £000	31 March 2024 £000	31 March 2025 £000	31 March 2024 £000	31 March 2025 £000	31 March 2024 £000	31 March 2025 £000
Amortised cost	31,517	36,285	1,630	3,899	0	0	33,147	40,185
Total Current financial assets	31,517	36,285	1,630	3,899	0	0	33,147	40,185

	Non-Current Financial Liabilities							
	Borrowings		Creditors		Other long-term liabilities		Total	
	31 March 2024 £000	31 March 2025 £000	31 March 2024 £000	31 March 2025 £000	31 March 2024 £000	31 March 2025 £000	31 March 2024 £000	31 March 2025 £000
Amortised Cost	(11,935)	(11,221)	0	0	0	0	(11,935)	(11,221)
PFI and Finance Lease Liabilities	0	0	(456)	0	(9,927)	(11,464)	(10,383)	(11,464)
Total Non-current financial liabilities	(11,935)	(11,221)	(456)	0	(9,927)	(11,464)	(22,318)	(22,685)

	Current Financial Liabilities							
	Borrowings		Creditors		Current Liabilities		Total	
	31 March 2024 £000	31 March 2025 £000	31 March 2024 £000	31 March 2025 £000	31 March 2024 £000	31 March 2025 £000	31 March 2024 £000	31 March 2025 £000
Amortised Cost	(714)	(714)	(9,327)	(10,931)	0	0	(10,041)	(11,645)
PFI and Finance Lease Liabilities	0	0	0	0	(1,012)	(1,956)	(1,012)	(1,956)
Total Current financial assets	(714)	(714)	(9,327)	(10,931)	(1,012)	(1,956)	(11,053)	(13,601)

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

- De-recognition of financial instruments

- Unusual movements to be disclosed
- Allowance for credit losses

36.2 Current Financial Assets - Investments

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

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

31 March 2024 £000	Temporary Lending	31 March 2025 £000
31,517	Short Term Deposits classified as current financial assets (including call account)- investments	36,285
14,280	Money Market Deposits classified as cash equivalents	16,472
45,797	Total Money Market Deposits	52,757

36.3 Non-Current Financial Assets – Investments

The Treasury Management Strategy and Prudential Indicators approved in March 2025 allowed for £4.10m of the total portfolio to be invested for longer than one year. At 31 March 2025 there were no investments held with a maturity date longer than one year (31 March 2024:Nil).

36.4 Long Term Borrowing

As at 31 March 2025 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 2024 £000	Long Term Borrowing	31 March 2025 £000
(12,648)	Public Works Loan Board	(11,935)
(10,467)	PFI long term finance	(10,509)
(23,115)	Total	(22,444)

The 2025 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 £1.142m due within one year.

36.5 Fair Values of Assets and Liabilities

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

- For loans from the Public Works Loan Board (PWLB), premature repayment rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures;
- Estimated interest rate at 31 March 2025 for loan from the PWLB is based on loan rate of 1.54% discounted at rate of 4.37%;
- 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 2024			31 March 2025	
Carrying amount £000	Fair Value £000		Carrying amount £000	Fair Value £000
(10,467)	(12,360)	Long Term PFI Borrowing	(10,509)	(11,922)
(12,648)	(10,697)	Long Term Borrowing	(11,935)	(9,744)
(23,115)	(23,057)	Long-Term Net Total	(21,427)	(21,666)
0	0	Short Term Borrowing	0	0
0	0	Short-Term Net Total	0	0
(23,115)	(23,057)	Total	(21,427)	(21,666)
31 March 2024			31 March 2025	
Carrying amount £000	Fair Value £000		Carrying amount £000	Fair Value £000
14,280	14,280	Short Term Investments (cash Equivalents)	16,472	16,472
31,517	31,517	Short Term Investments	36,285	36,285
45,797	45,797	Total	52,757	52,757

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.

36.6 Sensitivity Analysis

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

31 March 2024 £000		31 March 2025 £000
0	Increase in interest payable on variable rate borrowings	0
737	Increase in interest receivable on variable rate investments	810
0	Increase in government grant receivable for financing costs	0
737	Impact on Deficit on the Provision of Services	810
883	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)*	747

*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 37.

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

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

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

37.1 Overall Procedures for Managing Financial Risk

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

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

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

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

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

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

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

The annual Treasury Management Strategy for 2024/25 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 2024/25 strategy were:

- Authorised Borrowing Limit for 2024/25 set at £55.6m. This is the maximum limit of external borrowings or other long term liabilities.
- Operational Boundary expected to be £40.6m. This is the expected level of debt and other long term liabilities during the year.
- Maximum amounts of fixed and variable interest rate exposure were set at 100% respectively for investments.
- Maximum exposure to the maturity structure of debt was 100% at 15-20 years.

These policies were managed by the Police and Crime Commissioner's Chief Finance Officer during the 2024/25 year. Actual performance is reported quarterly to the Joint Audit Committee.

37.2 Credit Risk

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

Credit Risk: Investments

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria, in accordance with the Fitch, Moody's and Standard & 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 2024/25 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 £52.4m at 31 March 2025 (2024: £45.2m) 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 2025 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	
	2023/24 £000	2024/25 £000	2023/24 £000	2024/25 £000	2023/24 £000	2024/25 £000
AAA	0	0	14,200	16,400	14,200	16,400
A	0	0	23,000	1,000	23,000	1,000
A+	0	0	4,000	0	4,000	0
A-	0	0	4,000	35,000	4,000	35,000
Total	0	0	45,200	52,400	45,200	52,400

Credit Risk: Trade Receivables

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

	Amount at 31 March 2025 £000	Historical experience of default %	Adjusted for market conditions at 31 March 2025 %	Estimated maximum exposure to default and irrecoverable amounts at 31 March 2025 £000	Estimated maximum exposure at 31 March 2025 £000
Trade Debtor customer balances *2	4,013	0.03%	0.00%	0	0
Total	4,013	0.03%	0.00%	0	0

*2 Trade Debtor customer balances are after deduction of £0.025m provision for doubtful debts (2023/24: £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 £0.093m of the total £4,013m 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 2024 £000		31 March 2025 £000
49	Less than three months	38
133	Three to six months	10
8	Six months to one year	35
6	More than one year	10
196		93

37.3 Liquidity Risk

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

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

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

37.4 Re-financing and Maturity Risk

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

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

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

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

31 March 2024			31 March 2025	
£000	Financial Assets:		£000	
45,200	Less than one year		52,400	
0	Between two and five years		0	
45,200			52,400	

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 except IFRS16 leases is as follows:

31 March 2024			31 March 2025	
£000	Financial Liabilities:		£000	
(1,726)	Less than one year		(1,894)	
(21,862)	Over 1 year		(20,985)	
(23,588)	Total		(22,879)	

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

31 March 2024			31 March 2025	
£000	Financial Liabilities:		£000	
(174)	Between two and five years		(186)	
(262)	Over five years		(211)	
(436)	Total		(397)	

37.5 Market Risk

Interest Rate Risk - The Police and Crime Commissioner is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Police and Crime Commissioner, depending on how

variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in interest rates would have the following effects:

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

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

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

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

At 31 March 2025 the Police and Crime Commissioner held no variable rate borrowings. For investments, the Police and Crime Commissioner held 31% or £16.4m of its total investment portfolio (2023/24: 31% or £14.2m) in variable rate instant access call accounts. Interest of £4.147m (2023/24: £3.957m) has been credited to the Comprehensive Income and Expenditure Statement in respect of the Police and Crime Commissioner’s variable rate investments, representing a 5.12% (2023/24: 5.37%) interest rate of return on an average investment portfolio of £80.9m (2023/24: £73.7m). If interest rates had been 1% higher the financial impact would have been a £0.81m (2023/24: £0.74m) increase in interest credited to the Comprehensive Income and Expenditure Statement. For the PFI Liability an increase in the discounting rate (+1%) will be £667k additional financial liability and a decrease by (-1%) will result in a reduction of £747k in the financial liability .

37.6 Price Risk

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

37.7 Foreign Exchange Risk

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

[Note 38 – Accounting Policies](#)

General Principles

The Statement of accounts summarises the organisation's transactions for the financial year and its position at the year-end of 31 March 2025. The organisation is required to prepare an annual statement of accounts by the Accounts and Audit Regulations 2015, which require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

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

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

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

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

Fundamental Accounting Policies

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

- **Accruals** – the accrual basis of accounting establishes that the non-cash effects of transactions are reflected in the accounting period in which those effects occur, even if the resulting cash receipts and payments occur in a different period.
- **Going Concern** – the Accounts have been prepared on the assumption that the functions of the Group will continue in operational existence for the foreseeable future. This means in particular that the Comprehensive Income and Expenditure Statement and Balance Sheet assume no intention to curtail significantly the scale of operation.
- **Understandable** – to ensure that the Statements of Accounts produced can be understood by readers who have a reasonable knowledge of business and economic activities.
- **Relevance** – to ensure that the information provided about the Group's financial position, performance and cash flow is useful for assessing stewardship of public funds and for making economic decisions.
- **Materiality** – provides a threshold or cut-off point to ensure that the information included in the Financial Statements is of such significance as to justify its inclusion. Omissions or misstatements of items are material if they could, individually or collectively, influence users decisions or assessment of the Financial Statements.
- **Reliability** – to ensure that the financial information provided accurately reflects the substance of the transactions and other events that have taken place.
- **Comparability** – the information contained in the Financial Statements has been prepared so that it can be readily compared with similar information about the same entity for different accounting periods and with similar information about other entities.

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

The following sections set out the Group’s principal accounting policies that have been reviewed and adopted in 2024/25.

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. All investments due in 90 days or less are therefore treated as "cash and cash equivalents", and are not therefore included within Investments.

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

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

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

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

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

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

Events after the Balance Sheet

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

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

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

Government Grants and Contributions

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

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

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

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

Funding of Capital Expenditure to purchase Non-Current Assets

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

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

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

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

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

Non-Current Assets – Property, Plant and Equipment

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

Recognition

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

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

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

Measurement

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

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

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

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

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

- Non-operational properties such as police houses – Fair Value (based on Market Value)
- All other assets – (EUV)

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

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

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

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

Component Assets

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

Impairment

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

- Significant decline in a specific asset's carrying amount during the period;
- Evidence of obsolescence or physical damage of an asset;
- Commitment by the Group to undertake a significant reorganisation

- Significant adverse change in the statutory or other regulatory environment in which the Group operates.

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

Depreciation

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

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

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

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

Disposal

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

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

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

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

Assets Held for Sale

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

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

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

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

Assets Held for Sale are not depreciated.

Private Finance Initiative (PFI)

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

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

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

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

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

- fair value of the services received during the year - debited to the relevant service in the Comprehensive Income and Expenditure Statement
- finance cost - an interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement

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

Inventories (Stock) and Long Term Contracts

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

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

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

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

Investment Property

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

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

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

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

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

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

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

Jointly Controlled Operations and Jointly Controlled Assets

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

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

Intangible Assets

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

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

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

Charges to Revenue for Non-Current Assets

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

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

Debts Outstanding

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

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

Reserves

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

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

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

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

Overheads and Support Services

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

Provisions and Contingent Liabilities

Provisions

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

Contingent Liabilities

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

Precept Income

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

VAT

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

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

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.

The standard has no impact on the actual cash flows of a group. However, the standard requires the capitalisation, and subsequent depreciation of costs that are currently expenses as paid which impacts disclosures of cash flows within the cash flow statement. The

amounts currently expensed as operating cash outflows which will instead be capitalised are presented 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 assesses 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.

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, will require 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 will include leases of retail and commercial property, equipment and vehicles. Accordingly, affected Local Authorities will see:

- 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 Lessee

Finance Leases

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

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

Operating Leases

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

The Police and Crime Commissioner as Lessor

Operating Leases

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

Employee Benefits Payable During Employment

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

Termination Benefits / Exit Packages

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

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

Long-term Employee Benefits – Pension Arrangements

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

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

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

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

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

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

- The liabilities of the police schemes attributable are included in the Balance Sheet on an actuarial basis using the projected unit method - i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc. and projections of projected earnings for current employees
- Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on high quality corporate bond

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

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

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

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

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

- **gains or losses on settlements and curtailments** - the result of actions to relieve the Police and Crime Commissioner of liabilities or events that reduce the expected future service or accrual of benefits of employees - debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
- **actuarial gains and losses** - changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions - debited to the Pensions Reserve
- **contributions paid to the pension fund** - cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense

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

Discretionary Benefits

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

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

Fair Value Measurement

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

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

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

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

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

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

Financial Instruments

Financial Liabilities

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

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

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

Financial Assets

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

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

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

Financial Assets Measured at Amortised Cost

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

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

Expected Credit Loss

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

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

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

Financial Assets Measured at Fair Value through Profit or Loss

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

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

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

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

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

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

Financial Assets Measured at Fair Value through Other Comprehensive Income

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

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

Loans and Receivables

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

Foreign Currency Translation

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

Interests in Companies and Other Entities

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

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

[Note 39 - Accounting Standards Issued, Not Adopted](#)

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 2025/26 Code). This means that only the standards listed in paragraph 29 below are included in the requirements for IAS 8 for standards that have been issued and not yet adopted.

The standards introduced by the 2025/26 Code where disclosures are required in the 2024/25 financial statements, in accordance with the requirements of paragraph 3.3.4.3 of the Code, are:

a) IAS 21 *The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability)* issued in August 2023. The amendments to IAS 21 clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable.

b) IFRS 17 *Insurance Contracts* issued in May 2017. IFRS 17 replaces IFRS 4 and sets out principles for recognition, measurement, presentation and disclosure of insurance contracts.

c) The changes to the measurement of non-investment assets within the 2025/26 Code include adaptations and interpretations of IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets*. These include setting out three revaluation processes for operational property, plant and equipment, requiring indexation for tangible non-investment assets and a requirement to value intangible assets using the historical cost approach. These have the same effect as requiring a change in accounting policy due to an amendment to standards, which would normally be disclosed under IAS 8. However, the adaptations also include a relief from the requirements of IAS 8 following a change in accounting policy as confirmed in paragraph 3.3.1.4.

It is likely there will be limited application of items a) and b), although authorities will need to consider their individual circumstances in case either of these standards apply.

Police Pension Fund Account Statements as at 31 March 2025

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 2024			As at March 2025	
£000	£000		£000	£000
		Contributions Receivable		
		From Employer:		
(38,213)		- Normal	(45,839)	
(443)		- Early Retirements	(1,033)	
(16,269)		From Members	(18,013)	
	(54,925)			(64,885)
		Transfers In		
	(208)	Individual Transfers in From Other Schemes		(257)
	(55,133)	Total Inflows		(65,142)
		Benefits Payable		
83,703		Pensions	89,673	
11,643		Commutations and Lump Sums	15,184	
121		Lump Sum Death Benefits	167	
	95,467			105,024
		Payments To and On Account of Leavers		
113		Refund of Contributions	231	
18		Individual Transfers Out To Other Schemes	654	
	131			885
	95,598	Total Outflows		105,909
	40,465	Net amount payable for the year from the Group (equal to deficit amount)		40,767
	(40,465)	Additional contribution from the Group to fund the deficit for the year *		(40,767)
	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

2023/24	Net Current Assets And Liabilities	2024/25
£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 2023/24 based on International Financial Reporting Standards IAS19. The Accounts have been prepared on an accruals basis. The statements do not take account of liabilities to pay pensions and other benefits in the future. This is reported upon separately in the Actuary's statement.

Explanatory Notes to the Police Pension Fund Account Statements

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

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

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

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

From 1 April 2015 the Police Pensions Scheme 2015 came into effect and all current active members were transferred to this scheme – except for those qualifying for protections allowing them to remain in the scheme they were already in. From 1 April 2022, these protections no longer apply to anyone and all serving officers are effectively transferred to the 2015 CARE (Career Average Revalued Earnings) pension scheme from that date. Officers now contribute between 12.44% and 13.78% depending on their basic salary. The Chief Constable of Sussex makes an employer's contribution of 31% of pensionable pay. Employee's and Employer's contribution levels are based on percentages of pensionable pay set nationally by the Home Office and are subject to quadrennial revaluation by the Government Actuary's Department. The Police Pension scheme has no assets to cover its liabilities, therefore the total payments to pensioners in any year must be paid for by current officer and employer contributions.

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

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

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

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

	Police Pension Scheme (PPS) (1987)	New Police Pension Scheme (NPP) (2006)	Police Pensions Scheme 2015
Eligibility for membership	The 1987 scheme is closed to new members	The 2006 scheme is closed to new members	Subject to medical clearance for the purposes of ill-health benefits only for new joiners. Open to all police officers (including 1987 and 2006 scheme members)
Final salary basis	Final salary based on pensionable remuneration which was normally the average remuneration in the employee's final year	Final salary with earnings over the last ten years considered for best average over 3 consecutive years	Career Average Revalued Earnings scheme
How is pension accumulated	1/60 of final salary for first 20 years of service, plus 2/60 for final 10 years of service up to a maximum pension entitlement of 40/60. With option to exchange part of the pension for a lump sum commutation.	1/70 of final salary for each year of service up to a maximum of 35 years of service. With option to exchange part of the pension for a lump sum commutation.	1/55.3 of pensionable earnings each year is added to the members' pension pot for each year of membership.
Commutated lump sum	Commutation of ¼ of annual pension at rates depending on age at retirement.	Additional rather than by commutation at 4x initial annual pension	£12 lump sum for each £1 of pension commuted
Length of service for maximum pension	30 years	35 years	No maximum length of membership
Normal Pension Age (NPA)	Any age after 30 years of service. From age 50 with 25 years of service. Age 55 for all constables and sergeants with less than 25 years of service. Age 60 for all other cases.	Age 55	Age 60. A retirement pension paid on or after NPA is not subject to actuarial reduction. Retirement pension (other than ill-health related pension) paid before NPA is subject to actuarial reduction.
Deferred Pension Age	Age 50 if with 25 years' service, otherwise from age 60.	Age 65 if member opts out or leaves the police force before age 55.	State pension age if opt out or leave police service before age 60 or before NPA without taking a pension.
Pension increases	In line with the Consumer Price Index.	In line with the Consumer Price Index.	In line with the Consumer Price Index.

Glossary of Financial Terms

This section explains key terms and specialist financial language used in the Statement of Accounts

ACCRUAL

An accrual is a liability for expenditure relating to goods and services that have been received or supplied but are not invoiced until the following financial year.

ACCRUED INCOME

Income earned in the financial year which has not yet been received.

ACTUARIAL GAINS AND LOSSES (PENSIONS)

For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because, either events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses), or the actuarial assumptions have changed.

AMORTISATION

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

ASSET

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

BILLING AUTHORITY

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

CAPITAL EXPENDITURE

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

CAPITAL AND INVESTMENT PROGRAMME

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

CAPITAL RECEIPTS

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

CC

Chief Constable

CIPFA

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

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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

CREDITORS

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

CODE

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

COLLECTION FUND

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

CONTINGENCY PROVISION

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

COUNCIL TAX

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

CURRENT SERVICE COST (PENSIONS)

The increase in the present value of a defined benefit scheme's liabilities expected to arise from employee service in the current period.

CURTAILMENT (PENSIONS)

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

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

DEBTORS

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

DEFINED BENEFIT SCHEME (PENSIONS)

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

DEFINED CONTRIBUTION SCHEME (PENSIONS)

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

DEPRECIATION

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

EXPECTED RATE OF RETURN ON PENSION ASSETS

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

EXPENSE

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

FAIR VALUE

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

FINANCE LEASE

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

FIXED ASSET (NON-CURRENT ASSET)

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

GENERAL FUND BALANCES

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

GOING CONCERN

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

GOVERNMENT GRANTS

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

IAS19

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

IFRS

International Financial Reporting Standards

IMPAIRMENT

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

INCOME

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

INTANGIBLE ASSETS

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

INTEREST COSTS (PENSIONS)

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

INVESTMENTS (PENSION FUND)

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

JOINT AUDIT COMMITTEE (JAC)

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

LAAP

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

LEVIES

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

LIABILITY

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

LIQUID RESOURCES

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

MINIMUM REVENUE PROVISION (MRP)

The statutory minimum amount which the PCC is required to set aside on an annual basis, as a provision to repay external debt

NATIONAL NON DOMESTIC RATE (NNDR) – or BUSINESS RATES

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

NET BOOK VALUE

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

NET CURRENT REPLACEMENT COST

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

NET OPERATING EXPENDITURE

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

NON-CURRENT ASSETS (FIXED ASSET)

Tangible assets that are expected to yield benefits to the PCC Group and the services it provides for a period of more than one year.

OPERATING LEASE

A lease other than a finance lease.

PAST SERVICE COSTS (PENSIONS)

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

PCC

Police and Crime Commissioner

POLICE GRANT

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

PRECEPT

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

PREPAYMENT

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

PRIVATE FINANCE INITIATIVE (PFI)

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

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

PROJECTED UNIT METHOD (PENSIONS)

An accrued benefits valuation method in which the scheme liabilities make allowance for projected earnings. An accrued benefits valuation method is a valuation method in which the scheme liabilities at the valuation date relate to:

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

PROVISION

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

RELATED PARTIES

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

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

RELATED PARTY TRANSACTION

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

RESERVE

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

RESIDUAL VALUE

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

REVENUE BUDGET

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

REVENUE SUPPORT GRANT

Central Government grant supporting the cost of public services.

SCHEME LIABILITIES (PENSIONS)

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

SETTLEMENT (PENSIONS)

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

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

SONIA (Sterling Overnight Index Average)

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

SPECIFIC GRANTS

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

TOTAL NET EXPENDITURE

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

WORK IN PROGRESS/ASSETS UNDER CONSTRUCTION

The cost of work expended on an incomplete project as at the end of the year.

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