



SUFFOLK  
**CONSTABULARY**

**THE CHIEF CONSTABLE OF  
SUFFOLK CONSTABULARY**

**STATEMENT OF ACCOUNTS**

**for the year ended**

**31 March 2022**

## Statement of Accounts for the year ended 31 March 2022

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## **INDEPENDENT AUDITOR'S REPORT TO THE CHIEF CONSTABLE OF SUFFOLK**

### **Opinion**

We have audited the financial statements of the Chief Constable of Suffolk for the year ended 31 March 2022 under the Local Audit and Accountability Act 2014 (as amended). The financial statements comprise the:

- Chief Constable of Suffolk Movement in Reserves Statement;
- Chief Constable of Suffolk Comprehensive Income and Expenditure Statement;
- Chief Constable of Suffolk Balance Sheet;
- Chief Constable of Suffolk Cash Flow Statement
- Chief Constable of Suffolk Expenditure and Funding Analysis and the related notes 1 to 17, and
- Chief Constable of Suffolk Police Pension Fund Accounting Statements.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

In our opinion the financial statements:

- give a true and fair view of the financial position of the Chief Constable of Suffolk as at 31 March 2022 and of its expenditure and income for the year then ended;
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014 (as amended).

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Chief Constable for Suffolk in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the Chief Finance Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Chief Constable's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Chief Finance Officer with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Chief Constable's ability to continue as a going concern.

## **Other information**

The other information comprises the information included in the '*Statement of Accounts for the year ended 31 March 2022*', other than the financial statements and our auditor's report thereon. The Chief Finance Officer is responsible for the other information contained within the '*Statement of Accounts for the year ended 31 March 2022*'.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

## **Matters on which we report by exception**

We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the entity
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014

- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

In respect of the following, we have matters to report by exception:

- We report to you, if we are not satisfied that the Group and the Chief Constable has made proper arrangements for securing economy, efficiency, and effectiveness in the use of resources for the year ended 31 March 2022.

On the basis of our work, having regard to the Code of Audit Practice 2020 and the guidance issued by the Comptroller and Auditor General in December 2021, we have identified the following significant weakness in the Group and the Chief Constable's arrangements for the year ended 31 March 2022.

### **Significant weakness in arrangements**

During 2022/23, the Chief Constable identified two incidents of breaches in data protection. These breaches were related to the handling of personal data in responses to Freedom of Information (FOI) requests that were provided in 2018 and during 2021 and 2022. The Chief Constable reported the incidents to Information Commissioner's Office (ICO) in November 2022 and January 2023 respectively.

Following the incidents, management instigated procedures to identify and notify all data subjects and undertook immediate actions and changes to the controls and procedures in handling FOI requests. In September 2023, the Chief Constable conducted an internal investigation to establish circumstances leading to the data breaches and to identify any learning as well as making recommendations to prevent further breaches. The internal investigation established that weaknesses in internal controls and inadequacies in the data protection procedures contributed to the data breaches.

In forming our assessment, we have considered and reviewed:

- The internal investigation report and the immediate mitigation report issued by the Police and Crime Commissioner / the Chief Constable,
- Correspondence between the Chief Constable and ICO, and
- Management's assessment of the financial reporting implications of the data breaches.

Inadequate controls over FOI requests and data protection exposes the Chief Constable to breaches of legislation, as well as potentially significant losses and reputational damage.

The Chief Constable has taken action to remedy the situation and has disclosed an event after the reporting period in its 2021/22 financial statements.

We recommend the Chief Constable:

- Implement the recommendations from the internal investigation report to address the weaknesses in internal controls and inadequacies in the data protection procedures as a priority.

- Put arrangements in place to ensure that any suspected non-compliance of regulations from any department are reported to internal and external audit as soon as they are identified.
- Address any suspected non-compliance with regulations in a timely manner by reporting any such concerns to a suitable Committee of the Chief Constable, ensuring action plans to address any non-compliance are progressed in a timely manner.

This issue is evidence of weaknesses in proper arrangements for governance, including how the body ensures it makes informed decisions and properly managements its risk, particularly:

- how the body monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud;
- how the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements.

### **Responsibilities of the Chief Finance Officer**

As explained more fully in the '*Statement of Responsibilities for the Statement of Accounts*' set out on page 1, the Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, and for being satisfied that they give a true and fair view and for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

## **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Chief Constable and determined that the most significant are:

- Local Government Act 1972,
- Local Government Act 2003,
- The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 as amended in 2018 and 2020,
- The Local Audit and Accountability Act 2014,
- The Accounts and Audit Regulations 2015,
- The Police Reform and Social Responsibility Act 2011,
- Anti-social behaviour, Police and Crime Act 2014,
- Police Pensions scheme regulations 1987,
- Police Pensions regulations 2006; and
- Police Pensions regulations 2015.

In addition, the Chief Constable has to comply with laws and regulations in the areas of anti-bribery and corruption, data protection, employment legislation, tax legislation, general power of competence, procurement and health & safety.

We understood how the Chief Constable is complying with those frameworks by understanding the incentive, opportunities and motives for non-compliance, including inquiring of Management, the Head of Internal Audit, those charged with governance, the Joint Audit Committee and obtaining and reading documentation relating to the procedures in place to identify, evaluate and comply with laws and regulations, and whether they are aware of instances of non-compliance.

We corroborated this through reading the Chief Constable's committee minutes, policies and procedures and other information. Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures had a focus on compliance with the accounting framework through obtaining sufficient audit evidence in line with the level of risk identified and with relevant legislation.

We assessed the susceptibility of the Chief Constable's financial statements to material misstatement, including how fraud might occur by understanding the potential incentives and pressures for management to manipulate the financial statements, and performed procedures to understand the areas in which this would most likely arise. Based on our risk assessment procedures, we identified, inappropriate capitalisation of revenue expenditure and management override of controls to be our fraud risks.

To address our fraud risk of inappropriate capitalisation of revenue expenditure we tested the Chief Constable's capitalised expenditure to ensure the capitalisation criteria were properly met and the expenditure was appropriate.



To address our fraud risk of management override of controls, we tested specific journal entries identified by applying risk criteria to the entire population of journals. For each journal selected, we tested the appropriateness of the journal and that it was accounted for appropriately. We assessed accounting estimates for evidence of management bias and evaluated the business rationale for significant unusual transactions.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in December 2021, as to whether the Chief Constable had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Chief Constable put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

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

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

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

### **Delay in certification of completion of the audit**

We cannot formally conclude the audit and issue an audit certificate until we have issued our Auditor's Annual Report for the year ended 31 March 2022. We have completed our work on the value for money arrangements and will report the outcome of our work in our commentary on those arrangements within the Auditor's Annual Report.

Until we have completed these procedures, we are unable to certify that we have completed the audit of the accounts in accordance with the requirements of the Local Audit and Accountability Act 2014 (as amended) and the Code of Audit Practice issued by the National Audit Office.



**Use of our report**

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

MARK HODGSON  
ERNST & YOUNG LLP .....

Date: 17<sup>th</sup> April 2024

**Mark Hodgson (Key Audit Partner)**  
Ernst & Young LLP (Local Auditor)  
Cambridge

# Statement of Responsibilities for the Statement of Accounts

## The Chief Constable of Suffolk Constabulary's Responsibilities

The Chief Constable for Suffolk must:

- Arrange for the proper administration of the Chief Constable's financial affairs and ensure that one of its officers has the responsibility for the administration of those affairs. That officer is the Chief Finance Officer of the Chief Constable.
- Manage its affairs to ensure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.
- Ensure that there is an adequate Annual Governance Statement.

## Approval of Statement of Accounts

I approve the following Statement of Accounts



**Rachel Kearton**

**16 April 2024**

Chief Constable of Suffolk  
Constabulary

## The Chief Finance Officer of the Chief Constable Responsibilities

The CFO to the Chief Constable is responsible for preparing the Statement of Accounts for the Chief Constable of Suffolk Constabulary in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom based on International Financial Reporting Standards ("the Code").

In preparing this statement of accounts, the CFO to the Chief Constable has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Code and its application to local authority accounting.

The CFO to the Chief Constable has also:

- Kept proper accounting records which were up to date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that this statement of accounts has been prepared in accordance with proper accounting practice and presents a true and fair view of the financial position of the Chief Constable of Suffolk Constabulary at 31 March 2022, and its income and expenditure for the year to that date.



**Kenneth Kilpatrick**

**16 April 2024**

Chief Finance Officer to the Chief Constable

## NARRATIVE REPORT

This narrative report provides the following information about the Chief Constable of Suffolk Constabulary:

1. Policing context
2. Governance
3. Risks
4. Non-financial performance 2021/22
5. Financial performance 2021/22
6. Coronavirus pandemic
7. Outlook
8. Basis of preparation

### 1. Policing Context

#### The Chief Constable of Suffolk

Under the *Police Reform and Social Responsibility Act 2011* the Police and Crime Commissioner for Suffolk (PCC) and the Chief Constable of Suffolk Constabulary were established as separate legal entities. The responsibilities of the Chief Constable include:

- **Overall responsibility** for leading Suffolk Constabulary, creating a vision and setting direction and culture that builds public and organisational confidence and trust, and enables the delivery of a professional, effective and efficient policing service.
- **Direct accountability** for the operational delivery of policing services and the effective command and leadership of the policing response to crime, and major and critical incidents.
- **Fulfilling all statutory and legal obligations** of the office of Chief Constable and complying with the PCC's Scheme of Governance and Consent that determine the Constabulary's governance arrangements.

For accounting purposes, the PCC for Suffolk is the parent entity of the Chief Constable of Suffolk ('the Constabulary') and together they form the Suffolk PCC Group ('the Group').

#### Accountability and Performance Panel

The Accountability and Performance Panel is a public meeting chaired by the PCC. Its purpose is to hold the Chief Constable to account and to enable issues to be discussed and where appropriate make decisions. This includes holding the Chief Constable to account for the management of the funds provided to him for the purpose of policing and the delivery of the strategy and objectives set out in the Police and Crime Plan.

#### Audit Committee

The purpose of the Audit Committee is to provide independent advice and recommendations to the PCC and the Chief Constable on the adequacy of the governance and risk management frameworks, the internal control environment and financial reporting, thereby helping to ensure efficient and effective assurance arrangements are in place.

#### The County of Suffolk

Suffolk is a rural county of eastern England with a land area of approximately 1,466 square miles. Located 60 miles north east of London, it is bordered by Norfolk to the north, Cambridgeshire to the west and Essex to the south. The North Sea marks the eastern border of the county (see [Figure 1](#)).

Figure 1 – Map of the County of Suffolk



Note: Principal police stations are marked in blue

Ipswich is the largest town and is the major economic, social, and cultural hub of the county. Lowestoft, Bury St Edmunds, Newmarket, and Felixstowe also present specific policing needs related to the nature of their industries; such as tourism in Lowestoft, horse racing in Newmarket and Britain’s biggest and busiest seaport in Felixstowe.

Suffolk Constabulary polices an estimated population of 773,553 residents and has grown by approximately 6% over the last 10 years. It is expected to rise over the next five years to almost 790,000, with an increasing ageing population. In 2021 persons aged 65 years were estimated to account for 24% of the population, compared to a projection of 31% for 2043. The proportion of minority ethnic

communities in Suffolk has also risen, from 3% in 2001 to 5% in 2011, with the greatest proportions in Ipswich and Forest Heath (sources: Office for National Statistics and Suffolk Observatory population estimates), with upcoming census data expected to show a further increase. The Constabulary continues to respond to the changing nature of Suffolk’s population by ensuring policies take account of equality and diversity.

Suffolk contains several sites of policing significance including: the Port of Felixstowe, British Telecom Research and Development facility, two US Air Force Bases and Sizewell B nuclear power station. The process to decommission Sizewell A is ongoing, whilst construction of a proposed new nuclear power station at Sizewell C will bring additional policing demands, for which robust plans are under development. In 2021 a freeport area was approved for Felixstowe port, which is likely to generate business opportunities in the coming years.

Tourism plays a key role in Suffolk’s economy and is worth over £2 billion and provides over 40,000 jobs. In 2022, tourism is likely to continue to pick up from lower pandemic levels and may still be influenced by higher numbers of domestic tourists who choose not to travel abroad.

### Collaboration and partnership working

The Police Reform and Social Responsibility Act 2011 places duties on chief officers and policing bodies to keep collaboration activities under review and to collaborate where it is in the interests of the efficiency and effectiveness of their own and other police force areas.

Suffolk Constabulary’s primary partner for collaboration is Norfolk Constabulary. A joint strategy exists which outlines the collaborative vision for Suffolk and Norfolk and provides a strategic framework within which collaborative opportunities are progressed.

The two police forces have an extensive collaboration, with the programme of collaborative work delivering a number of joint units and departments in areas such

as major investigation, protective services, custody, and back-office support functions.

Areas of collaboration outside of Norfolk/ Suffolk include the Eastern Region Special Operations Unit (ERSOU), a specialist unit with a remit for tackling serious and organised crime in the Eastern Region. ERSOU comprises resources from Bedfordshire, Cambridgeshire, Essex, Hertfordshire, Kent, Norfolk, and Suffolk forces.

The same seven police forces and their OPCCs form the seven-force strategic collaboration programme, which is working on areas for wider collaboration and savings with a seven-force commercial services function established from January 2020.

Suffolk is also part of a ten-force consortium for insurance known as the South East and Eastern Regional Police Insurance Consortium (SEERPIC).

### Partnerships

The PCC and Constabulary are involved in many partnership arrangements at a number of levels from strategic boards, such as the Health and Wellbeing Board, to operational working groups. These are aimed at ensuring the PCC and Constabulary fulfil their statutory responsibilities for partnership working, as well as ensuring they continue to be effective and efficient by working together with partners and key stakeholders in providing continued high-quality service delivery.

## 2. Governance

The International Accounting Standards Board framework states that assets, liabilities, and reserves should be recognised when it is probable that any future economic benefits associated with the item will flow to or from the entity. When the OPCC was established, the PCC took responsibility for the finances of the Group and controls the assets, liabilities and reserves that were transferred from the former Police Authority. With the exception of the liabilities for employment and post-employment benefits this position has not changed and these balances are shown on the PCC's balance sheet.

The Scheme of Governance and Consent sets out the roles and responsibilities of the PCC and Chief Constable, and also includes the Financial Regulations and Contract Standing Orders. All contracts and bank accounts are in the name of the PCC. No consent has been granted to the Chief Constable to open bank accounts or hold cash or associated working capital assets or liabilities. This means that all cash, assets and liabilities in relation to working capital are the responsibility of the PCC, with all the control and risk also residing with the PCC. To this end, all working capital is shown in the PCC accounts and consolidated in the Group financial statements.

The PCC receives all income and makes all payments from the Police Fund for the Group and has responsibility for entering into contracts and establishing the contractual framework under which the Constabulary's police officers and police staff operate. The PCC does not permit carry forward of balances by the Chief Constable, or the Constabulary to hold cash-backed reserves.

The Chief Constable fulfils his statutory responsibilities for delivering an efficient and effective police force within an annual budget, which is determined by the PCC. The Chief Constable ultimately has a statutory responsibility for maintaining the Queen's peace and to do this has direction and control over the Constabulary's police officers, police community support officers and police staff. It is recognised that in exercising day-to-day direction and control the Chief Constable will undertake activities, incur expenditure and generate income to allow the Constabulary to operate effectively. A distinction is made between the financial impact of this day-to-day direction and control of the Constabulary and the overarching strategic control exercised by the PCC.

The expenditure and income associated with day-to-day direction and control and the PCC's funding to support the Chief Constable is shown in the Chief Constable's accounts, with the main sources of funding from central government grants and the council tax and the majority of balances shown in the PCC's accounts.

The Chief Constable's Comprehensive Income and Expenditure Statement recognises transactions in respect of police officer and police staff costs and associated operational incomes. The Chief Constable's balance sheet shows

employment and post-employment benefits in accordance with IAS 19 *Employee Benefits*.

### 3. Risks

The Chief Constable maintains a strategic risk register which is reviewed regularly. Risk management policies and procedures are in place to ensure that the risks facing the Chief Constable in achieving objectives are identified, evaluated, and reported.

A joint Suffolk and Norfolk Constabularies' risk management policy includes details of the risk management framework for Suffolk Constabulary. The policy supports a risk management approach for ensuring that strategic objectives are achieved and shows how risk is dealt with by mitigation and / or escalation to the appropriate level within the Constabulary.

All legal requirements for insurance were met and policies were reviewed as necessary as part of the SEERPIC insurance consortium arrangements.

### 4. Non-Financial Performance 2021/22

#### Non-financial performance

As in most police forces in England and Wales, crime reported to and recorded by Suffolk Constabulary has been affected by the Covid-19 pandemic and the resulting measures that were put in place across 2020 and 2021. In the 12 months to the end of March 2022 there were 50,604 recorded crimes, 4.2% lower than the long-term average of 52,796. This decrease compared to the long-term average reflects the impact of those restrictions on opportunities to commit and report crime, however, there has been an increase in volume compared to the previous year (12 months ending March 2021). Since the first national lockdown, considerable efforts have been made by officers and staff to encourage reporting from victims of 'hidden crimes', and those from parts of the community which do not normally report crime

frequently. As a result, increases in serious sexual offences, hate crime and domestic abuse have been recorded despite the overall reduction in recorded crime.

The Constabulary continues to prioritise services to vulnerable and at-risk victims, and perpetrators who cause the highest harm. It continues robust operational responses to the threat of 'county lines' organised crime groups, modern slavery, and sexual crimes against adults and children. Collaborations with Norfolk Constabulary, ERSOU, the 7Force collaboration and other Suffolk agencies and voluntary organisations, and investments in modern technologies such as automated number plate recognition, mobile computing devices and body worn video cameras are critical parts of these responses.

The Constabulary continues to prioritise community issues through investment in its safer neighbourhood teams and the rural crime team. The Suffolk 2025 project continues to develop evidence-based initiatives to reduce demand and improve efficiency, enabling officers to spend more time engaging with communities and responding to local needs.

The Police and Crime Plan 2017/21 lists the following as priorities for tackling crime in Suffolk:

- Child Sexual Abuse
- Domestic Abuse
- Serious Sexual Offences
- Online Crime
- Hate Crime
- Rural Crime
- Business Crime
- Emergency Response
- Public Confidence
- Road Safety

**Table 1** shows the year-end position for selected Police and Crime Plan indicators and compares them with previous years' performance.



**Table 1: Performance against Police and Crime Plan indicators**

Area	Indicator	2018/19	2019/20	2020/21	2021/22
<b>Domestic Abuse</b>	Number of crimes	7,895	8,923	9,358	9,325
	Solved rate	16%	14%	11%	12%
<b>Serious Sexual Offences</b>	Number of crimes	1,891	2,088	1,749	2,262
	Solved rate	6%	5%	6%	5%
<b>Child Sexual Abuse</b>	Number of crimes	1,086	1,125	1,196	1,296
	Solved rate	9%	9%	10%	9%
<b>Business Crime</b>	Number of crimes	7,723	6,990	4,711	5,399
	Solved rate	27%	27%	24%	22%
<b>Hate Crime</b>	Number of crimes	998	906	994	1,092
	Solved rate	16%	16%	18%	13%
<b>Online Crime</b>	Number of crimes	1,377	1,492	2,013	2,152
	Solved rate	11%	11%	10%	11%
<b>Call Handling</b>	999 calls answered in 10 seconds <sup>1</sup>	92%	91%	92%	85%
<b>Emergency Response</b>	Emergencies responded to in target time	91%	91%	92%	88%
<b>Road Safety</b>	Number killed or seriously injured	274	305	228	273

<sup>1</sup> 2018/19 figures are for the period June 2018 to March 2019

Demands on the Constabulary have changed in nature in recent years. There are increasing volumes of complex demand, especially in terms of safeguarding. This is reflected in reduced solved rates against a number of offence types. The Constabulary continues to prioritise the most harmful crime types such as domestic abuse and serious sexual offences and the solved rate for domestic abuse has slightly increased compared to the previous 12 months despite domestic abuse crime demand remaining relatively stable. Performance regarding call handling has decreased in the 12 months to the end of March 2022 and this is likely linked to the continuing increase in 999 demand and the impact of Covid-19 on staffing levels. The Constabulary continues to robustly enforce against road users that speed, fail to wear seatbelts, use mobile phones whilst driving, and drive under the influence of

drink and drugs. Often referred to as the 'fatal four', these offences impact upon the number of people killed and seriously injured in road traffic collisions.

## 5. Financial Performance 2021/22

The gross cost of policing services in 2021/22 was £170.453m this compares to £146.957m in 2020/21. The cost of policing services was offset by income of £11.221m (2020/21: £9.727m) generated from fees, charges and other service income and government grants and contributions. Further information showing the cost of policing services by type of expenditure is provided in Note 5 to the accounts.

Net pensions interest cost, which represents an interest charge on the future pensions' liability was £31.690m (2020/21: £30.806m). The net defined pension liability decreased by £7.050m (2020/21: increase £235.1m) largely due to actuarial gains from changes to the financial assumptions used to calculate the pension liability.

More information on the Constabulary's defined benefit pension schemes is provided in Note 13 to the accounts.

## Annual Governance Statement

The Chief Constable is responsible for conducting a review of the effectiveness of the governance framework, including the system of internal control and management of risk.

This is presented in the Annual Governance Statement 2021/22 that accompanies the Chief Constable's Statement of Accounts. A copy is available on the Constabulary's website at [www.suffolk.police.uk](http://www.suffolk.police.uk).

## 6. Coronavirus Pandemic

Suffolk Constabulary has implemented contingency plans and new ways of working in response to the coronavirus pandemic since March 2020. The Constabulary's operational response has been governed through a three-tier strategic, tactical, and operational command structure headed jointly with Norfolk Constabulary by a

Deputy Chief Constable. A Detective Chief Superintendent took command of the joint operation from June 2021.

This structure remained in place throughout 2021/22. The operational response has been stepped down in line with the lifting of restrictions, government advice and National Police Chiefs Council's guidance and local assessment of risks to officers and staff, and to service delivery. The government continued to reimburse the Constabulary for the costs of medical and non-medical grade PPE in 2021/22.

## 7. Outlook

### Suffolk Constabulary Strategic Plan 2020/23

The Chief Constable published his 3-year strategic plan which sets the Constabulary's priorities for 2020/21 to 2022/23. The plan is consistent with the PCC's Police and Crime Plan 2022/25 and the force management statement, which shows forecast changes in demand over the next four years and any gaps that exist regarding capacity or capability.

The plan contains the following 8 operational and organisational priority outcomes:

#### Operational

- Proactive policing to catch criminals.
- Quality crime investigations to improve service to victims.
- Problem solving with our communities and partners; and
- Building confidence and increasing satisfaction in Suffolk Constabulary.

#### Organisational

- Investing in our people and ensuring we are fit for the future.
- Creating capacity to catch and convict criminals and keep the public safe.
- Leadership based on our values; everyone is a leader; and
- We will be courageous, innovative, and ambitious exploiting technology.

Each priority is assigned to a chief officer and supported by areas of operational and organisational focus and measures of success to monitor performance against outcomes.

### Medium Term Financial Plan 2022/23 to 2025/26

#### Revenue Funding 2022/23

The PCC has published a medium-term financial plan for 2022/23 to 2025/26. A copy is available from the PCC's website.

Funding for policing services has increased from £139.538m in 2021/22 to £149.601m in 2022/23. This will enable the Constabulary to recruit 72 officers by 31 March 2023 as part of the government's commitment to increase officers nationally by 8,000 by the end of 2022/23. Additional precept funding in 2022/23 will support investment in the Constabulary's Contact and Control Room. This will provide the public with a more efficient, effective and modern service when contacting the Constabulary.

Both investments support the PCC's and Chief Constable's strategic plans. Monitoring delivery of improvements in performance from the additional policing resources will be through meetings of the Accountability and Performance Panel chaired by the PCC.

#### Capital Programme 2022/23

The capital programme over the medium-term is driven by the continuing pace of modernisation and ensuring the Constabulary is fit-for-purpose, properly equipped and has an appropriate estate footprint. This includes significant investment in the estate and in refreshing the growing ICT and digital capabilities to drive more efficient and more effective ways of working. The Constabulary's capital expenditure programme for 2022/23 is shown in **Table 2**:

**Table 2: Capital programme 2021/22**

	2022/23
	£000
Estates	1,996
ICT schemes and projects	3,348
Vehicles and equipment	779
<b>Total</b>	<b>6,123</b>

### Future Efficiency and Savings Plans

As a result of service pressures, the Constabulary is required to achieve savings of £2.001m in 2022/23 and a further £3.324m across the remaining 3 years of the MTFP period. The PCC and Chief Constable are jointly committed to providing the best possible policing service across Suffolk whilst at the same time increasing efficiency and reducing costs.

### Inflationary Pressures

The UK economy is experiencing a significant rise in inflation driven by a sharp increase in energy prices from both the oil and gas sector. It is also being driven by increases in expenditure after the easing of Covid restrictions and are set against continuing problems with supply chains post Covid. Forecast levels of inflation in 2022/23 exceed those budgeted in the MTFP and are likely to exceed assumptions used to build the MTFP funding requirement and savings targets over the remaining 3 years.

Some inflationary pressures have been budgeted for. For example, the impact of higher energy costs has been built into 2022/23 budgets. Other pressures, such as those from higher fuel costs following the conflict in Ukraine, have not as their impact was not foreseen when the MTFP was approved in January 2022. Full-year expenditure forecasts are prepared monthly and will monitor the impact of inflation during the financial year. The impact of inflation will be mitigated through a combination of measures. These include the reallocation of underspends during the

financial year, reprioritisation of planned activities during 2022/23 and the reallocation of budgets where appropriate or the use of reserves. Inflationary assumptions will be reconsidered when setting the budget for 2023/24.

## 8. Basis of Preparation

### Going Concern

These accounts are prepared on a going concern basis, which assumes that the Chief Constable of Suffolk and the Constabulary will continue in operation for the foreseeable future in accordance with the Accounts and Audit Regulations 2015 and the CIPFA Code of Practice on Local Authority Accounting 2021/22. Further information is provided in Note 17 of the financial statements.

### Explanation of financial statements

The Statement of Accounts 2021/22 for the Chief Constable of Suffolk are set out on the following pages. The purpose of individual primary statements is explained below:

- **Comprehensive Income and Expenditure Statement** records all of the Chief Constable's income and expenditure for the year. This is in line with CIPFA guidance and aligned to in-year internal reporting of income and expenditure.
- **Balance Sheet** is a statement of the financial position at 31 March, showing the assets, liabilities and reserves at that date.
- **Movement in Reserves Statement** shows the movement in the year on the different reserves held by the Chief Constable. The statement shows the adjustments required between accounting on a funding basis and a reporting basis.

- **Cash Flow Statement** shows the reason for changes in cash balances during the year and sets out whether the change is due to operating activities, new investment, or financing activities.

The accounting policies are disclosed in Note 1 of the financial statements.

A handwritten signature in black ink that reads "Kenneth Kilpatrick". The signature is written in a cursive, slightly slanted style.

**Kenneth Kilpatrick**

Chief Finance Officer to the Chief Constable

## Comprehensive Income and Expenditure Statement for the year ended 31 March 2022

Gross Expenditure 2020/21 £000	Income 2020/21 £000	Net Expenditure 2020/21 £000		Gross Expenditure 2021/22 £000	Income 2021/22 £000	Net Expenditure 2021/22 £000
			<b>Division of Service:</b>			
146,957	(9,727)	137,230	Constabulary	170,453	(11,221)	159,232
<b>146,957</b>	<b>(9,727)</b>	<b>137,230</b>	<b>Net Cost of Police Services before group funding</b>	<b>170,453</b>	<b>(11,221)</b>	<b>159,232</b>
-	(140,681)	(140,681)	Intra-group funding	4	(147,599)	(147,599)
<b>146,957</b>	<b>(150,408)</b>	<b>(3,451)</b>	<b>Net Cost of Police Services</b>	<b>170,453</b>	<b>(158,820)</b>	<b>11,633</b>
			<b>Financing and Investment Income and Expenditure:</b>			
30,806	-	30,806	Net pensions interest cost	13	31,690	-
<b>30,806</b>	<b>-</b>	<b>30,806</b>	<b>Total Financing and Investment Income and Expenditure</b>	<b>31,690</b>	<b>-</b>	<b>31,690</b>
		<b>27,355</b>	<b>Deficit on the Provision of Services</b>			<b>43,323</b>
			<b>Other Comprehensive Income and Expenditure:</b>			
		208,148	Remeasurements of the net defined benefit liability	13		(50,409)
		<b>208,148</b>	<b>Total Other Comprehensive Income and Expenditure</b>			<b>(50,409)</b>
		<b>235,503</b>	<b>Total Comprehensive (Income) and Expenditure</b>			<b>(7,086)</b>

**Balance Sheet as at 31 March 2022**

31 March 2021 £000		Notes	31 March 2022 £000
(1,288)	Short-term creditors and accruals	14	(1,253)
(1,288)	<b>Current Liabilities</b>		(1,253)
(1,576,495)	Pensions liability	13	(1,569,445)
(1,576,495)	<b>Long Term Liabilities</b>		(1,569,445)
<b>(1,577,784)</b>	<b>Total Liabilities</b>		<b>(1,570,699)</b>
<b>(1,577,784)</b>	<b>Net Liabilities</b>		<b>(1,570,699)</b>
-	Usable reserves	Page 12	-
(1,577,784)	Unusable reserves	Page 12	(1,570,699)
<b>(1,577,784)</b>	<b>Total Reserves</b>		<b>(1,570,699)</b>

These financial statements replace the unaudited statements issued on 22 July 2022.



Kenneth Kilpatrick

16 April 2024

Chief Finance Officer to the Chief Constable



## Movement in Reserves Statement for the year ended 31 March 2022

	General Fund Balance	Total Usable Reserves	Pension Reserves	Comp' Absences Account	Total Unusable Reserves	Total Reserves
Note	£000	£000	£000	£000	£000	£000
<b>Balance at 1 April 2021</b>	-	-	(1,576,495)	(1,289)	(1,577,784)	(1,577,784)
<b>Movement in Reserves during 2021/22</b>						
Deficit on provision of services	Page 10 (43,323)	(43,323)	-	-	-	(43,323)
Other comprehensive income and expenditure	Page 10 -	-	50,409	-	50,409	50,409
<b>Total comprehensive income and expenditure</b>	<b>(43,323)</b>	<b>(43,323)</b>	<b>50,409</b>	<b>-</b>	<b>50,409</b>	<b>7,086</b>
Difference between IAS 19 pension costs and those calculated in accordance with statutory requirements	61,406	61,406	(61,406)	-	(61,406)	-
Contribution to the Police Pension Fund	(18,048)	(18,048)	18,048	-	18,048	-
Increase / (decrease) on the Compensated Absences Account	(35)	(35)	-	35	35	-
<b>Adjustments between accounting basis and funding basis under regulations</b>	<b>43,323</b>	<b>43,322</b>	<b>(43,358)</b>	<b>35</b>	<b>(43,322)</b>	<b>(0)</b>
<b>Increase / (decrease) in year</b>	<b>-</b>	<b>-</b>	<b>7,051</b>	<b>35</b>	<b>7,086</b>	<b>7,087</b>
<b>Balance at 31 March 2022</b>	<b>-</b>	<b>-</b>	<b>(1,569,445)</b>	<b>(1,253)</b>	<b>(1,570,699)</b>	<b>(1,570,699)</b>
<b>Balance at 1 April 2020</b>	<b>-</b>	<b>-</b>	<b>(1,341,401)</b>	<b>(882)</b>	<b>(1,342,282)</b>	<b>(1,342,282)</b>
<b>Movement in Reserves during 2020/21</b>						
Deficit on provision of services	Page 10 (27,355)	(27,355)	-	-	-	(27,355)
Other comprehensive income and expenditure	Page 10 -	-	(208,148)	-	(208,148)	(208,148)
<b>Total comprehensive income and expenditure</b>	<b>(27,355)</b>	<b>(27,355)</b>	<b>(208,148)</b>	<b>-</b>	<b>(208,148)</b>	<b>(235,503)</b>
Difference between IAS 19 pension costs and those calculated in accordance with statutory requirements	44,554	44,554	(44,554)	-	(44,554)	-
Contribution to the Police Pension Fund	(17,606)	(17,606)	17,606	-	17,606	-
Increase / (decrease) on the Compensated Absences Account	407	407	-	(407)	(407)	-
<b>Adjustments between accounting basis and funding basis under regulations</b>	<b>27,355</b>	<b>27,355</b>	<b>(26,948)</b>	<b>(407)</b>	<b>(27,355)</b>	<b>-</b>
<b>Increase / (decrease) in year</b>	<b>-</b>	<b>-</b>	<b>(235,096)</b>	<b>(407)</b>	<b>(235,502)</b>	<b>(235,502)</b>
<b>Balance at 31 March 2021</b>	<b>-</b>	<b>-</b>	<b>(1,576,495)</b>	<b>(1,289)</b>	<b>(1,577,784)</b>	<b>(1,577,784)</b>

## Cash Flow Statement for the year ended 31 March 2022

2020/21 £000		Note	2021/22 £000
(27,355)	<b>Deficit on the Provision of Services</b>	<b>Page 10</b>	<b>(43,323)</b>
	<b>Adjustment for non-cash or cash equivalent movements</b>		
26,948	Movements on pension liability		43,358
407	Increase / (decrease) in creditors		(35)
<b>27,354</b>	<b>Net adjustment for non-cash or cash equivalent movements</b>		<b>43,323</b>
-	<b>Net increase or (decrease) in cash and cash equivalents</b>		-
-	Cash and cash equivalents at the beginning of the period		-
-	<b>Cash and cash equivalents at the end of the period</b>		-

## Expenditure and Funding Analysis

The Expenditure and Funding Analysis is a note to the Financial Statements; however, it is positioned here as it provides a link from the figures reported in the Narrative Report to the CIES.

<b>Net Expenditure Chargeable to the General Fund Balances</b>	<b>Adjustments between Funding and Accounting Basis</b>	<b>Net Expenditure in the CIES</b>		<b>Net Expenditure Chargeable to the General Fund Balances</b>	<b>Adjustments between Funding and Accounting Basis</b>	<b>Net Expenditure in the CIES</b>
<b>2020/21</b>	<b>2020/21</b>	<b>2020/21</b>		<b>2021/22</b>	<b>2021/22</b>	<b>2021/22</b>
<b>£000</b>	<b>£000</b>	<b>£000</b>		<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Year Ended 31 March</b>						
123,075	14,154	137,230	Constabulary	129,551	29,682	159,232
(140,681)	-	(140,681)	Intra-group funding	(147,599)	-	(147,599)
<b>(17,606)</b>	<b>14,154</b>	<b>(3,451)</b>	<b>Net Cost of Police Services</b>	<b>(18,048)</b>	<b>29,682</b>	<b>11,633</b>
17,606	13,200	30,806	Other income and expenditure	18,048	13,642	31,690
-	<b>27,355</b>	<b>27,355</b>	<b>Deficit on the Provision of Services</b>	-	<b>43,323</b>	<b>43,323</b>
-			Opening general fund balance at 1 April	-		
-			<b>Closing General Fund Balance at 31 March</b>	-		

## Notes to the Financial Statements

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## 1. Accounting Policies

### General principles

The Statement of Accounts summarises the Chief Constable's transactions for the 2021/22 financial year and its position at the year-end of 31 March 2022. The Chief Constable is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which those Regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code, supported by International Financial Reporting Standards (IFRS).

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

### Cost recognition and intra-group adjustment

Refer to Note 4 for further details.

### Recognition of working capital

The Scheme of Governance and Consent sets out the roles and responsibilities of the Police and Crime Commissioner and the Chief Constable, and also includes the Financial Regulations and Contract Standing Orders. As per these governance documents all contracts and bank accounts are in the name of the PCC. No consent has been granted to the Chief Constable to open bank accounts or hold cash or associated working capital assets or liabilities. This means that all cash, assets and liabilities in relation to working capital are the responsibility of the PCC, with all the control and risk also residing with the PCC. To this end, all working capital is shown in the accounts of the PCC and the Group.

### Accruals of income and expenditure

Activity is accounted for in the year that it takes place, not in the financial period in which cash payments are paid or received.

### Debtors and creditors

Revenue and capital transactions are included in the accounts on an accruals basis. Where goods and services are ordered and delivered by the year-end, the actual or estimated value of the order is accrued. With the exception of purchasing system generated accruals, a de-minimis level of £1,000 is set for year-end accruals of

purchase invoices, except where they relate to grant funded items, where no de-minimis is used. Other classes of accrual are reviewed to identify their magnitude. Where the inclusion or omission of an accrual would not have a material impact on the Statement of Accounts, either individually or cumulatively, it is omitted.

### Employee benefits

#### Benefits payable during employment

Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees. An accrual is made for the cost of annual leave entitlements earned by employees but not taken before the year end. The accrual is made at the most recent wage and salary rates applicable.

#### Termination benefits

Termination benefits are amounts payable as a result of a decision by the entity to terminate an employee's employment before the normal retirement date or an employee's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service segment or, where applicable, to a corporate service segment at the earlier of when the entity can no longer withdraw the offer of those benefits or when the entity recognises costs for a restructuring. Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the entity to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the MIRS, 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.

#### Post-employment benefits

Officers have the option of joining the Police Pension Scheme 2015. Civilian employees have the option of joining the Local Government Pension Scheme (LGPS), administered by Suffolk County Council. Some officers are still members of the Police Pension Scheme 1987 and the New Police Pension Scheme 2006, where transitional protection applies. All of the schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees work for the Constabulary, all of the schemes are accounted for as defined benefit schemes.

The liabilities attributable to the Chief Constable of all four schemes are included in the Balance Sheet on an actuarial basis using the projected unit credit method, i.e. an assessment of the future payments that will be made in relation to retirement benefits (including injury benefits on the Police Schemes) earned to date by officers and employees, based on assumptions about mortality rates, employee turnover rates etc., and projections of earnings for current officers and employees.

Liabilities are discounted to their value at current prices, using a discount rate specified each year by the actuaries.

The assets of the LGPS attributable to the Chief Constable are included in the Balance Sheet at their fair value as follows:

- Quoted securities – current bid price.
- Unquoted securities – professional estimate.
- Unitised securities – current bid price.
- Property – market value.

All three of the police schemes are unfunded and therefore do not have any assets. Benefits are funded from the contributions made by currently serving officers and a notional employer's contribution paid from the general fund; any shortfall is partially topped up by a grant from the Home Office.

The change in the net pensions liability is analysed into six components:

- Current service cost – the increase in liabilities as a result of years of service earned this year, it is debited to the net cost of policing in the Comprehensive Income and Expenditure Statement (CIES). The current service cost is based on the latest available actuarial valuation.
- Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years. Past service costs are debited to the net cost of policing in the CIES.
- Interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid. It is charged to the Financing and Investment Income and Expenditure line in the CIES. The interest cost is based on the discount rate and the present value of the scheme liabilities at the beginning of the period.
- The return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- 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. They are charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

- Contributions paid to the four pension funds – cash paid as employer's contributions to the pension fund in settlement of liabilities. These are not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amounts payable by the Chief Constable to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. This means that in the MIRS 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 Pension Reserve thereby measures the beneficial impact on 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 entity 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 (including injury awards for police officers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

The Chief Constable makes payments to police officers in relation to injury awards, and the expected injury awards for active members are valued on an actuarial basis.

#### **Events after the reporting period**

Events after the reporting period 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. However,



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**

All government grants are received in the name of the PCC. However, where grants and contributions are specific to expenditure incurred by the Chief Constable, they are recorded as income within the Chief Constable's accounts. Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Chief Constable when there is reasonable assurance that:

- The Chief Constable will comply with the conditions attached to the payments, and
- The grants or contributions will be received.

Amounts recognised as due to the Chief Constable are not credited to the CIES until conditions attaching to the grant or contribution have 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 within creditors as government grants received in advance. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants / contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the CIES.

Where capital grants are credited to the CIES, they are reversed out of the General Fund balance in the MIRS. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Account. Where it has been applied, it is posted to the Capital Adjustment Account.

### **Joint operations**

Joint operations are activities undertaken by the Chief Constable in conjunction with other bodies, which involve the use of his resources or those of the other body, rather than the establishment of a separate entity. The Chief Constable recognises

the liabilities that he incurs and debits and credits the CIES with his share of the expenditure incurred and income earned from the activity of the operation.

### **Private Finance Initiative (PFI) and similar contracts**

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.

The amounts payable to the PFI operators each year are analysed into five elements; only the fair value of the services received during the year is debited to the Chief Constable's net cost of policing in the CIES. The other elements are only shown in the PCC and Group accounts.

### **Contingent Liabilities**

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

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

### **Reserves**

The Chief Constable sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund balance in the MIRS. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the CIES. The reserve is then appropriated back into the General Fund balance in the MIRS so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Chief Constable – these reserves are explained in the following paragraph:

### Pension Reserve

The Pension Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Chief Constable accounts for post-employment benefits in the CIES 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 Chief Constable makes employer's contributions to pension funds or eventually pay any pensions for which they are directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall between the benefits earned by past and current employees and the resources the Chief Constable has 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.

### **Value Added Tax**

VAT payable is included as an expense or capitalised only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income. Where the VAT is irrecoverable it is included in the relevant service line of the Chief Constable's CIES, or if the expenditure relates to an asset, is capitalised as part of the value of that asset. Irrecoverable VAT is VAT charged which under legislation is not reclaimable.

### **Going Concern**

The Code stipulates that the financial statements of local authorities that can only be discontinued under statutory prescription shall be prepared on a going concern basis. This assumption is made because local authorities carry out functions essential to the local community, and cannot be created or dissolved without statutory prescription. Transfers of services under combinations of public sector bodies do not negate the presumption that the financial statements shall be prepared on a going concern basis of accounting. However, in order to assist External Audit with establishing their going concern conclusion, a review of going concern is carried out by management.

## **2. Accounting Standards That Have Been Issued But Have Not Yet Been Adopted**

The Financial Statements have been prepared in accordance with the Code, which is based on International Financial Reporting Standards (IFRSs).

The amendments required to be adopted under the 2022/23 Code are:

- Annual Improvements to IFRS Standards 2018–2020. The annual IFRS improvement programme notes 4 changed standards:
  - IFRS 1 (First-time adoption) – amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS
  - IAS 37 (Onerous contracts) – clarifies the intention of the standard
  - IFRS 16 (Leases) – amendment removes a misleading example that is not referenced in the Code material
  - IAS 41 (Agriculture) – one of a small number of IFRSs that are only expected to apply to local authorities in limited circumstances.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).

Note that this is based on the current position as agreed by CIPFA/LASAAC but the Code has not yet been subject to full due process so this might be subject to change.

Application of the Standards referred to above, as adopted by the Code, is required by 1 April 2022, and these standards will be initially adopted as at 1 April 2022, where applicable. The Code requires changes in accounting policy to be applied retrospectively unless alternative transitional arrangements are specified in the Code.

It is not expected that the adoption of any of the standards listed above will have a material effect on the 2022/23 financial statements.

Implementation of the new leasing standard, IFRS 16 Leases, had previously been deferred from 2020/21 for one year due to the impact of the Covid-19 global pandemic. However, due to the continued widespread impact of the pandemic, and resulting pressures on external audit and finance teams, the CIPFA/LASAAC Local Authority Accounting Code Board agreed to defer the implementation of this standard for a further three years in total. This will mean the effective date for implementation is now 1 April 2024. Local Government bodies can elect to

implement the standard from 1 April 2022 if desired. The PCC for Suffolk is in a good position to adopt the standard early, however a final decision will be made following discussion with the external auditors and once all factors are considered.

### 3. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the PCC has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the statement of accounts are:

- The budget is set by the PCC and provides the Chief Constable with the authority to incur expenditure. There are still uncertainties about the future funding beyond 2022/23 in regard of what the PCC will receive from the government and the limitations around the precept. The PCC and the Chief Constable are working together to mitigate the impact of the funding gap emerging over the period of the Medium-Term Financial Plan, the impact of which will be realised in the budget set by the PCC.
- The allocation of transactions and balances between the PCC and the Chief Constable has been set out in the Narrative Report to these accounts.
- The PCC has a significant number of assets including those under PFI arrangements. The PCC has the responsibility, control and risk in terms of the provision of those assets. Consequently, a critical judgement has been made to show any connected grant funding (e.g. for PFI) and the capital and financing costs of the provision of those assets in the PCC account. As the Chief Constable utilises the assets on a day-to-day basis, the officers and staff of the Chief Constable have responsibility for the use of the consumables, heating and lighting and so forth. Consequently, these costs are shown in the Chief Constable accounts including the service charges element of the PFI.
- Costs of pension arrangements require estimates assessed by independent qualified actuaries 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 the 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.
- In respect of the LGPS police staff pension costs, separate actuarial valuations have been carried out to provide the accounting entries for the PCC and the Chief Constable in 2021/22 and are reflected in the financial statements.

#### **4. Intra-group Funding Arrangement Between the PCC and Chief Constable**

The background and principles that underpin the accounting arrangements and create the need for an intra-group adjustment have been set out in the Narrative Report.

The PCC received all funding on behalf of the Group; at no time, under the current arrangements, does the Chief Constable hold any cash or reserves. However, it is felt that to accurately represent the substance of the financial impact of the day-to-day control exercised by the Chief Constable over policing it is necessary to capture the costs associated with this activity in the Chief Constable's CIES. A consequence of this is that the employment liabilities associated with police officers and police staff are also contained in the Chief Constable's CIES and the accumulative balances are held on the Chief Constable's Balance Sheet. All other assets and liabilities are held on the PCC's Balance Sheet.

Whilst no actual cash changes hands the PCC has undertaken to fund the resources consumed by the Chief Constable. The PCC effectively makes all payments from the Police Fund. To reflect this position in the Accounts, funding from the PCC offsets cost of service expenditure contained in the Chief Constable's CIES. This intra-group adjustment is mirrored in the PCC's CIES. The financial impact associated with the costs of the employment liabilities are carried on the balance sheet in accordance with the Code and added to the carrying value of the Pensions Liability and Accumulated Absences Liability.

## 5. Notes to the Expenditure and Funding Analysis

### Adjustments between the CIES and the General Fund

Adjustment for Capital Purposes	Net Change for the Pensions Adjustments	Other Differences	Total Adjustments		Adjustment for Capital Purposes	Net Change for the Pensions Adjustments	Other Differences	Total Adjustments
£000	£000	£000	2020/21 £000		£000	£000	£000	2021/22 £000
<b>Year Ended 31 March</b>								
-	13,748	407	14,154	Constabulary	-	29,716	(35)	29,682
-	<b>13,748</b>	<b>407</b>	<b>14,154</b>	<b>Net Cost of Police Services</b>	-	<b>29,716</b>	<b>(35)</b>	<b>29,682</b>
-	13,200	-	13,200	Other income and expenditure	-	13,642	-	13,642
<b>Difference between General Fund Deficit/(Surplus) &amp; CIES Deficit/(Surplus)</b>								
-	<b>26,948</b>	<b>407</b>	<b>27,354</b>		-	<b>43,358</b>	<b>(35)</b>	<b>43,323</b>

### Expenditure and Income Analysed by Nature

2020/21 £000	2021/22 £000
<b>Expenditure</b>	
125,003 Employee benefits expenses	145,924
21,954 Other service expenditure	24,529
30,806 Net pensions interest cost	31,690
<b>177,763 Total Expenditure</b>	<b>202,143</b>
<b>Income</b>	
(6,737) Fees, charges and other service income	(8,708)
(2,990) Government grants and contributions	(2,513)
<b>(9,727) Total Income</b>	<b>(11,221)</b>
<b>168,036 Deficit on the Provision of Services before Intra Group funding</b>	<b>190,922</b>
(140,681) Intra Group Funding	(147,599)
<b>27,355 Deficit on the Provision of Services</b>	<b>43,323</b>

## 6. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

### Pensions Liability

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Actuaries are engaged to provide the PCC and Chief Constable with expert advice about the assumptions to be applied. The effects on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.5% (PPS), 0.1% (LGPS) decrease in the discount rate assumption would result in an increase in the pension liability of £151.7m.

The value of the LGPS pension fund assets is calculated by the actuary as part of the formal triennial valuation process, and rolled forward to the balance sheet date, allowing for any movements in the year. These movements include investment returns, which may be estimated where necessary. However, the figure for 2021/22 incorporates actual returns for the full year to 31 March 2022.

## 7. Events after the Reporting Period

Events after the reporting period have been considered for the period from the year end to the date the accounts were authorised for issue on 16 April 2024.

Subsequent to the balance sheet date the Constabulary was made aware of data breaches containing personal information within Freedom of Information Act disclosures. At the time of publication all practicable steps have been made to inform notifiable data subjects however, it is not possible to estimate the number of liability claims that may arise or whether associated settlement amounts would indicate the necessity of a material provision in the Statement of Accounts in respect of these breaches.

In line with the Local Government Pension Scheme Regulations 2023 ("The Regulations"), the Suffolk Pension Fund's actuary undertakes a funding valuation every three years for the purpose of setting employer contribution rates for forthcoming triennial period. The latest valuation took place as at 31 March 2022, and the Chief Constable received the results of the 2022 valuation exercise on 24 April 2023. Information relating to the valuation exercise is shown in Note 13.

## 8. Related Parties

The Chief Constable is required to disclose material transactions with bodies or individuals that have the potential to control or influence the Chief Constable or to be controlled or influenced by the Chief Constable.

During 2021/22 there were no material related party transactions involving senior officers of the Constabulary, other than those included under employees' remuneration set out in Note 9 of these financial statements. All Chief Officers have been written to requesting details of any related party transactions and there are no disclosures.

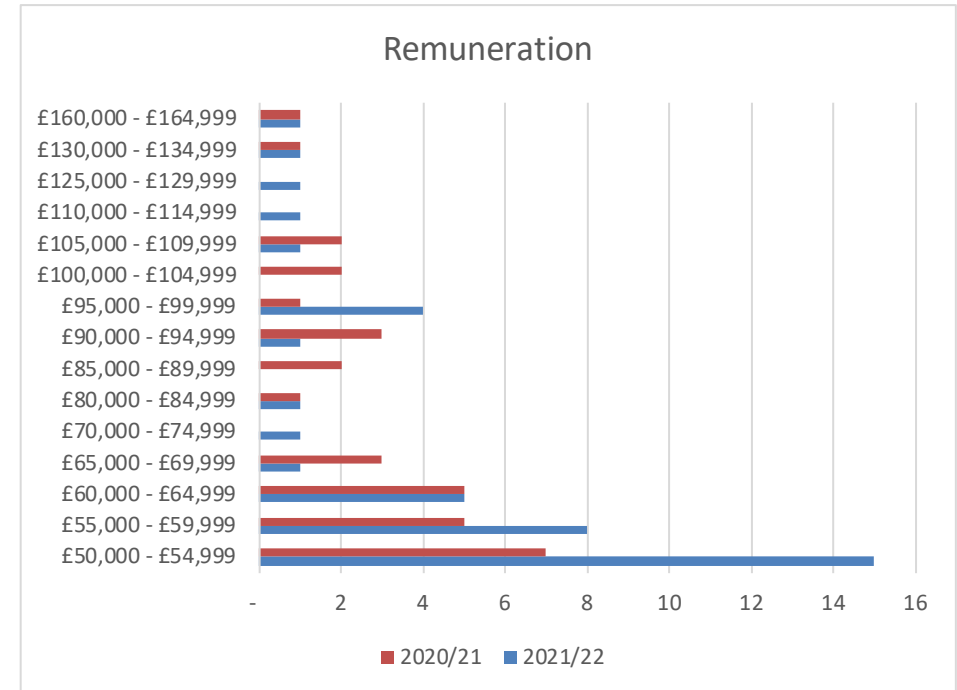
Central Government has effective control over the general operations of the Chief Constable, it is responsible for providing the statutory framework within which the Chief Constable operates, provides the majority of its funding and prescribes the terms of many of the transactions that the Chief Constable has with other parties. Income from central government is set out in Note 10 of these financial statements.

Norfolk and Suffolk Constabularies have implemented significant collaborative arrangements, these are fully disclosed in Note 15.

No other material transactions with related parties have been entered into except where disclosed elsewhere in the accounts.

## 9. Employees' Remuneration

The numbers of employees and senior police officers whose remuneration exceeded £50k in 2021/22 were as follows:



“Remuneration” is defined, by regulation, as “all amounts paid to or receivable by an employee and includes sums due by way of expenses allowance (so far as those sums are chargeable to United Kingdom income tax) and the estimated money value of any other benefits received by an employee otherwise than in cash.”

In the above bandings, there were no payments for loss of office made to employees.

In addition to the above, the Accounts and Audit Regulations 2015 require a detailed disclosure of employees' remuneration for relevant senior police officers, certain statutory and non-statutory chief officers and other persons with a responsibility for management of the Constabulary. The officers listed in the following table are also included in the above banding disclosure note.

	Salaries Fees and Allowances £000	Employers Pension Contributions £000	Expenses £000	Total £000
<b>2021/22</b>				
<b>Position held</b>				
Chief Constable - Stephen Jupp	162	-	-	162
Deputy Chief Constable	135	38	-	173
Assistant Chief Constable	126	37	-	163
Temporary Assistant Chief Constable (from 14.6.21)	109	28	-	137
Assistant Chief Officer	111	22	-	133
<b>2020/21</b>				
<b>Position held</b>				
Chief Constable - Stephen Jupp	161	-	-	161
Deputy Chief Constable	134	38	-	172
Assistant Chief Constable (from 11.05.20)	105	31	-	136
Temporary Assistant Chief Constable (to 31.08.20)	101	16	-	117
Temporary Assistant Chief Constable (to 25.09.20)	66	16	-	82
Assistant Chief Officer	110	23	-	133

During 2021/22, a chief officer from Norfolk Constabulary acted as an Assistant Chief Constable (ACC) until 13.6.21 in a joint capacity, Suffolk Constabulary contributed 43.3% towards the cost of this post.

From 14.6.21 a Suffolk Constabulary officer acted as a Temporary ACC in a joint capacity, Norfolk Constabulary contributed 56.7% towards the cost of this post.

The Regulations also require disclosure of compensation for loss of employment and other payments to relevant police officers. No amounts were paid to the above officers in respect of these categories.

## Exit Packages

The number of exit packages with a total cost per band and total cost of compulsory and other redundancies are set out in the table below. 2020/21 values include the reversal of an over provision made in 2019/20.

Exit Package Cost Band including Special Payments £000	Number of Other Agreed Departures		Total Number of Exit Packages		Total Value of Exit Packages	
	2021/22	2020/21	2021/22	2020/21	2021/22 £000	2020/21 £000
0 - 20	1	-	1	-	5	(6)
	1	-	1	-	5	(6)



## 10. Grant Income

The Chief Constable credited the following grants and contributions to the Comprehensive Income and Expenditure Statement.

	2021/22	2020/21
	£000	£000
<b>Credited to Services</b>		
Police incentivisation	255	160
Specific grant for police pensions	1,163	1,163
Other specific grants	1,095	1,667
<b>Total</b>	<b>2,513</b>	<b>2,990</b>

## 11. External Audit Costs

Fees payable in respect of external audit services are as below. No audit fees have been payable for non audit work.

	2020/21	2021/22
	£000	£000
12 Audit fees		12
6 The Chief Constable 2019/20 scale variation fees		8
The Chief Constable 2020/21 scale variation fees		9
<b>Total</b>	<b>18</b>	<b>29</b>

## 12. Private Finance Initiatives

### Police Investigation Centres (PIC)

During the financial years 2010/11 to 2040/41 the Suffolk and Norfolk PCCs are committed to making payments under a contract with a consortium for the use of the six PICs. The actual level of payments will be dependent on availability of the site and provision and delivery of services within. The contract is for 30 years. At the end of this term the properties revert to the two Groups.

Suffolk and Norfolk PCCs have agreed to pay for these services on an agreed percentage in accordance with the total number of cells within the six properties located in the two counties – this being Norfolk 58.2% and Suffolk 41.8%. The payment recognised in the Chief Constable accounts is for the services element which during 2021/22 was £1.422m (£1.387m in 2020/21).

The PCC makes an agreed payment each year which is increased by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year but which is otherwise fixed. Revenue service payments, which are chargeable to the Chief Constable through the CIES and remaining to be made under the PFI contract at 31 March 2022 (which exclude any availability/performance deductions), are shown in the following table:

	<b>Revenue Services £000</b>
Payable in 2022/23	1,232
Payable within two to five years	7,079
Payable within six to ten years	9,445
Payable within eleven to fifteen years	10,164
Payable within sixteen to twenty years	9,461
	<b>37,380</b>

## 13. Retirement Benefits

### **Participation in pension schemes**

Pension and other benefits are available to all PCC and Constabulary personnel under the requirements of statutory regulations. Four defined benefit pension schemes are operated:

- a) The Local Government Pension Scheme (LGPS) for PCC and Constabulary police staff, administered by Suffolk County Council – this is a funded defined benefit scheme, meaning that the employers and employees pay contributions into a fund. Contributions are calculated at a level intended to balance the pensions liabilities with investment assets.

From April 2014 the LGPS changed to a career average defined benefit scheme, so that benefits accrued are worked out using the employee's pay each scheme year rather than the final salary. This applies to all membership which builds up from 1 April 2014, but all pensions in payment or built up before April 2014 are protected. Employee contributions are determined by reference to actual pensionable pay and are tiered between 5.5% and 12.5%.

- b) The Police Pension Scheme (PPS) for police officers who joined before April 2006. The employee contributions are 14.25%-15.05% of salary and maximum benefits are achieved after 30 years' service. Contribution rates are dependent on salary.
- c) The New Police Pension Scheme (NPPS) for police officers who either joined from April 2006 or transferred from the PPS. The employee contributions are 11.00%-12.75% of salary and maximum benefits are achieved after 35 years' service. Contribution rates are dependent on salary.
- d) The Police Pension 2015 Scheme for police officers is a Career Average Revalued Earnings (CARE) scheme, for those who either joined from April 2015 or transferred from PPS or NPPS. The employee contributions are 12.44%-13.78% of salary and the Normal Pension Age is 60 although there are protections for eligible officers to retire earlier. Contribution rates are dependent on salary.

All police pension schemes are unfunded defined benefit schemes, meaning that there are no investment assets built up to meet pension liabilities. Employees' and employer's contribution levels are based on percentages of pensionable pay set nationally by the Home Office and are subject to triennial revaluation by the Government Actuary's Department. The actuarial valuation has set the employer contribution rate for all three police pension schemes from 1 April 2019 as 31% of pensionable pay. A pensions top-up grant from the Home Office is received which funds contributions to a level of 21.3% and in 2021/22 a specific grant of £1.2m was received to part fund the cost of the recent change in contribution rates. The CIES meets the costs of injury awards and the capital value of ill-health benefits.

The PCC is also required to maintain a Police Pension Fund Account. Employer and employee contributions are credited to the account together with the capital value of ill-health retirements and transfer values received. Pensions and other benefits (except injury awards) and transfer values paid are charged to this account. If the account is in deficit at 31 March in any year, the Home Office pays a top-up grant to partially cover it. If there is a surplus on the account, then that has to be paid to the Home Office.

#### **Transactions relating to post-employment benefits**

The cost of retirement benefits are recognised 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 required against council tax is based on the cash payable in the year, so the real cost of retirement is reversed out of the General Fund in the MIRS.

The note below contains details of the Chief Constable's operation of the Local Government Pension Scheme (administered by Suffolk County Council) and the Police Pension Schemes in providing police staff and police officers with retirement benefits. In addition, the Group has arrangements for the payment of discretionary benefits to certain retired employees outside of the provisions of the schemes.

The following transactions have been made in the CIES and the General Fund via the MIRS during the year.

	LGPS		Police Pension Schemes	
	2021/22 £000	2020/21 £000	2021/22 £000	2020/21 £000
<b>Comprehensive Income and Expenditure Statement</b>				
<b>Cost of services</b>				
Current service costs	15,683	9,770	36,050	25,340
Past service costs	-	-	-	-
<b>Financing and investment income and expenditure</b>				
Net interest expense	2,020	1,076	29,670	29,730
<b>Total post employment benefit charges to the Deficit on the Provision of Service</b>	<b>17,703</b>	<b>10,846</b>	<b>65,720</b>	<b>55,070</b>
<b>Other post employment benefit charged to the CIES</b>				
Return on plan assets (excluding the amount included in the net interest expense)	(18,279)	(32,345)	-	-
- Actuarial (gains)/losses arising from changes in demographic assumptions	547	4,135	-	(17,110)
- Actuarial (gains)/losses arising from changes in financial assumptions	(20,753)	74,571	(19,140)	216,080
- Other	(1,642)	(2,232)	8,858	(34,951)
	(40,127)	44,129	(10,282)	164,019
<b>Total post employment benefit charged to the CIES</b>	<b>(22,424)</b>	<b>54,975</b>	<b>55,438</b>	<b>219,089</b>
<b>Movement in Reserves Statement (MIRS):</b>				
Reversal of net charges made to the CIES for post employment benefits in accordance with the Code	<b>22,424</b>	<b>(54,975)</b>	<b>(55,438)</b>	<b>(219,089)</b>
<b>Actual amount charged against the General Fund Balance for pensions in the year:</b>				
Employers' contributions charged to the general fund	6,197	6,235	33,868	32,733
Retirement benefits payable to pensioners	(4,839)	(4,506)	(40,358)	(38,923)

**Assets and liabilities in relation to retirement benefits**

	Local Government Pension Scheme		Police Pension Schemes		Total Pension Schemes	
	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21
	£000	£000	£000	£000	£000	£000
Present value of liabilities	(303,362)	(310,318)	(1,504,210)	(1,482,639)	(1,807,572)	(1,792,957)
Fair value of plan assets	238,127	216,462	-	-	238,127	216,462
<b>Total Net Liabilities</b>	<b>(65,235)</b>	<b>(93,856)</b>	<b>(1,504,210)</b>	<b>(1,482,639)</b>	<b>(1,569,445)</b>	<b>(1,576,495)</b>

**Reconciliation of present value of the scheme liabilities**

	Local Government Pension Scheme		Police Pension Schemes	
	2021/22	2020/21	2021/22	2020/21
	£000	£000	£000	£000
Opening Balance at 1 April	310,318	221,503	1,482,639	1,296,283
Current service cost	15,683	9,770	36,050	25,340
Interest cost	6,487	5,172	29,670	29,730
Contributions by scheme participants	1,881	1,833	6,490	6,190
Remeasurement (gains) and losses:				
- Actuarial (gains)/losses arising from changes in demographic assumptions	547	4,135	-	(17,110)
- Actuarial (gains)/losses arising from changes in financial assumptions	(20,753)	74,571	(19,140)	216,080
- Other	(5,962)	(2,160)	8,858	(34,951)
Past service costs	-	-	-	-
Benefits paid	(4,839)	(4,506)	(40,358)	(38,923)
<b>Closing Balance at 31 March</b>	<b>303,362</b>	<b>310,318</b>	<b>1,504,210</b>	<b>1,482,639</b>

**Reconciliation of fair value of scheme assets**

	Funded Assets		Unfunded Assets	
	Local Government		Police	
	Pension Scheme		Pension Schemes	
	2021/22	2020/21	2021/22	2020/21
	£000	£000	£000	£000
Opening fair value of scheme assets at 1 April	216,462	176,387	-	-
Interest income	4,467	4,096	-	-
Remeasurement gain/(loss):				
- the return on plan assets, excluding the amount included in the net interest expense	18,279	32,345	-	-
Other	(4,320)	72	-	-
Contributions from employer	6,197	6,235	33,868	32,733
Contributions from employees into the scheme	1,881	1,833	6,490	6,190
Benefits paid	(4,839)	(4,506)	(40,358)	(38,923)
<b>Closing fair value of scheme assets at 31 March</b>	<b>238,127</b>	<b>216,462</b>	<b>-</b>	<b>-</b>

The total net pensions liabilities of £1,569m represent the long run commitments in respect of retirement benefits and results in the balance sheet showing net overall liabilities of £1,571m. However, the financial position of the Chief Constable remains sound as the liabilities will be spread over many years as follows:

- The net liability on the local government scheme will be covered by contributions over the remaining working life of employees, as assessed by the scheme actuary.
- The net costs of police pensions which are the responsibility of the PCC will be covered by provision in the revenue budget and any costs above that level will be funded by the Home Office, under the change which came into effect from April 2006.

Actuarial losses on scheme assets represent the difference between the actual and expected return on assets, actuarial gains on scheme liabilities arise from more favourable financial assumptions.

Suffolk County Council is required to have a funding strategy for elimination of deficits, under regulations effective from 1 April 2005. The strategy allows deficits to be cleared over periods up to 20 years.

The Police Pension Schemes have no assets to cover their liabilities. The Chief Constable's share of the assets in the Suffolk LGPS are valued at fair value, principally market value for investments and consist of the categories in the following table.

	Fair Value of Scheme Assets			
	31 March 2022		31 March 2021	
	£000	%	£000	%
			Restated	
Cash and cash equivalents	2,462	1.03	3,207	1.48
Bonds - by sector				
- Corporate	50,580		47,400	
Sub total Bonds	<b>50,580</b>	<b>21.24</b>	<b>47,400</b>	<b>21.90</b>
Property - by type				
- UK property	20,220		16,897	
Sub total property	<b>20,220</b>	<b>8.49</b>	<b>16,897</b>	<b>7.81</b>
Private equity - all:	<b>11,041</b>	<b>4.64</b>	<b>8,654</b>	<b>4.00</b>
Other investment funds:				
- Equities	108,262		109,633	
- Bonds	9,267		8,417	
- Hedge funds	11,566		11,695	
- Infrastructure	17,877		5,655	
- Other	6,854		4,922	
Sub total other investment funds	<b>153,824</b>	<b>64.60</b>	<b>140,322</b>	<b>64.83</b>
Derivatives:				
- Foreign exchange	-		(19)	
Sub total derivatives	-	<b>0.00</b>	<b>(19)</b>	<b>-0.01</b>
<b>Total Assets</b>	<b>238,127</b>	<b>100</b>	<b>216,462</b>	<b>100</b>



## 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. Within the Police Schemes, the age profile of the active membership is not rising significantly, which means that the current service cost in future years will not rise significantly as a result of using the projected unit credit method.

The police schemes have been assessed by the Government Actuaries Department and the Suffolk LGPS liabilities have been assessed by Hymans Robertson, an independent firm of actuaries. The actuary has confirmed that for police staff, there is no reason to believe that the age profile is rising significantly. The main assumptions used in their calculations are shown below:

	Local Government Pension Scheme		Police Pension Schemes	
	2021/22	2020/21	2021/22	2020/21
Mortality assumptions:				
Longevity at 65 for current pensioners				
Men	20.0	22.1	22.1	22.0
Women	24.6	24.5	23.8	23.7
Longevity at 65 for future pensioners				
Men	22.7	23.2	23.8	23.7
Women	26.2	26.4	25.4	25.3
Rate of inflation (CPI)	3.15%	2.80%	3.00%	2.40%
Rate of increase in salaries	4.15%	3.50%	4.75%	4.15%
Rate of increase in pensions	3.15%	2.80%	3.00%	2.40%
Rate for discounting scheme liabilities	2.75%	2.05%	2.65%	2.00%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on the possibility of changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all others remain constant. The assumptions of longevity, for example, assume that the life expectancy increases or decreases for men and women. In practice, this is unlikely to occur and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the following sensitivity analyses did not change from those used in the previous period.

	Local Government Pension Scheme		Police Pension Schemes	
	Approximate Increase to Employers Liability %	Approximate Monetary Amount £000	Approximate Increase to Employers Liability %	Approximate Monetary Amount £000
0.5% (PPS), 0.1% (LGPS) decrease in real discount rate	2.0%	6,674	9.5%	145,000
1 year increase in member life expectancy	4.0%	12,134	3.5%	51,000
0.5% (PPS), 0.1% (LGPS) increase in the salary increase rate	0.0%	1,019	1.0%	13,000
0.5% (PPS), 0.1% (LGPS) increase in the pension increase rate	2.0%	5,601	9.0%	134,000

## Unlawful discrimination

On 16 July 2020, HM Treasury issued a consultation regarding transitional arrangements for public sector pensions to eliminate discrimination as identified through the McCloud/Sargeant cases. This consultation introduced a requirement for members to have been members of the scheme on or before 31 March 2012 and on or after 1 April 2012 to be eligible for remedy.

On 4 February 2021, HM Treasury issued their response to the consultation which confirmed the remedy arrangements set out in the consultation, and states that members would be given a choice as to whether to retain benefits from their legacy pension scheme, or their new scheme, during the remedy period (2015-2022). This choice will be deferred for members until retirement. As the findings of the original Employment Tribunal did not identify that the introduction of the new public sector pension schemes were discriminatory (rather it was the transitional provisions), the legacy schemes will be removed from April 2022 to be replaced by the new pension schemes originally introduced in 2015.

Paragraph 6.4.3.1 of the Code requires authorities to account for post-employment benefits for defined benefit schemes where there is either a legal obligation, under the formal terms of the defined benefit plan or a constructive obligation.

While the regulations underpinning the Local Government Pension Scheme (LGPS), and Police Pension Schemes have yet to be amended, the outcomes of the two tribunals have been deemed to provide evidence that a legal obligation has been created under age-discrimination legislation, resulting in a liability. Furthermore, the 15 July 2019 written statement by the Chief Secretary to the Treasury that the

McCloud and Sargeant judgements would apply to all public service pension schemes has also been deemed to provide evidence that there is a legal obligation.

In the 2018/19 statement of accounts, an actuarial assessment of liabilities arising from the judgement was accounted as a past service cost in the CIES, changes have been made in subsequent financial years and have been accounted as an actuarial gain/loss within the remeasurement of the defined benefit liability line within the CIES.

The impact of an increase in annual pension payments arising from the above judgment is determined through the Police Pension and LGPS Regulations. These require the PCC and Chief Constable to maintain pension funds into which members and employer contributions are paid and out of which pension payments to retired members are made. Presently remedies for settlement have not been formalised in Pension Regulations, therefore it is questionable whether until then additional liabilities can be measured with sufficient reliability. It is also unclear whether the Government or the PCC and Chief Constable will carry the full financial burden for remedy.

### Valuations

Scheme liabilities will be measured through the pension valuation process, which determines employer and employee contribution rates. The last LGPS valuation took place in 2022 and the police pension valuation took place in 2020. Implementation of the latter valuation is planned for 2023/24 and forces will need to plan for the impact of this on employer contribution rates alongside other changes identified through the valuation process.

### Impact on the Chief Constable's cash flow

The objective of the scheme is to keep employers' contributions at as constant a rate as possible. The county council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 20 years. The minimum employer contributions payable over 2021/22 for the PCC for Suffolk is 22.2% (22.2% in 2020/21). The last triennial valuation was dated 31 March 2019.

Estimated employer's contributions for 2022/23 amount to £6.025m on the LGPS and £34.926m on the Police Schemes.

The weighted average duration of the defined benefit obligation for the LGPS is 24.0 years (24.0 years, 2020/21) and for the Police schemes is 21.0 years (20.0 years, 2020/21).

## 14. Creditors

The balance of creditors is made up of the following:

	31 March 2022 £000	31 March 2021 £000
<b>Short term creditors:</b>		
Other payables	1,253	1,288
<b>Balance at 31 March</b>	<b>1,253</b>	<b>1,288</b>

## 15. Collaborative Arrangements

### Local Collaboration

Both Norfolk and Suffolk Constabularies are collaborating extensively across a range of service areas. At the point where collaborative opportunities are identified as able to deliver efficiencies, savings or improved service then the PCC is required to give their approval to collaborate. This is recognised by Norfolk and Suffolk alike.

The Collaboration Panel for Norfolk and Suffolk, as described in the Scheme of Governance and Consent, provides an opportunity for the counties' respective PCCs to consider issues of mutual interest and discharge the governance responsibilities of the PCCs. The agreed shared costs of fully collaborated units that arose during the year was as follows:

	Business Support £000 Restated	Justice Services £000 Restated	Protective Services £000	County Policing £000	Total £000
<b>2021/22</b>					
Suffolk PCC	19,983	12,217	16,227	555	48,982
Norfolk PCC	26,167	15,998	21,249	726	64,141
<b>Total shared running costs</b>	<b>46,150</b>	<b>28,215</b>	<b>37,477</b>	<b>1,281</b>	<b>113,123</b>
<b>2020/21</b>					
Suffolk PCC	18,497	12,025	15,586	577	46,686
Norfolk PCC	24,321	15,810	20,493	759	61,383
<b>Total shared running costs</b>	<b>42,818</b>	<b>27,835</b>	<b>36,079</b>	<b>1,336</b>	<b>108,069</b>

Prior year comparators have been restated as units have been moved between reporting heads during the year.

### Regional Collaboration

Collaboration within the region has been pursued for a number of years. Since the introduction of PCCs, the six PCCs from the region have met quarterly as a group with their Chief Constables and Chief Executives. All collaborations that have been entered into have a collaboration agreement which specify the formalities of the collaboration arrangements in relation to specific collaborations.

Since October 2015 the six police areas in the Region have been joined by Kent in the 7Force Strategic Collaboration Programme. This has been formalised in a collaboration agreement entered into between the PCCs and Chief Constables of the seven police areas. The agreement has been regularly extended and the current extension runs until 31 March 2023.

The net expenditure incurred by each force in respect of ERSOU (Eastern Region Specialist Operations Unit) is as follows:

	Total 2021/22 £000	Total 2020/21 £000
Operating costs	23,785	20,231
Specific Home Office grant	(6,785)	(4,796)
<b>Total deficit for the year</b>	<b>17,000</b>	<b>15,435</b>
Contributions from forces:		
Bedfordshire	(1,951)	(1,746)
Cambridgeshire	(2,503)	(2,224)
Essex	(1,895)	(1,735)
Hertfordshire	(3,544)	(3,159)
Kent	(2,309)	(2,095)
Norfolk	(2,819)	(2,542)
Suffolk	(2,148)	(1,934)
<b>Deficit for the year</b>	<b>(169)</b>	<b>-</b>

### 7F Commercial Services

The business case to collaborate 7F Commercial Services was agreed at the Eastern Region Summit on 10 July 2018.

Since 2019/20, procurement services across the seven forces; Bedfordshire, Cambridgeshire, Essex, Hertfordshire, Kent, Norfolk and Suffolk have been collaborated to a single 7Force Procurement function. This is the first full seven force function to go live across the Eastern Region.

As a partnership of seven forces, this will create the second largest contracting body in police procurement nationally. This provides greater economies of scale and better presence and 'buying power' for value for money contracts in the market place.

The 7F Commercial Services vision is to enable the delivery of an effective Police service and provide support for victims of crime in the eastern region by procuring and managing a high quality, value for money supply chain.

The net expenditure incurred by each force is as follows:

	<b>Total 2021/22 £000</b>	<b>Total 2020/21 £000</b>
Operating costs	2,248	2,469
Contributions from forces:		
Bedfordshire	187	205
Cambridgeshire	240	260
Hertfordshire	340	371
Essex	488	537
Kent	517	571
Norfolk	270	298
Suffolk	206	227
	<b>2,248</b>	<b>2,469</b>

### National Collaboration

West Yorkshire Police is the lead force for the National Police Air Service (NPAS). During 2012/13 all owned airframes (including the one owned by the former Suffolk Police Authority) transferred to the ownership of the PCC for West Yorkshire while leased airframes remained in the ownership of the lessor but the lease costs transferred.

The PCCs retained ownership of all freehold airbases, but some leases for airbases were novated to the Commissioner for West Yorkshire.

Police staff engaged in provision of the service were employed by the PCC and police officers were seconded to West Yorkshire Police. Expenditure relating to NPAS incurred by forces will be charged to West Yorkshire and they will charge forces for the service. The Home Office provide capital grant to cover the capital investment required.

The service is governed by a section 22A collaboration agreement and is under the control of a strategic board made up of Commissioners and Chief Constables from each region. The Board determines the budget and the charging policy and monitors performance.

During the year £0.117m (2020/21 £0.100m) was payable to West Yorkshire PCC in respect of the NPAS service provided. At 31 March 2022, West Yorkshire PCC owed Suffolk PCC £0.36m (31 March 2021 £0.55m) in respect of the Suffolk airframe. The balance is due to be paid in annual instalments up until 2024/25.

## 16. Contingent Liabilities

### MMI Ltd

The insurance company Municipal Mutual Insurance Limited (MMI) ceased trading in 1992 and ceased to write new or renew policies. Potentially claims can still be received as the company continues to settle outstanding liabilities. A scheme of arrangement is in place; however, this arrangement will not meet the full liability of all claims and a current levy of 25% will be chargeable in respect of successful claims on MMI's customers. There are currently no open claims against Suffolk Constabulary. As this point in time, it is not possible to calculate the full amount payable on future MMI claims.

### Forensic Service Uncertainty

The validity of evidence provided by forensic testing companies to the police service is currently under investigation. It is reasonable to anticipate that some people may have been convicted of offences based on flawed data and that conviction will have had a significant impact on their personal circumstances. As a result, some kind of litigation is anticipated. At this point in time, it is not possible to assess the number of claims or the financial exposure arising from them.

### Unlawful Discrimination – Pension Fund Regulations

The Chief Constable of Suffolk currently has 474 Employment Tribunal claims lodged against him in respect of alleged unlawful discrimination arising from the Transitional Provisions in the Police Pension Regulations 2015. Similar claims have been lodged against all forces in the UK. The claims alleged discrimination and sought compensation for financial loss and injury to feelings.

Following the McCloud/Sargeant litigation, the transitional provisions contained in the Pension changes in 2015 have been found to be discriminatory. As a result of the finding, the pension legislation is being reviewed and amended. All qualifying police officers (serving and retired) whether they made a claim or not, will be given a deferred choice of pension scheme for the qualifying period (2015 - 2022). The financial impact (aside from any liability for financial loss or injury to feelings) is likely to be an increased cost to the pension fund in making increased prospective and retrospective pension payments to qualifying officers. The impact on the pension fund cannot yet be fully quantified as the updating legislation and regulations are yet to be published along with the ongoing option to defer the choice of scheme to be

applied. However, an actuarial assessment has been made and is reflected within the IAS 19 pension liabilities recorded in the Balance Sheet.

Having found the transitional provision to be discriminatory, the claims for financial loss and injury to feelings are on-going. As at 31 March 2022, it is not possible to reliably estimate the extent or likelihood of these claims being successful or whether the Forces or the Government will bear the cost. As a result, no liability is recognised in the accounts.

### Capped Overtime Claims

The organisation has a liability in respect of historic overtime claims, including Covert Human Intelligence Source (CHIS) handlers and other officers in analogous roles. Officers from Devon and Cornwall Police claimed successfully in the County Court (October 2013) that they were owed payments under Police Regulations 2003. Their claims were upheld at the Court of Appeal. The claims relate to a cap being placed on overtime claims by the Chief Constable. Overtime caps were generally applied across the police service for CHIS handlers and other similar roles. Most known claims have now been settled, there remains one outstanding claim for which a provision has been made in the Statement of Accounts. However, as with other forces, Suffolk Constabulary may receive further claims from officers working in non-handler and undercover roles, but it is anticipated that the number would be small as most known claims have now been litigated and the claims are now historic following a change in working practices to the payment of overtime to officers in covert roles. The potential number of claims or an estimate of their value has yet to be made. Many claims cover the period when the units were under joint collaborative control with Norfolk Constabulary, therefore where applicable any settlements will be shared in the appropriate cost sharing ratio.

Overtime claims relating to ERSOU officers are currently being assessed, it is unclear whether Suffolk Constabulary will be liable to a proportion of the claims associated with ERSOU officers employed by other forces, a regional agreement has yet to be confirmed.

In addition to this Suffolk Constabulary may also be liable to a share of the settlement and legal costs arising from national lead claims associated with national undercover and covert roles and the settlement of similar non-lead claims. It is estimated that the Suffolk liability for the costs sharing for the CHIS handler lead claims will be £14,256. At this point in time, it is not possible to estimate the probability of settlement or amount of these potential liabilities for the UC / cover officer lead or non-lead claims nationally.

## 17. Going Concern

The Police Reform and Social Responsibility Act 2011 sets out in statute the creation of the Police and Crime Commissioners and the financial responsibility they have. The concept of a going concern assumes that the functions of the Police and Crime Commissioner and the Constabulary will continue in operational existence for the foreseeable future. The provisions in the Code in respect of going concern reporting requirements reflect the economic and statutory environment in which police forces operate. These provisions confirm that, as the Office of the Police and Crime Commissioner and the Constabulary cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting.

PCCs and Chief Constables carry out functions essential to the local community and are themselves revenue-raising bodies (with limits on their revenue-raising powers arising only at the discretion of central government). If a police force were in financial difficulty, the prospect is that alternative arrangements would be made by central government either for the continuation of the functions 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 be appropriate for the financial statements to be prepared on anything other than a going concern basis. Accounts drawn up under the Code therefore assume that a police force will continue to operate for the foreseeable future.

Through actions taken to control spending in-year as a response to the pandemic, and due to the additional funding made available by the Home Office the Constabulary and OPCC recorded an outturn underspend of £1.102m.

During 2022/23, The PCC has increased the General Reserve by £0.200m to £4.5m, at 31 March 2023 the PCC has a Budget Reserve of £9m that in extremis would be used to manage the financial risks of major incidents.

A high-level scenario planning exercise was completed and compared against our current MTFP assumptions. The budget gap for 2024/25 ranged between reasonable pragmatic case of £0.8m to a worst case of £3.4m given a range of assumptions on government funding, precept decisions, tax base reductions and collection fund deficits. The guidelines to Heads of Department in regard of the Strategic & Financial Planning process (using Outcome Based Budgeting principles) took these scenario plans into account and through this process the Constabulary delivered the required savings in order to reach a balanced budget for 2024/25.

Based on the approved medium Term Financial Plan, general fund balances including earmarked reserves at 31 March 2024 are planned to be £22.9m. This remains well above our minimum level of general fund balance as set by the PCC CFO of £4.6m.

Taking into account the availability of usable reserves, the capacity to finance the current gap between external borrowing and the capital financing requirement and the ability to borrow on a short-term basis to prudently fund any temporary shortfall of cash; the PCC is able to demonstrate that he has sufficiently liquid resources until 12 months from the authorisation of the financial statements to meet all liabilities as they fall due.

The PCC's reserves remain sufficiently healthy to absorb funding pressures and remain able to meet its financial obligations as and when they fall due. Therefore, following our review of the financial impact of Covid-19 on current and future finances, it has been concluded that there is no material uncertainty relating to going concern.

## Police Pension Fund Accounting Statements

### Fund Account

2020/21 £000		2021/22 £000
	<b>Contributions receivable</b>	
	Employer	
13,988	Normal	14,546
165	Early retirements	247
14,152		14,793
	Members	
6,047	Normal	6,271
6,047		6,271
	<b>Transfers in</b>	
249	Individual transfers in from other schemes	301
249		301
	<b>Benefits payable</b>	
(31,847)	Pensions	(32,565)
(6,011)	Commutations and lump sum retirement benefits	(6,568)
(98)	Other	(65)
(37,955)		(39,197)
(44)	Refunds on contributions	(84)
(55)	Individual transfers out to other schemes	(133)
(99)		(217)
<b>(17,606)</b>	<b>Net amount payable for the year before contribution from the Police General Fund</b>	<b>(18,048)</b>
<b>17,606</b>	<b>Contribution from the Police General Fund</b>	<b>18,048</b>
	<b>- Net balance receivable for the year</b>	<b>-</b>

No assets are held by the pension fund and no amounts were owed to or from it as at 31 March 2022 (31 March 2021 £nil).

The actuarial valuation has set the employer contribution rate for all three police pension schemes from 1 April 2019 at 31% of pensionable pay. A pensions top-up grant from the Home Office is received which funds contributions to a level of 21.3% and in 2021/22 a specific grant of £1.2m was received to part fund the cost of the 2019 change in contribution rates. The Constabulary funds the resulting balance.

## Glossary of terms

For the purposes of the statement of accounts the following definitions have been adopted:

### Accruals basis

The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

### Actual return on plan assets

The difference between the fair value of plan assets at the end of the period and the fair value at the beginning of the period, adjusted for contributions and payments of benefits.

### Actuarial gains and losses

For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because:

- a) Events have not coincided with the actuarial assumptions made for the last valuations (experience gains and losses) or
- b) The actuarial assumptions have changed

### CIPFA

The Chartered Institute of Public Finance and Accountancy.

### Contingent liability

A contingent liability is either:

- a) A possible obligation arising from past events; it may be confirmed only if particular events happen in the future that are not wholly within the local authority's control; or
- b) A present obligation arising from past events, where economic transactions are unlikely to be involved or the amount of the obligation cannot be measured with sufficient reliability.

### Current Service Costs

The increase in pension liabilities as a result of years of service earned this year.

### Defined benefit scheme

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 (including notionally funded).

### Government grants

Part of the cost of service is paid for by central government from its own tax income. Specific grants are paid by the Home Office to the Group towards both revenue and capital expenditure.

### Group

The term Group refers to the Police and Crime Commissioner (PCC) for Suffolk and the Chief Constable (CC) for Suffolk.

### Outturn

The actual amount spent in the financial year.

### Past Service Costs

The increase in pension liabilities as a result of a scheme amendment or curtailment whose effect relates to year of service earned in earlier years.

### Pension Strain

Occurs when there is a clear shortfall in the assumed level of funding needed to provide a particular pension benefit, often occurring when a member draws their benefits earlier than expected i.e. due to redundancy.

### Projected Unit Credit Method

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:

- a) 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 dependants, allowing where appropriate for future increases, and
- b) The accrued benefits for members in service on the valuation date.

The accrued benefits are the benefits for service up to a given point in time, whether vested rights or not. Guidance on the projected unit credit method is given in the Guidance Note GN26 issued by the Faculty and Institute of Actuaries.

### **Precept**

The proportion of the budget raised from council tax.

### **Provision**

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.

### **PWLB**

The Public Works Loan Board (PWLB) is a statutory body operating within the United Kingdom Debt Management Office, an Executive Agency of HM Treasury. PWLB's function is to lend money from the National Loans Fund to local authorities and other prescribed bodies and to collect the repayments.

### **Related parties**

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

- a) One party has direct or indirect control of the other party; or
- b) The parties are subject to common control from the same source; or
- c) One party has influence over the financial and operational policies of the other party so that the other party might not always feel free to pursue its own separate interests; or
- d) 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.

### **Retirement Benefits**

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment. Retirement benefits do not include termination benefits payable as a result of either (i) an employer's decision to terminate an employee's employment before the normal retirement date or (ii) an employee's decision to accept voluntary redundancy in

exchange for those benefits, because these are not given in exchange for services rendered by employees.

### **Scheme Liabilities**

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

### **Settlement**

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

### **Vested Rights**

In relation to a defined benefit scheme, these are:

- a) for active members, benefits to which they would unconditionally be entitled to on leaving the scheme;
- b) for deferred pensioners, their preserved benefits;
- c) for pensioners, pensions to which they are entitled.

Vested rights include where appropriate the related benefits for spouses or other dependants.