



SUFFOLK
CONSTABULARY

**THE CHIEF CONSTABLE OF
SUFFOLK CONSTABULARY**

STATEMENT OF ACCOUNTS

**for the year ended
31 March 2020**

DRAFT

Statement of Accounts for the year ended 31 March 2020

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INDEPENDENT AUDITOR'S REPORT TO THE CHIEF CONSTABLE FOR SUFFOLK

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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

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 2020, and its income and expenditure for the year to that date.

Stephen Jupp

Chief Constable of Suffolk Constabulary

29 May 2020

Kenneth Kilpatrick

Chief Finance Officer to the Chief Constable

29 May 2020

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 2019/20
5. Financial performance 2019/20
6. Outlook
7. 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.
- **As a Corporation Sole**, the Chief Constable is responsible for fulfilling all statutory and legal obligations of the office of Chief Constable and complying with the PCC's Schemes 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 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 in public. 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.

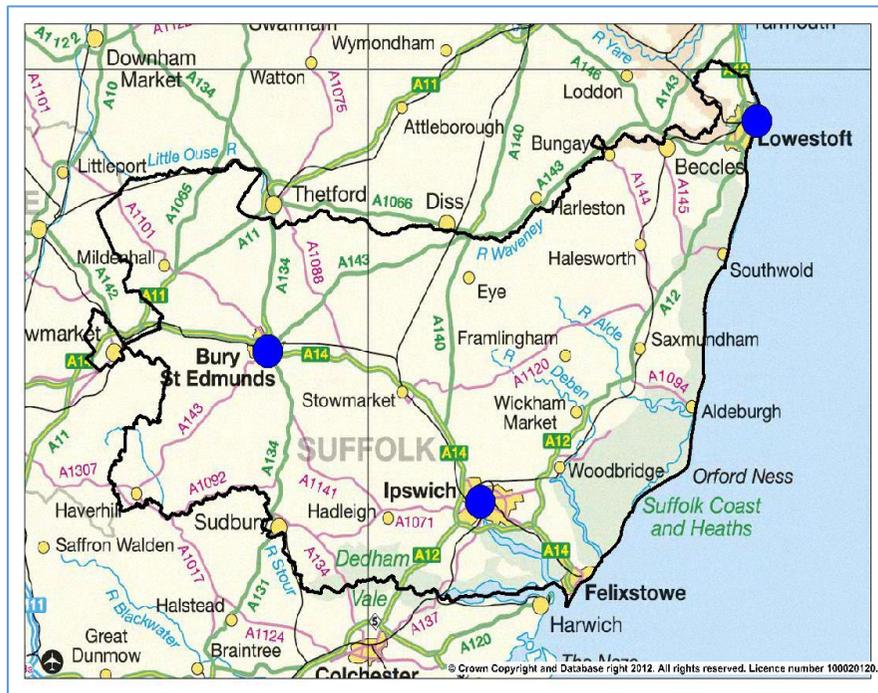
Joint Audit Committee

The purpose of the Joint 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 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 a population of 761,350 residents (source: Office of National Statistics, mid-year population estimates 2019/20). The county’s population has grown by an estimated 6.0% over the last 10 years and is expected to rise over the next five years to an estimated 782,000 residents. The Suffolk population is projected to age over the next few years. In 2020 persons aged 45 years and over are estimated to form 51% of the population, compared to around 47% in 2012. The

proportion of minority ethnic communities in Suffolk has risen from 3% in 2001 to 5% in 2011, with the greatest proportions in Ipswich and Forest Heath. 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 would bring additional policing demands.

Tourism plays a key role in the economy of Suffolk and worth over £2 billion to the economy and providing over 40,000 jobs.

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 Constabularies have an extensive programme of collaboration 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 7 Force procurement function established in January 2020.

Suffolk is also part of a 10-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 all 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 to ensure 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 (PCSOs) 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 vast 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 insurance policies were reviewed as necessary as part of regional consortium arrangements under SEERPIC.

4. Non-Financial Performance 2019/20

Non-financial performance

Like most police forces in England and Wales, crime reported to and recorded by Suffolk Constabulary has risen. In the 12 months to the end of March 2020, there were 57,139 recorded crimes, 7.5% more than the long-term average. This rise reflects considerable efforts made by officers and staff to encourage reporting from victims of 'hidden' crimes, and those from parts of the community which have not normally reported crime frequently. The Constabulary has also invested resources in ensuring its recording of crime is as comprehensive as possible. This has resulted in rises in reported violence, sexual crime, and domestic abuse.

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 seven force 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 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 2017-2021 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 last year's performance

Table 1: Performance against police and crime plan indicators

Area	Indicator	2018/19	2019/20
Domestic Abuse	Number of crimes	7,895	8,923
	Solved rate	16%	14%
Serious Sexual Offences	Number of crimes	1,891	2,088
	Solved rate	6%	5%
Child Sexual Abuse	Number of crimes	1,086	1,125
	Solved rate	9%	9%
Business Crime	Number of crimes	7,723	6,990
	Solved rate	27%	27%
Hate Crime	Number of crimes	998	906
	Solved rate	16%	16%
Online Crime	Number of crimes	1,377	1,492
	Solved rate	11%	11%
Call Handling	999 calls answered in 10 seconds ¹	92%	91%
Emergency Response	Emergencies responded to in target time	91%	91%
Road Safety	Number of killed and seriously injured collisions	274	305

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

Demands on the Constabulary have changed in nature in recent years. It is experiencing rising volumes of increasingly complex demand, especially in terms of safeguarding, which has reduced its solved crime rates. The Constabulary continues to prioritise the most harmful crime types such as domestic abuse and serious sexual offences, whilst maintaining strong performance in emergency call handling and response. 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 2019/20

The cost of policing services in 2019/20 was £144.200m. This compares to £138.013m in 2018/19 after adjusting for the exceptional pensions past service costs of £61.060m. The cost of policing services was offset by income of £9.169m (2018/19: £6.537m) generated from fees, charges and other service income and government grants and contributions. The net cost of policing services showed a surplus of £1.423m in 2019/20 (2018/19: £802k after adjustment for the exceptional pensions past service costs). 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 £35.609m (2018/19: £37.130m). The net defined pension liability reduced by £153.667m (2018/19: increase £42.629m) largely due to actuarial gains from changes 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 2019/20 that accompanies the Chief Constable's Statement of Accounts. A copy is available on the Constabulary's website at www.suffolk.police.uk.

6. Covid-19 Pandemic

On 18 March 2020, Suffolk and Norfolk Constabularies implemented a joint response to the Covid-19 pandemic setting up a dedicated command structure under the operation name 'Operation Response'. The pandemic has required significant adjustments to policing due to the introduction and requirement to police the Covid-19 regulations; the changing behaviours of the public; changes in crime; and the need to enhance the protection of police officers and police staff and maintain service continuity. The impact on the Constabulary in 2019/20 and assessment for 2020/21 is provided below.

Provision of Services

The Constabulary has maintained its levels of response and investigations throughout the pandemic. Crime types have changed during the lockdown period with significant reductions in vehicle crime, shoplifting, theft, and property crime but increases in robbery and on-line crime including fraud. The Constabulary has increased proactivity increasing the level of recorded investigations and pursuing outstanding suspects for historical investigations.

The Constabulary's approach to powers in the Coronavirus Act 2020 has been for officers to engage, explain, encourage, and only enforce as a last resort with the overarching aim that people follow the government's guidance on Covid-19.

The Constabulary's Workforce

Operation Response established a Workplace Health Covid-19 Team to support police officers and police staff to access information and advice relating to all aspects of COVID-19. It has developed a series of wellbeing handbooks covering working from home, losing someone from Covid -19 and pregnancy during Covid -19.

The Constabulary has supported homeworking wherever possible with additional laptops purchased to allow officers and staff to work from home. Where homeworking was not suitable the Constabulary has used its office space more flexibly and secured additional accommodation to support social distancing and permit safe working.

Sickness absence levels from officers and staff off sick or isolating for their own health reasons or due to members of their household displaying symptoms or needing to isolate peaked at the end of March 2020 but have steadily fallen. By mid-May 4.6% of police officers and 5.9% of police staff were reporting sick of isolating, which was below the national average. Operational capacity has been increased through additional hours provided by the Special Constabulary.

Supply Chains

The Constabulary's supply chain has remained resilient for the most part during the pandemic. It has made significant purchases of laptops and personal protective equipment in response to the pandemic.

- **Personal protective equipment:** the Constabulary procured significant stocks of PPE to support its operations. High national and international demand disrupted normal supply chains and stocks of PPE ran low but did not run out. PPE has been procured through the Eastern region's 7 Force collaborated procurement team and sustainable supplies of PPE secured and contingency stocks purchased.
- **Information technology:** significant purchases of laptops have been made to support homeworking. Orders placed through existing suppliers have been

fulfilled, but order sizes restricted and delivery times extended due to national and international demand.

- **Estates:** construction work has stopped following lockdown causing delays in the Constabulary's estates programme. The delays have not impacted the Constabulary operationally as these were replacement premises with police officers and police staff able to continue working in the existing premises.

Police vehicle workshops have remained operational during the pandemic to service and maintain police vehicles with a stock of vehicle parts purchased in advance of lockdown restrictions being imposed to mitigate the risk of delays or non-supply from vehicle parts' suppliers.

The Constabulary has applied provisions under the *Public Contract Regulations 2015* to expedite purchases of operational kit and equipment, to extend contracts with key suppliers and provide supplier relief and varied payment terms to ensure service continuity.

Financial Impact

Financial reports are prepared weekly showing outturn expenditure and presenting forecasts for expenditure and lost income for 2020/21. Expenditure of £54k was incurred in 2019/20 to support the Constabulary's operational response to the pandemic. Current forecasts show additional costs of £660k in 2020/21. The most significant costs are personal protective equipment at £183k and additional IT to support remote working at £297k. Lost income during 2020/21, predominately from driver awareness courses, is forecast at £420k.

The Constabulary achieved a surplus of £1.7m in 2019/20. This has been added to the PCC's reserves and provide a cushion against costs incurred as part of the Constabulary's operational response to the pandemic. The reserves also mitigate the risk that the Constabulary is unable to deliver in full its required efficiency savings targets in 2019/20.

The Constabulary remains confident that, in the absence of any additional government funding, it can meet any costs incurred as a result of the Covid-19

pandemic and offset any lost income through the reprioritisation of planned activities during 2020/21 and the reallocation of budgets or use of the PCC's reserves.

Financial Position

Prior to the auditors' report being issued in September 2020, the Constabulary and its actuaries will assess whether the LGPS' pension plan asset values have been materially affected by the economic impact of the Covid-19 pandemic and should be restated so that the financial statements continue to give a true and fair view at the reporting date.

Cash Flow Management

Cash flow forecasts show that the Constabulary's cash flows remain positive throughout the Covid-19 pandemic planning period with no recourse to overdraft or borrowings. The Home Office brought forward payment of the pensions grant of £1.16m to April. Additionally, the Home Office has agreed to release half of the 2020/21 police officer uplift grant of earlier than planned. Both measures have contributed to support the Constabulary's positive liquidity position.

Major Risks to the Constabulary

Risks and mitigations are reviewed weekly as part of Operation Response's strategic command meetings with a positive reduction in risk scores being achieved. Key risks include:

- Inability to deliver services due to high levels of police officer and police staff absence,
- Increase in community tensions across the county,
- Reduction in levels of public confidence,
- Delivery partners, contractors and suppliers are unable to provide required goods and services, and
- Non-compliance with the Constabulary's statutory responsibilities due to staff absences and/ or breakdown in its supply chain.

Plans for Recovery

Suffolk and Norfolk Constabularies started planning their recovery phase prior to any announcements on the relaxation of lockdown restrictions. A programme of work has been established under Operation Evolve for three phases of work: restart, restore and recover. Plans in place cover the following areas:

Workstream	Purpose
Logistics	<ul style="list-style-type: none"> • Provide Covid-secure workspaces for police officers and police staff
Demand	<ul style="list-style-type: none"> • Prepare for return to normal demand levels and potential surges when lockdown restrictions are lifted
People	<ul style="list-style-type: none"> • Focus on officer and staff wellbeing; supervision of and support to homeworkers; manage backlog of officer and staff leave
Justice Services	<ul style="list-style-type: none"> • Embed phone and video investigative and criminal procedures and manage backlog of cases
Learning and Development	<ul style="list-style-type: none"> • Restart and manage backlog of essential training; review training schedule to minimise absences; continue recruitment of student officers
Service Continuity	<ul style="list-style-type: none"> • Identify and capture organisational learning

Review of Operational Response and Resilience of Governance Arrangements

The Chief Constable's of Suffolk and Norfolk Constabularies have commissioned a peer review of their operational policing response to the Covid-19 pandemic. The review will assess and test the approach across a number of key areas including governance and leadership; command, operational structures, and decision-making; internal and external communications; and forward planning to maximise the use of resources.

The PCC, Chief Constable and Joint Audit Committee have asked the internal auditor to undertake an assurance review of financial controls to test their resilience during the Covid-19 pandemic and, for example, the introduction of new ways of working and police officers and police staff working from home or key personnel self-isolating and the relaxation of procurement requirements to facilitate the purchase of personal protective equipment.

The results of both reviews are due later this year.

7. Outlook

Suffolk Constabulary Strategic Plan 20/23

The Chief Constable has 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 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 2020/21 to 2023/24

Revenue Funding 2020/21

The PCC has published a medium term financial plan for 2020/21 to 2023/24. A copy is available from the PCC's website.

Funding for policing services has increased from £124.363m in 2019/20 to £133.116m in 2020/21. This will enable the Constabulary to recruit 54 officers by 31 March 2021 as part of the government's commitment to increase officers nationally by 6,000 by the end of 2020/21. Additional precept funding in 2020/21 will support recruitment of a further 20 officers and 16 police staff.

Both investments support delivery of the Chief Constable's 3-year strategic plan. Monitoring delivery of improvements in performance from the additional policing resources provided will be through meetings of the Accountability and Performance Panel chaired by the PCC.

Capital Programme 2020/21

There is an increased investment requirement on the capital programme over the medium-term driven by the continuing pace of modernisation and ensuring the Constabulary is fit-for-purpose, appropriately 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 2020/21 is shown in **Table 2**:

Table 2: Capital programme 2020/21

	2020-21
	£000
Estates	1,783
ICT schemes and projects	4,915
Vehicles and equipment	837
Total	7,535

Future Efficiency and Savings Plans

As a result of service pressures, the Constabulary is required to achieve savings of £1.282m in 2020/21 and a further £5.069m 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.

8. Basis of Preparation

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 2019/20*.

Going Concern

Going concern for the Chief Constable of Suffolk Constabulary has been considered against the following criteria:

1. Legislative changes,
2. Home Office funding settlement 2021/22, and
3. Medium Term Financial Plan 2020/21 to 2023/24.

Legislative Changes

The Suffolk PCC and Chief Constable of Suffolk Constabulary were created under the *Police Reform and Social Responsibility Act 2011* and their dissolution would require legislative change and Parliamentary approval. A review of the Queen's Speech presented in December 2019 shows that there were no legislative changes proposed in the current parliamentary year. In addition, enactment of any changes would extend beyond the going concern review period.

Home Office Funding Settlement 2021/22

The spending review planned for summer 2020 has been pushed back a year due to the Covid-19 pandemic. Discussions remain ongoing between the National Police Chief's Council and Home Office and the indication is that a similar single year funding settlement based on 2020/21 funding levels will be 'rolled over' for 2021/22. Whilst this does not constitute a commitment, it does indicate discussions are focused on continuing funding and at similar levels to 2020/21, rather than withdrawing or significantly reducing future funding provided to the Suffolk PCC and Chief Constable.

In addition, in a letter dated 27 April 2020, the Minister of State for Crime and Policing wrote:

'Whilst the COVID-19 emergency will have some impact on the Police Uplift Programme, I am intent on continuing to press ahead as much as possible and am impressed with the incredible commitment to recruitment that I have seen all forces demonstrate so far.

Our shared ambition to provide resource for 20,000 new officers remains unchanged, and central to this must be ensuring forces are well-placed to continue progress towards this target when we move out of this period or as soon as assessment centres can safely recommence.'

This letter therefore confirms the government's intent to continue with the uplift programme. It will need to be backed by appropriate levels of funding, but indicates future growth in the Constabulary, rather than contraction or dissolution, which would give rise to going concern risks.

Medium-Term Financial Plan 2020/21 to 2023/24

The PCC approved the Medium-Term Financial Plan 2020/21 to 2023/24 and one-year revenue and capital expenditure budgets for 2020/21 in January 2020. Funding levels in 2020/21 are strong with the police main grant increased by £4.8m or 7.5% in 2020/21 with an additional specific grant of £1.5m provided to fund an uplift of 54 police officers. The PCC raised the precept by the maximum £10 per annum from April 2020 increasing annual precept funding by 4.69%.

The assumptions in the MTFP are that the government grant will remain cash flat between 2021 and 2024, and that the precept increases will be restricted to 2% each year. With these assumptions there remains a budget gap with savings to be identified in the medium term of £5.069m. This is approximately 1.2% of the forecast funding for these year and management consider to be achievable through efficiency and productivity savings.

The Chief Finance Officer to the PCC has given statutory assurances about the levels of reserves as at 31 March 2020. With a general reserve of £4.000m, and earmarked reserves of £7.437m (including a Budget Support Reserve of £2.5m) management believe that the Group is well placed to absorb the additional costs from COVID-19 and any funding pressures in 2021/22 and beyond.

Conclusion on Going Concern

Management are satisfied that the Chief Constable for Suffolk Constabulary will continue in existence for the foreseeable future and that it remains appropriate to continue to adopt the going concern basis for preparing the accounts. This assessment will be kept under review.

Explanation of financial statements

The Statement of Accounts 2019/20 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** record 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.

Kenneth Kilpatrick

Chief Finance Officer to the Chief Constable

Comprehensive Income and Expenditure Statement for the year ended 31 March 2020

Gross Expenditure	Income	Net Expenditure		Gross Expenditure	Income	Net Expenditure
2018/19	2018/19	2018/19		2019/20	2019/20	2019/20
£000	£000	£000		Note	£000	£000
			Division of Service:			
199,073	(6,537)	192,537	Constabulary		144,200	(9,169)
199,073	(6,537)	192,537	Net Cost of Police Services before group funding		144,200	(9,169)
-	(132,278)	(132,278)	Intra-group funding	4		(136,454)
199,073	(138,814)	60,259	Net Cost of Police Services		144,200	(145,623)
			Financing and Investment Income and Expenditure:			
37,130	-	37,130	Net pensions interest cost	13	35,609	-
37,130	-	37,130	Total Financing and Investment Income and Expenditure		35,609	-
		97,389	Deficit on the Provision of Services			34,186
			Other Comprehensive Income and Expenditure:			
		42,629	Remeasurements of the net defined benefit liability	13		(153,667)
		42,629	Total Other Comprehensive Income and Expenditure			(153,667)
		140,018	Total Comprehensive (Income) and Expenditure			(119,481)

Balance Sheet as at 31 March 2020

31 March 2019 £000		Notes	31 March 2020 £000
658	Short-term creditors and accruals	14	881
658	Current Liabilities		881
1,484,115	Pensions liability	13	1,364,413
1,484,115	Long Term Liabilities		1,364,413
1,484,774	Total Liabilities		1,365,294
(1,484,774)	Net Assets / (Liabilities)		(1,365,294)
(1,484,774)	Unusable reserves	Page 14	(1,365,294)
(1,484,774)	Total Reserves		(1,365,294)

The unaudited financial statements were issued on 29 May 2020.

Kenneth Kilpatrick

Chief Finance Officer to the Chief Constable

29 May 2020

Movement in Reserves Statement for the year ended 31 March 2020

	General Fund Balance £000	Total Usable Reserves £000	Pension Reserves £000	Comp' Absences Account £000	Total Unusable Reserves £000	Total Reserves £000
Note						
Balance at 1 April 2019	-	-	(1,484,115)	(659)	(1,484,773)	(1,484,773)
Movement in Reserves during 2019/20						
Deficit on provision of services	Page 12 (34,186)	(34,186)	-	-	-	(34,186)
Other comprehensive income and expenditure	Page 12 -	-	153,667	-	153,667	153,667
Total comprehensive income and expenditure	(34,186)	(34,186)	153,667	-	153,667	119,481
Difference between IAS 19 pension costs and those calculated in accordance with statutory requirements	54,485	54,485	(54,485)	-	(54,485)	-
Contribution to the Police Pension Fund	(20,522)	(20,522)	20,522	-	20,522	-
Increase / (decrease) on the Compensated Absences Account	223	223	-	(223)	(223)	-
Adjustments between accounting basis and funding basis under regulations	34,186	34,185	(33,963)	(223)	(34,186)	-
Increase / (decrease) in year	-	-	119,704	(223)	119,481	119,481
Balance at 31 March 2020	-	-	(1,364,413)	(882)	(1,365,294)	(1,365,294)
Balance at 1 April 2018	-	-	(1,344,046)	(710)	(1,344,756)	(1,344,756)
Movement in Reserves during 2018/19						
Deficit on provision of services	Page 12 (97,389)	(97,389)	-	-	-	(97,389)
Other comprehensive income and expenditure	Page 12 -	-	(42,629)	-	(42,629)	(42,629)
Total comprehensive income and expenditure	(97,389)	(97,389)	(42,629)	-	(42,629)	(140,018)
Difference between IAS 19 pension costs and those calculated in accordance with statutory requirements	117,709	117,709	(117,709)	-	(117,709)	-
Contribution to the Police Pension Fund	(20,270)	(20,270)	20,270	-	20,270	-
Increase / (decrease) on the Compensated Absences Account	(51)	(51)	-	51	51	-
Adjustments between accounting basis and funding basis under regulations	97,387	97,387	(97,439)	51	(97,387)	-
Increase / (decrease) in year	-	-	(140,068)	51	(140,016)	(140,016)
Balance at 31 March 2019	-	-	(1,484,115)	(659)	(1,484,773)	(1,484,774)

Cash flow Statement for the year ended 31 March 2020

2018/19 £000		Note	2019/20 £000
(97,389)	Deficit on the Provision of Services	Page 12	(34,186)
	Adjustment for non-cash or cash equivalent movements		
97,439	Movements on pension liability		33,963
(51)	Increase/(decrease) in creditors		223
97,389	Net adjustment for non-cash or cash equivalent movements		34,186
-	Net increase or (decrease) in cash and cash equivalents		-
-	Cash and cash equivalents at the beginning of the period		-
-	Cash and cash equivalents at the end of the period		-

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.

Net Expenditure Chargeable to the General Fund Balances	Adjustments between Funding and Accounting Basis	Net Expenditure in the CIES 2018/19		Net Expenditure Chargeable to the General Fund Balances	Adjustments between Funding and Accounting Basis	Net Expenditure in the CIES 2019/20
£000	£000	£000		£000	£000	£000
Year Ended 31 March						
112,008	80,528	192,537	Constabulary	115,932	19,099	135,031
(132,278)	-	(132,278)	Intra-group funding	(136,454)	-	(136,454)
(20,270)	80,528	60,259	Net Cost of Police Services	(20,522)	19,099	(1,423)
20,270	16,860	37,130	Other income and expenditure	20,522	15,087	35,609
-	97,388	97,389	Deficit on the Provision of Services	-	34,186	34,186
-			Opening general fund balance at 1 April	-		
-			Less deficit on general fund in year	-		
-			Closing General Fund Balance at 31 March	-		

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 2019/20 financial year and its position at the year-end of 31 March 2020. 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 Movement in Reserves Statement (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 actuary.

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 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.

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 2020/21 Code are:

- Amendments to IAS 28 Investments in Associates and Joint Ventures: Long-term Interest in Associates and Joint Ventures
- Annual Improvements to IFRS Standards 2015-2017 Cycle
- Amendments to IAS 19 Employee Benefits: Plan Amendment, Curtailment or Settlement

Application of the IFRSs referred to above, as adopted by the Code, is required by 1 April 2020, and these IFRSs will be initially adopted as at 1 April 2020. 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 2020/21 financial statements.

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 2020/21 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 2019/20 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

Net Change for the Pensions Adjustments £000	Other Differences £000	Total Adjustments 2018/19 £000		Net Change for the Pensions £000	Other Differences £000	Total Adjustments 2019/20 £000
Year Ended 31 March						
80,579	(51)	80,528	Constabulary	18,876	223	19,099
80,579	(51)	80,528	Net Cost of Police Services	18,876	223	19,099
16,860	-	16,860	Other income and expenditure	15,087	-	15,087
97,439	(51)	97,388	Deficit on the Provision of Services	33,963	223	34,186

Expenditure and Income Analysed by Nature

2018/19 £000		2019/20 £000
Expenditure		
178,880	Employee benefits expenses	123,784
20,193	Other service expenditure	20,416
37,130	Net pensions interest cost	35,609
236,203	Total Expenditure	179,809
Income		
(5,877)	Fees, charges and other service income	(7,117)
(659)	Government grants and contributions	(2,052)
(6,537)	Total Income	(9,169)
229,667	Deficit on the Provision of Services before Intra Group funding	170,640
(132,278)	Intra-group funding	(136,454)
97,389	Deficit on the Provision of Services	34,186

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 use, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is 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% decrease in the discount rate assumption would result in an increase in the pension liability of £153.8m.

The McCloud and Sargeant Judgements concerned the introduction of career average revalued earnings (CARE) pension schemes to replace the former final salary based pension schemes as part of the Hutton recommendation to reform public service pension schemes. There was protection provided for older members under each scheme. The McCloud and Sargeant judgements have upheld the claimants' cases that the method of implementation of the new schemes discriminated against younger members. The government was refused leave to appeal the McCloud and Sargeant judgements on 27 June 2019. This means that the various parties return to the respective employment tribunals to formulate a remedy which will resolve the age discrimination of the pension changes. There is as yet no regulation around the calculation of the liabilities arising from these remedies, or what the mechanism for meeting any shortfall will be.

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. The figure incorporates actual returns for the period 1 April 2019 to 31 December 2019 and an estimated Fund return of -10.0% for the quarter to 31 March 2020. Investment returns have been significantly lower than expected, particularly in the last two months of the accounting period. There is further uncertainty inherent in the estimates for investment returns and asset values due to the continuing Covid-19 global pandemic, at the publication date it is not possible to reflect the full financial impact within the Statement of Accounts.

7. Events after the Balance Sheet Date

Post balance sheet events have been considered for the period from the year-end to the date the accounts were authorised for issue on .

Covid-19 Pandemic

Although the global Covid-19 pandemic impacted the world politically, socially and financially prior to the financial year end, the UK lockdown on 23 March 2020 continues to have far reaching implications on the organisation in every aspect of its operation. Throughout the Statement of Accounts and the Narrative Report reference has been made to the evolving impact. However, at the time of publication it is not possible to quantify the full impact of the crisis and to make associated adjustments to the Financial Statements. The organisation will continue to monitor the situation, liaise with its professional advisors and make adjustments when appropriate.

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 2019/20 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.

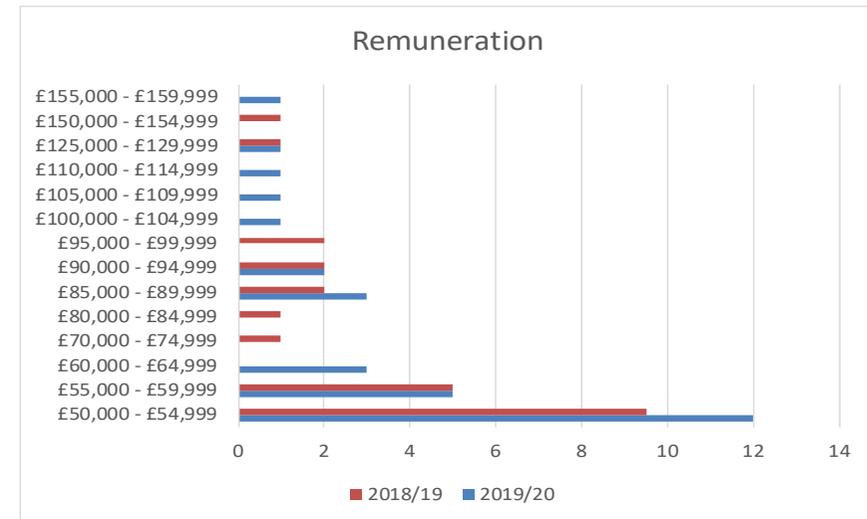
Central Government has effective control over the general operations of the Chief Constable, it is responsible for providing the statutory framework within which the Chief Constable operates, provides the majority of its funding and prescribes the terms of many of the transactions that the Chief Constable 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 2019/20 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.”

During 2018-19, within the £50,000 - £54,999 banding, 0.5 FTE relates to the CC CFO. The CFO acted as CFO for the Chief Constable and the PCC. The 0.5 relates to the Chief Constable share of the FTE based on apportionment of salary.

The above bandings include payment for loss of office made to one employee in 2019/20 (2018/19 – one).

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
2019/20				
Position held				
Chief Constable - Gareth Wilson (Ret'd 09.04.19)	4	1	-	5
Chief Constable - Stephen Jupp - from 10.04.19	157	-	-	157
Deputy Chief Constable	128	37	-	165
Temporary Assistant Chief Constable	115	27	-	142
Temporary Assistant Chief Constable (from 25.11.19)	101	28	-	129
Assistant Chief Officer (from 08.04.19)	105	23	5	133
2018/19				
Position held				
Chief Constable - Gareth Wilson	147	34	5	186
Temporary Deputy Chief Constable (retired 31.12.18)	93	-	4	97
Deputy Chief Constable (from 01.01.19)	119	28	5	151
Temporary Assistant Chief Constable	90	20	1	111
CFO to the Chief Constable - 0.5 FTE	52	12	-	64

During 2019/20 and until 24.11.19, a chief officer from Norfolk Constabulary acted as Assistant Chief Constable (ACC) in a joint capacity, Suffolk Constabulary contributed 43.0% towards the cost of this post. From 25.11.19 this officer was seconded to Suffolk Constabulary as a Deputy Chief Constable (DCC).

From 25.11.19 a Suffolk Constabulary officer acted as a Temporary ACC in a joint capacity, Norfolk Constabulary contribute 57% towards the cost of this post.

From 25.11.19 another Suffolk officer acted as a DCC in a joint capacity. Norfolk Constabulary contribute 57% 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.

2018/19 comparators have been restated as pension strain costs were incorrectly attributed, therefore meaning that the values were incorrect for two bandings.

Exit Package Cost Band including Special Payments £000	Number of Compulsory Redundancies		Number of Other Agreed Departures		Total Number of Exit Packages		Total Value of Exit Packages	
	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20 £000	2018/19 £000
		Restated				Restated		Restated
0 - 20	9	8	1	1	10	9	84	33
20 - 40	1	7	-	1	1	8	40	298
40 - 60	-	1	-	-	-	1	-	53
60 - 80	-	1	-	-	-	1	-	64
100 - 150	-	1	-	-	-	1	-	131
150 - 200	1	-	-	-	1	-	163	-
	11	18	1	2	12	20	287	580

10. Grant Income

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

	2019/20	2018/19
	£000	£000
Credited to Services		
Police incentivisation	184	152
Counter terrorism	-	4
Specific grant for Police Pensions	1,163	-
Other specific grants	705	504
Total	2,052	659

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.

2018/19		2019/20
£000		£000
17	Audit fees	21
17		21

The 2019/20 audit fees do not include any amount attributable to the Chief Constable in respect of 2018/19. However, in 2018/19 an improved increase to the original scale fee for 2017/18 of £5.4k was included.

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 2019/20 was £1.329m (£1.502m in 2018/19).

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 2020 (which exclude any availability/performance deductions), are shown in the following table:

	Revenue Services £000
Payable in 2020/21	1,413
Payable within two to five years	5,428
Payable within six to ten years	9,222
Payable within eleven to fifteen years	10,662
Payable within sixteen to twenty years	9,710
Payable within twenty one to twenty five years	3,804
	40,239

13. Defined Benefit Pension Schemes

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 2019/20 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 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	
	2019/20 £000	2018/19 £000	2019/20 £000	2018/19 £000
Comprehensive Income and Expenditure Statement				
Cost of services				
Current service costs	10,594	9,185	28,100	26,122
Past service costs	64	1,054	163	61,060
Financing and investment income and expenditure				
Net interest expense	1,674	1,277	33,935	35,853
Total post employment benefit charges to the Deficit on the Provision of Service	12,332	11,516	62,198	123,035
Other post employment benefit charged to the CIES				
Return on plan assets (excluding the amount included in the net interest expense)	17,850	(5,625)	-	-
- Actuarial (gains)/losses arising from changes in demographic assumptions	(5,392)	-	(10,382)	(96,396)
- Actuarial (gains)/losses arising from changes in financial assumptions	(28,008)	22,041	(128,662)	97,999
- Other	(13,423)	(84)	14,350	24,694
Total post employment benefit charged to the CIES	(16,641)	27,848	(62,496)	149,332
Movement in Reserves Statement (MIRS):				
Reversal of net charges made to the CIES for post employment benefits in accordance with the Code	16,641	(27,848)	62,496	(149,332)
Actual amount charged against the General Fund Balance for pensions in the year:				
Employers' contributions payable to scheme	5,942	5,804	-	-
Retirement benefits payable to pensioners	-	-	34,625	31,307
Net charge to the General Fund	5,942	5,804	34,625	31,307

Assets and liabilities in relation to retirement benefits

	Local Government		Police	
	Pension Scheme		Pension Schemes	
	2019/20	2018/19	2019/20	2018/19
	£000	£000	£000	£000
Present value of liabilities	(221,546)	(254,340)	(1,319,766)	(1,416,887)
Fair value of plan assets	176,901	187,112	-	-
Total Net Liabilities	(44,645)	(67,228)	(1,319,766)	(1,416,887)

Reconciliation of present value of the scheme liabilities

	Local Government		Police	
	Pension Scheme		Pension Schemes	
	2019/20	2018/19	2019/20	2018/19
	£000	£000	£000	£000
Opening Balance at 1 April	254,340	218,513	1,416,887	1,298,862
Current service cost	10,594	9,185	28,100	26,122
Interest cost	6,211	6,000	33,935	35,853
Contributions by scheme participants	1,506	1,506	5,457	5,499
Remeasurement (gains) and losses:				
- Actuarial (gains)/losses arising from changes in demographic assumptions	(5,392)	-	(10,382)	(96,396)
- Actuarial (gains)/losses arising from changes in financial assumptions	(28,008)	22,041	(128,662)	97,999
- Other	(13,461)	17	14,350	24,694
Past service costs	64	1,054	163	61,060
Benefits paid	(4,308)	(3,976)	(40,082)	(36,806)
Closing Balance at 31 March	221,546	254,340	1,319,766	1,416,887

Reconciliation of fair value of scheme assets

	Funded Assets		Unfunded Assets	
	Local Government		Police	
	Pension Scheme		Pension Schemes	
	2019/20	2018/19	2019/20	2018/19
	£000	£000	£000	£000
Opening fair value of scheme assets at 1 April	187,112	173,329	-	-
Interest income	4,537	4,723	-	-
Remeasurement gain/(loss):				
- the return on plan assets, excluding the amount included in the net interest expense	(17,850)	5,625	-	-
Other	(38)	101	-	-
Contributions from employer	5,942	5,804	34,625	31,307
Contributions from employees into the scheme	1,506	1,506	5,457	5,499
Benefits paid	(4,308)	(3,976)	(40,082)	(36,806)
Closing fair value of scheme assets at 31 March	176,901	187,112	-	-

The total net pensions liabilities of £1,364m represent the long run commitments in respect of retirement benefits and results in the balance sheet showing net overall liabilities of £1,365m. 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 2020		31 March 2019	
	£000	%	£000	%
Cash and cash equivalents	2,164	1.22	2,638	1.41
Equity Instruments - industry type:				
- Consumer	4,583		12,207	
- Manufacturing	2,771		5,684	
- Energy and utilities	965		2,969	
- Financial institutions	2,384		5,583	
- Health and care	1,245		3,212	
- Information technology	827		5,836	
- Other	1,124		1,629	
Sub total equity	13,898	7.86	37,120	19.84
Bonds - by sector				
- Corporate	39,214		42,134	
Sub total Bonds	39,214	22.17	42,134	22.52
Property - by type				
- UK property	16,562		19,095	
Sub total property	16,562	9.36	19,095	10.21
Private equity - all:	7,612	4.30	7,704	4.12
Other investment funds:				
- Equities	61,343		41,072	
- Bonds	13,779		7,282	
- Hedge funds	9,950		17,951	
- Infrastructure	9,239		8,323	
- Other	3,057		3,703	
Sub total other investment funds	97,369	55.04	78,331	41.86
Derivatives:				
- Foreign exchange	82		91	
Sub total derivatives	82	0.05	91	0.05
Total Assets	176,901	100	187,112	100

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.

Both the Police Schemes 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	
	2019/20	2018/19	2019/20	2018/19
Mortality assumptions:				
Longevity at 65 (LGPS) and 60 (PPS) for current pensioners				
Men	21.9	21.9	27.2	27.3
Women	24.1	24.4	29.2	29.4
Longevity at 65 (LGPS) and 60 (PPS) for future pensioners				
Men	22.7	23.9	28.3	28.4
Women	25.6	26.4	30.4	30.6
Rate of inflation (CPI)	1.8%	2.5%	2.8%	3.5%
Rate of increase in salaries	2.5%	2.8%	2.8%	3.5%
Rate of increase in pensions	1.8%	2.5%	1.9%	2.5%
Rate for discounting scheme liabilities	2.3%	2.4%	2.3%	2.4%

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% decrease in real discount rate	11.0%	25,456	10.0%	128,314
1 year increase in member life expectancy	3-5%	5,137-8,562	3.0%	39,189
0.5% increase in the salary increase rate	2.0%	3,425	1.0%	12,904
0.5% increase in the pension increase rate	10.0%	21,765	8.0%	104,256

Due to the recent ruling to deny the Government's appeal in relation to the McCloud judgement, an estimated allowance has been included in these accounts based on the calculations performed by the Government Actuary's Department. The calculated effect of the impact of the Guaranteed Minimum Pension equalisation for pensioners has also been included. The effect of both of these amendments can be predominantly seen in the Past Service Cost line for both the Police Pension Schemes and Local Government Pension Scheme in 2018/19, with 2019/20 assumption changes reflected in actuarial gains and losses.

The real impact of this increase in scheme liabilities will be measured through the pension valuation process, which determines employer and employee contribution rates. The last LGPS valuation took place in 2019 and the Police Pension valuation is due to take 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.

The impact of an increase in annual pension payments arising from the above judgment is determined through pension fund regulations which require a police body to maintain pension funds into which officer, employee and employer contributions are paid and out of which pension payments to retired members are made. If the police pension fund does not have enough funds to meet the cost of pensions in year the amount required to meet the deficit is then paid by the Secretary of State to the PCC in the form of a central government top-up grant.

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 2020/21 for the PCC for Suffolk is 22.2% (23.2% in 2019/20). The last triennial valuation was dated 31 March 2019.

Estimated employer's contributions for 2020/21 amount to £5.215m on the LGPS and £33.257m on the Police Schemes.

The weighted average duration of the defined benefit obligation for the LGPS is 24.0 years (21.0 years, 2018/19) and for the Police schemes is 18.7 years (18.1 years, 2018/19).

14. Creditors

The balance of creditors is made up of the following:

	31 March 2020 £000	31 March 2019 £000
Short term creditors:		
Other payables	881	658
Balance at 31 March	881	658

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	Justice Services £000	Protective Services £000	County Policing £000	Total £000
2019/20					
Suffolk PCC	17,272	10,614	15,104	1,523	44,513
Norfolk PCC	22,895	14,070	20,022	2,018	59,006
Total shared running costs	40,167	24,685	35,127	3,541	103,520
2018/19					
Suffolk PCC	16,604	9,733	14,544	1,431	42,312
Norfolk PCC	22,010	12,902	19,279	1,897	56,088
Total shared running costs	38,614	22,634	33,823	3,327	98,399

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. It was reviewed in a second Collaboration Agreement in early 2017 to progress the Programme until at least the end of March 2019 and has now been extended for a further two year period by the third Collaboration Agreement.

The net expenditure incurred by each force is as follows:

	Total 2019/20 £000	Total 2018/19 £000
Operating costs	21,834	20,469
Specific Home Office grant	(4,336)	(4,659)
Other income	-	(300)
Total deficit for the year	17,498	15,510
Contributions from forces:		
Bedfordshire	(1,997)	(1,843)
Cambridgeshire	(2,567)	(2,376)
Essex	(1,953)	(1,434)
Hertfordshire	(3,607)	(3,351)
Kent	(2,249)	(1,735)
Norfolk	(2,918)	(2,696)
Suffolk	(2,207)	(2,047)
Deficit for the year	-	27
Suffolk underspend held in Balance Sheet	-	60

7Forces Procurement

The Business Case to collaborate 7F Procurement was agreed at the Eastern Region Summit on 10 July 2018.

During 2019/20, procurement services across the Seven Forces; Bedfordshire, Cambridgeshire, Essex, Hertfordshire, Kent, Norfolk and Suffolk have been collaborated to a single 7F 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 Procurement 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 7F single procurement function was implemented during 2019/20 using a phased approach. The Senior Leadership team went live on 1 September 2019, the Commercial Development and Governance team on 1 November 2019 and the Category Management team on 6 January 2020.

The net expenditure incurred by each force is as follows:

	Total 2019/20 £000
Operating costs	1,033
Contributions from forces:	
Bedfordshire	85
Cambridgeshire	110
Hertfordshire	154
Essex	226
Kent	238
Norfolk	125
Suffolk	94
	<u>1,033</u>

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 £0.28m (2018/19 £0.48m) was payable to West Yorkshire PCC in respect of the NPAS service provided. At 31 March 2019, West Yorkshire PCC owed Suffolk PCC £0.75m (31 March 2019 £0.95m) in respect of the Suffolk airframe. The balance is due to be paid in annual instalments up until 2024/25.

16. Contingent Liabilities

Unlawful Discrimination – Pension Fund Regulations

The Chief Constable of Suffolk currently has 67 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 McCloud and Sargeant judgements concerned the introduction of career average revalued earnings (CARE) pension schemes to replace the former final salary based pension schemes as part of the Hutton recommendation to reform public service pension schemes.

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

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 not been amended, the outcome 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, subsequent changes to the liability assessment in 2019/20 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 agreed or 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 financial burden for remedy.

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 a forensic testing company 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.

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. Provision has been made in the Statement of Accounts for known claims. However, as with other forces, Suffolk Constabulary may receive further claims from officers working in non-handler and undercover 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, at this point in time 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 the settlement costs, Suffolk Constabulary will also be liable to a share of the legal costs arising for national lead claims, presently these costs are unknown.

Police Pension Fund Accounting Statements

Fund Account

2018/19		2019/20	
£000	£000	£000	£000
Contributions receivable			
Employer			
	8,495	Normal	8,863
	284	Early retirements	247
8,779			9,109
Members			
	5,396	Normal	5,594
5,396			5,594
Transfers in			
	220	Individual transfers in from other schemes	347
220			347
Benefits payable			
(29,633)		Pensions	(30,793)
(6,046)		Commutations and lump sum retirement benefits	(7,212)
-		Lump sum death benefits	-
-		Other	(1,087)
(35,680)			(39,092)
	(25)	Refunds on contributions	(31)
	(117)	Individual transfers out to other schemes	(485)
(142)			(516)
(21,427)		Net amount payable for the year before contribution from the Police General Fund	(24,558)
20,270		Contribution from the Police General Fund	20,522
1,157		Additional funding payable by the local policing body	4,036
-		Net balance receivable for the year	-

Net Assets and Liabilities

2019	2020
£000	£000
Net current assets	
-	-
Net balance receivable from the Police General Fund	
Net Current Assets at 31 March	-

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 2019/20 a specific grant of £1.2m was received to part fund the cost of the recent 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

Occur 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.