



SUFFOLK
CONSTABULARY

**THE CHIEF CONSTABLE OF
SUFFOLK CONSTABULARY**

STATEMENT OF ACCOUNTS

for the year ended

31 March 2022

DRAFT

Statement of Accounts for the year ended 31 March 2022

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INDEPENDENT AUDITOR'S REPORT TO THE CHIEF CONSTABLE OF 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

Stephen Jupp

Chief Constable of Suffolk Constabulary

.....2022

The Chief Finance Officer of the Chief Constable Responsibilities

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

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

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

The CFO to the Chief Constable has also:

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

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

Kenneth Kilpatrick

Chief Finance Officer to the Chief Constable

.....2022

NARRATIVE REPORT

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

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

1. Policing Context

The Chief Constable of Suffolk

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

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

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

Accountability and Performance Panel

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

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 approximately 1,466 square miles. Located 60 miles north east of London, it is bordered by Norfolk to the north, Cambridgeshire to the west and Essex to the south. The North Sea marks the eastern border of the county (see **Figure 1**).

Figure 1 – Map of the County of Suffolk



Note: Principal police stations are marked in blue

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

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

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

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

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

Collaboration and partnership working

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

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

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

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

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

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

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

Partnerships

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

2. Governance

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

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

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

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

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

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

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

3. Risks

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

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

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

4. Non-Financial Performance 2021/22

Non-financial performance

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

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

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

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

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

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

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

Table 1: Performance against Police and Crime Plan indicators

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

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

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

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

5. Financial Performance 2021/22

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

Net pensions interest cost, which represents an interest charge on the future pensions' liability was £31.690m (2020/21: £30.806m). The net defined pension liability decreased by £10.788m (2020/21: increase £235.1m) largely due to actuarial gains from changes to the financial assumptions used to calculate the pension liability.

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

Annual Governance Statement

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

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

6. Coronavirus Pandemic

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

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

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

7. Outlook

Suffolk Constabulary Strategic Plan 2020/23

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

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

Operational

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

Organisational

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

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

Medium Term Financial Plan 2022/23 to 2025/26

Revenue Funding 2022/23

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

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

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

Capital Programme 2022/23

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

Table 2: Capital programme 2021/22

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

Future Efficiency and Savings Plans

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

Inflationary Pressures

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

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

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

8. Basis of Preparation

Going Concern

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

Explanation of financial statements

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

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

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

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

Kenneth Kilpatrick

Chief Finance Officer to the Chief Constable

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

Gross Expenditure	Income	Net Expenditure		Gross Expenditure	Income	Net Expenditure
2020/21	2020/21	2020/21		2021/22	2021/22	2021/22
£000	£000	£000		£000	£000	£000
			Division of Service:			
146,957	(9,727)	137,230	Constabulary	170,453	(11,221)	159,232
146,957	(9,727)	137,230	Net Cost of Police Services before group funding	170,453	(11,221)	159,232
-	(140,681)	(140,681)	Intra-group funding	4	(147,599)	(147,599)
146,957	(150,408)	(3,451)	Net Cost of Police Services	170,453	(158,820)	11,633
			Financing and Investment Income and Expenditure:			
30,806	-	30,806	Net pensions interest cost	13	31,690	-
30,806	-	30,806	Total Financing and Investment Income and Expenditure	31,690	-	31,690
		27,355	Deficit on the Provision of Services			43,323
			Other Comprehensive Income and Expenditure:			
		208,148	Remeasurements of the net defined benefit liability	13		(54,145)
		208,148	Total Other Comprehensive Income and Expenditure			(54,145)
		235,503	Total Comprehensive (Income) and Expenditure			(10,822)

Balance Sheet as at 31 March 2022

31 March 2021 £000		Notes	31 March 2022 £000
(1,288)	Short-term creditors and accruals	14	(1,253)
(1,288)	Current Liabilities		(1,253)
(1,576,495)	Pensions liability	13	(1,565,709)
(1,576,495)	Long Term Liabilities		(1,565,709)
(1,577,784)	Total Liabilities		(1,566,963)
(1,577,784)	Net Liabilities		(1,566,963)
-	Usable reserves	Page 12	-
(1,577,784)	Unusable reserves	Page 12	(1,566,963)
(1,577,784)	Total Reserves		(1,566,963)

These unaudited financial statements were issued on 2022.

Kenneth Kilpatrick 2022

Chief Finance Officer to the Chief Constable

Movement in Reserves Statement for the year ended 31 March 2022

	Note	General Fund Balance £000	Total Usable Reserves £000	Pension Reserves £000	Comp' Absences Account £000	Total Unusable Reserves £000	Total Reserves £000
Balance at 1 April 2021		-	-	(1,576,495)	(1,289)	(1,577,784)	(1,577,784)
Movement in Reserves during 2021/22							
Deficit on provision of services	Page 10	(43,323)	(43,323)	-	-	-	(43,323)
Other comprehensive income and expenditure	Page 10	-	-	54,145	-	54,145	54,145
Total comprehensive income and expenditure		(43,323)	(43,323)	54,145	-	54,145	10,822
Difference between IAS 19 pension costs and those calculated in accordance with statutory requirements		61,406	61,406	(61,406)	-	(61,406)	-
Contribution to the Police Pension Fund		(18,048)	(18,048)	18,048	-	18,048	-
Increase / (decrease) on the Compensated Absences Account		(35)	(35)	-	35	35	-
Adjustments between accounting basis and funding basis under regulations		43,323	43,322	(43,358)	35	(43,322)	(0)
Increase / (decrease) in year		-	-	10,787	35	10,822	10,823
Balance at 31 March 2022		-	-	(1,565,709)	(1,253)	(1,566,963)	(1,566,963)
Balance at 1 April 2020		-	-	(1,341,401)	(882)	(1,342,282)	(1,342,282)
Movement in Reserves during 2020/21							
Deficit on provision of services	Page 10	(27,355)	(27,355)	-	-	-	(27,355)
Other comprehensive income and expenditure	Page 10	-	-	(208,148)	-	(208,148)	(208,148)
Total comprehensive income and expenditure		(27,355)	(27,355)	(208,148)	-	(208,148)	(235,503)
Difference between IAS 19 pension costs and those calculated in accordance with statutory requirements		44,554	44,554	(44,554)	-	(44,554)	-
Contribution to the Police Pension Fund		(17,606)	(17,606)	17,606	-	17,606	-
Increase / (decrease) on the Compensated Absences Account		407	407	-	(407)	(407)	-
Adjustments between accounting basis and funding basis under regulations		27,355	27,355	(26,948)	(407)	(27,355)	-
Increase / (decrease) in year		-	-	(235,096)	(407)	(235,502)	(235,502)
Balance at 31 March 2021		-	-	(1,576,495)	(1,289)	(1,577,784)	(1,577,784)

Cash Flow Statement for the year ended 31 March 2022

2020/21 £000		Note	2021/22 £000
(27,355)	Deficit on the Provision of Services	Page 10	(43,323)
	Adjustment for non-cash or cash equivalent movements		
26,948	Movements on pension liability		43,358
407	Increase / (decrease) in creditors		(35)
27,354	Net adjustment for non-cash or cash equivalent movements		43,323
-	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		Net Expenditure Chargeable to the General Fund Balances	Adjustments between Funding and Accounting Basis	Net Expenditure in the CIES
2020/21	2020/21	2020/21		2021/22	2021/22	2021/22
£000	£000	£000		£000	£000	£000
Year Ended 31 March						
123,075	14,154	137,230	Constabulary	129,551	29,682	159,232
(140,681)	-	(140,681)	Intra-group funding	(147,599)	-	(147,599)
(17,606)	14,154	(3,451)	Net Cost of Police Services	(18,048)	29,682	11,633
17,606	13,200	30,806	Other income and expenditure	18,048	13,642	31,690
-	27,355	27,355	Deficit on the Provision of Services	-	43,323	43,323
-			Opening general fund balance at 1 April	-		
-			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 2021/22 financial year and its position at the year-end of 31 March 2022. The Chief Constable is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which those Regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code, supported by International Financial Reporting Standards (IFRS).

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

Cost recognition and intra-group adjustment

Refer to Note 4 for further details.

Recognition of working capital

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

Accruals of income and expenditure

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

Debtors and creditors

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

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

Employee benefits

Benefits payable during employment

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

Termination benefits

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

Post-employment benefits

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

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

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

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

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

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

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

- Current service cost – the increase in liabilities as a result of years of service earned this year, it is debited to the net cost of policing in the Comprehensive Income and Expenditure Statement (CIES). The current service cost is based on the latest available actuarial valuation.
- Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years. Past service costs are debited to the net cost of policing in the CIES.
- Interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid. It is charged to the Financing and Investment Income and Expenditure line in the CIES. The interest cost is based on the discount rate and the present value of the scheme liabilities at the beginning of the period.
- The return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last

actuarial valuation or because the actuaries have updated their assumptions. They are charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

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

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

Discretionary Benefits

The entity has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including injury awards for police officers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

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

Events after the reporting period

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

- Those that provide evidence of conditions that existed at the end of the reporting period. The Statement of Accounts is adjusted to reflect such events.
- Those that are indicative of conditions that arose after the reporting period. The Statement of Accounts is not adjusted to reflect such events. However,

where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

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

Government grants and contributions

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

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

Amounts recognised as due to the Chief Constable are not credited to the CIES until conditions attaching to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet within creditors as government grants received in advance. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants / contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the CIES.

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

Joint operations

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

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

Private Finance Initiative (PFI) and similar contracts

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor.

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

Contingent Liabilities

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

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

Reserves

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

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

Pension Reserve

The Pension Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Chief Constable accounts for post-employment benefits in the CIES as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Chief Constable makes employer's contributions to pension funds or eventually pay any pensions for which they are directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall between the benefits earned by past and current employees and the resources the Chief Constable has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

Value Added Tax

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

Going Concern

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

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

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

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

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

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

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

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

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

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

3. Critical Judgements in Applying Accounting Policies

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

- The budget is set by the PCC and provides the Chief Constable with the authority to incur expenditure. There are still uncertainties about the future funding beyond 2022/23 in regard of what the PCC will receive from the government and the limitations around the precept. The PCC and the Chief Constable are working together to mitigate the impact of the funding gap emerging over the period of the Medium-Term Financial Plan, the impact of which will be realised in the budget set by the PCC.
- The allocation of transactions and balances between the PCC and the Chief Constable has been set out in the Narrative Report to these accounts.
- The PCC has a significant number of assets including those under PFI arrangements. The PCC has the responsibility, control and risk in terms of the provision of those assets. Consequently, a critical judgement has been made to show any connected grant funding (e.g. for PFI) and the capital and financing costs of the provision of those assets in the PCC account. As the Chief Constable utilises the assets on a day-to-day basis, the officers and staff of the Chief Constable have responsibility for the use of the consumables, heating and lighting and so forth. Consequently, these costs are shown in the Chief Constable accounts including the service charges element of the PFI.
- Costs of pension arrangements require estimates assessed by independent qualified actuaries regarding future cash flows that will arise under the scheme liabilities. The assumptions underlying the valuation used for IAS19 reporting are the responsibility of the Group as advised by the actuaries. The financial assumptions are largely prescribed at any point and reflect market expectations at the reporting date. Assumptions are also made around the life expectancy of the UK population.
- In respect of the LGPS police staff pension costs, separate actuarial valuations have been carried out to provide the accounting entries for the PCC and the Chief Constable in 2021/22 and are reflected in the financial statements.

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

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

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

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

5. Notes to the Expenditure and Funding Analysis

Adjustments between the CIES and the General Fund

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

Expenditure and Income Analysed by Nature

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

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

Pensions Liability

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Actuaries are engaged to provide the PCC and Chief Constable with expert advice about the assumptions to be applied. The effects on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.5% (PPS), 0.1% (LGPS) decrease in the discount rate assumption would result in an increase in the pension liability of £152.0m.

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

7. Events after the Reporting Period

Events after the reporting period have been considered for the period from the year-end to the date the accounts were authorised for issue on **## ##### ##**. At the time of issue there were no adjusting nor non-adjusting subsequent events that required disclosure.

8. Related Parties

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

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

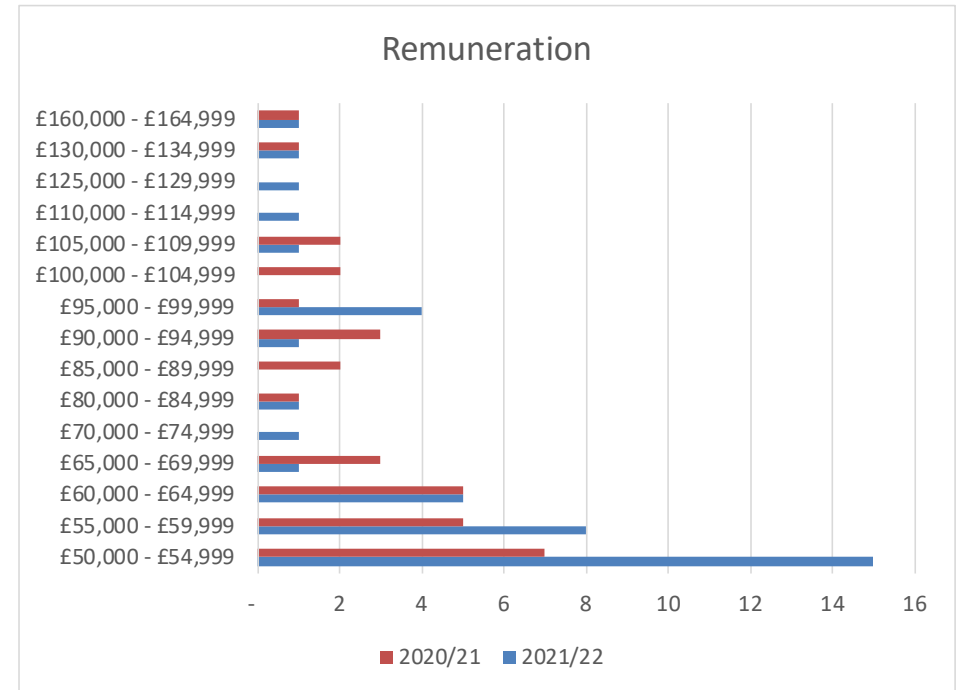
Central Government has effective control over the general operations of the Chief Constable, it is responsible for providing the statutory framework within which the Chief Constable operates, provides the majority of its funding and prescribes the terms of many of the transactions that the Chief Constable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

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

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

9. Employees' Remuneration

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



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

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

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

	Salaries Fees and Allowances £000	Employers Pension Contributions £000	Expenses £000	Total £000
2021/22				
Position held				
Chief Constable - Stephen Jupp	162	-	-	162
Deputy Chief Constable	135	38	-	173
Assistant Chief Constable	126	37	-	163
Temporary Assistant Chief Constable (from 14.6.21)	109	28	-	137
Assistant Chief Officer	110	22	1	133
2020/21				
Position held				
Chief Constable - Stephen Jupp	161	-	-	161
Deputy Chief Constable	134	38	-	172
Assistant Chief Constable (from 11.05.20)	105	31	-	136
Temporary Assistant Chief Constable (to 31.08.20)	101	16	-	117
Temporary Assistant Chief Constable (to 25.09.20)	66	16	-	82
Assistant Chief Officer	110	23	-	133

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

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

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

Exit Packages

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

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

10. Grant Income

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

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

11. External Audit Costs

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

2020/21		2021/22
£000		£000
12	Audit fees	12
6	The Chief Constable 2019/20 fees regarding additional work performed	2
	The Chief Constable 2020/21 fees regarding additional work performed	8
18		22

Neither the 2021/22 nor the 2020/21 audit fees include any additional amount attributable to the Chief Constable in respect of prior year audits. Any such amounts have been disclosed separately.

12. Private Finance Initiatives

Police Investigation Centres (PIC)

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

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

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

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

13. Retirement Benefits

Participation in pension schemes

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

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

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

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

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

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

Transactions relating to post-employment benefits

The cost of retirement benefits are recognised in the reported Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge required against council tax is based on the cash payable in the year, so the real cost of retirement is reversed out of the General Fund in the MIRS.

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

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

	LGPS		Police Pension Schemes	
	2021/22 £000	2020/21 £000	2021/22 £000	2020/21 £000
Comprehensive Income and Expenditure Statement				
Cost of services				
Current service costs	15,683	9,770	36,050	25,340
Past service costs	-	-	-	-
Financing and investment income and expenditure				
Net interest expense	2,020	1,076	29,670	29,730
Total post employment benefit charges to the Deficit on the Provision of Service	17,703	10,846	65,720	55,070
Other post employment benefit charged to the CIES				
Return on plan assets (excluding the amount included in the net interest expense)	(17,071)	(32,345)	-	-
- Actuarial (gains)/losses arising from changes in demographic assumptions	(1,598)	4,135	-	(17,110)
- Actuarial (gains)/losses arising from changes in financial assumptions	(25,875)	74,571	(19,140)	216,080
- Other	681	(2,232)	8,858	(34,951)
	(43,863)	44,129	(10,282)	164,019
Total post employment benefit charged to the CIES	(26,160)	54,975	55,438	219,089
Movement in Reserves Statement (MIRS):				
Reversal of net charges made to the CIES for post employment benefits in accordance with the Code	26,160	(54,975)	(55,438)	(219,089)
Actual amount charged against the General Fund Balance for pensions in the year:				
Employers' contributions charged to the general fund	6,197	6,235	33,868	32,733
Retirement benefits payable to pensioners	(4,839)	(4,506)	(40,358)	(38,923)

Assets and liabilities in relation to retirement benefits

	Local Government Pension Scheme		Police Pension Schemes		Total Pension Schemes	
	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21
	£000	£000	£000	£000	£000	£000
Present value of liabilities	(302,744)	(310,318)	(1,504,210)	(1,482,639)	(1,806,954)	(1,792,957)
Fair value of plan assets	241,245	216,462	-	-	241,245	216,462
Total Net Liabilities	(61,499)	(93,856)	(1,504,210)	(1,482,639)	(1,565,709)	(1,576,495)

Reconciliation of present value of the scheme liabilities

	Local Government Pension Scheme		Police Pension Schemes	
	2021/22	2020/21	2021/22	2020/21
	£000	£000	£000	£000
Opening Balance at 1 April	310,318	221,503	1,482,639	1,296,283
Current service cost	15,683	9,770	36,050	25,340
Interest cost	6,487	5,172	29,670	29,730
Contributions by scheme participants	1,881	1,833	6,490	6,190
Remeasurement (gains) and losses:				
- Actuarial (gains)/losses arising from changes in demographic assumptions	(1,598)	4,135	-	(17,110)
- Actuarial (gains)/losses arising from changes in financial assumptions	(25,875)	74,571	(19,140)	216,080
- Other	687	(2,160)	8,858	(34,951)
Past service costs	-	-	-	-
Benefits paid	(4,839)	(4,506)	(40,358)	(38,923)
Closing Balance at 31 March	302,744	310,318	1,504,210	1,482,639

Reconciliation of fair value of scheme assets

	Funded Assets		Unfunded Assets	
	Local Government		Police	
	Pension Scheme		Pension Schemes	
	2021/22	2020/21	2021/22	2020/21
	£000	£000	£000	£000
Opening fair value of scheme assets at 1 April	216,462	176,387	-	-
Interest income	4,467	4,096	-	-
Remeasurement gain/(loss):				
- the return on plan assets, excluding the amount included in the net interest expense	17,071	32,345	-	-
Other	6	72	-	-
Contributions from employer	6,197	6,235	33,868	32,733
Contributions from employees into the scheme	1,881	1,833	6,490	6,190
Benefits paid	(4,839)	(4,506)	(40,358)	(38,923)
Closing fair value of scheme assets at 31 March	241,245	216,462	-	-

The total net pensions liabilities of £1,566m represent the long run commitments in respect of retirement benefits and results in the balance sheet showing net overall liabilities of £1,567m. 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. The 31 March 2021 values were restated to consolidate the equity values into one heading.

	Fair Value of Scheme Assets			
	31 March 2022		31 March 2021	
	£000	%	£000	%
			Restated	
Cash and cash equivalents	2,494	1.03	3,207	1.48
Bonds - by sector				
- Corporate	51,243		47,400	
Sub total Bonds	51,243	21.24	47,400	21.90
Property - by type				
- UK property	20,485		16,897	
Sub total property	20,485	8.49	16,897	7.81
Private equity - all:	11,185	4.64	8,654	4.00
Other investment funds:				
- Equities	109,679		109,633	
- Bonds	9,388		8,417	
- Hedge funds	11,717		11,695	
- Infrastructure	18,111		5,655	
- Other	6,943		4,922	
Sub total other investment funds	155,838	64.60	140,322	64.83
Derivatives:				
- Foreign exchange	-		(19)	
Sub total derivatives	-	0.00	(19)	-0.01
Total Assets	241,245	100	216,462	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.

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

	Local Government Pension Scheme		Police Pension Schemes	
	2021/22	2020/21	2021/22	2020/21
Mortality assumptions:				
Longevity at 65 for current pensioners				
Men	21.9	22.1	22.1	22.0
Women	24.3	24.5	23.8	23.7
Longevity at 65 for future pensioners				
Men	22.9	23.2	23.8	23.7
Women	26.1	26.4	25.4	25.3
Rate of inflation (CPI)	3.15%	2.80%	3.00%	2.40%
Rate of increase in salaries	3.85%	3.50%	4.75%	4.15%
Rate of increase in pensions	3.15%	2.80%	3.00%	2.40%
Rate for discounting scheme liabilities	2.75%	2.05%	2.65%	2.00%

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

	Local Government Pension Scheme		Police Pension Schemes	
	Approximate Increase to Employers Liability %	Approximate Monetary Amount £000	Approximate Increase to Employers Liability %	Approximate Monetary Amount £000
0.5% (PPS), 0.1% (LGPS) decrease in real discount rate	2.0%	7,047	9.5%	145,000
1 year increase in member life expectancy	4.0%	12,110	3.5%	51,000
0.5% (PPS), 0.1% (LGPS) increase in the salary increase rate	0.0%	844	1.0%	13,000
0.5% (PPS), 0.1% (LGPS) increase in the pension increase rate	2.0%	6,152	9.0%	134,000

Unlawful discrimination

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

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

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

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

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

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

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

Valuations

Scheme liabilities will be measured through the pension valuation process, which determines employer and employee contribution rates. The last LGPS valuation took place in 2019 and the police pension valuation took place in 2020. Implementation of the latter valuation is planned for 2023/24 and forces will need to plan for the impact of this on employer contribution rates alongside other changes identified through the valuation process.

Impact on the Chief Constable's cash flow

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

Estimated employer's contributions for 2022/23 amount to £6.110m on the LGPS and £34.926m on the Police Schemes.

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

14. Creditors

The balance of creditors is made up of the following:

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

15. Collaborative Arrangements

Local Collaboration

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

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

	Business Support £000 Restated	Justice Services £000 Restated	Protective Services £000	County Policing £000	Total £000
2021/22					
Suffolk PCC	18,958	12,217	16,227	1,579	48,982
Norfolk PCC	24,825	15,998	21,249	2,068	64,141
Total shared running costs	43,783	28,215	37,477	3,648	113,123
2020/21					
Suffolk PCC	18,158	11,282	15,586	1,660	46,686
Norfolk PCC	23,874	14,834	20,493	2,182	61,383
Total shared running costs	42,032	26,116	36,079	3,842	108,069

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

Regional Collaboration

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

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

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

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

7F Commercial Services

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

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

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

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

The net expenditure incurred by each force is as follows:

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

National Collaboration

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

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

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

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

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

16. Contingent Liabilities

MMI Ltd

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

Forensic Service Uncertainty

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

Unlawful Discrimination – Pension Fund Regulations

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

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

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

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

Capped Overtime Claims

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

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

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

17. Going Concern

The Police Reform and Social Responsibility Act 2011 sets out in statute the creation of the Police and Crime Commissioners and the financial responsibility they have. The concept of a going concern assumes that the functions of the Police and Crime Commissioner and the Constabulary will continue in operational existence for the foreseeable future. The provisions in the CIPFA Code of Practice on Local Authority Accounting in the UK 2020/21 in respect of going concern reporting requirements reflect the economic and statutory environment in which police forces operate. These provisions confirm that, as the Office of the Police and Crime Commissioner and the Constabulary cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting.

PCCs and Chief Constables carry out functions essential to the local community and are themselves revenue-raising bodies (with limits on their revenue-raising powers arising only at the discretion of central government). If a police force were in financial difficulty, the prospect is that alternative arrangements would be made by central government either for the continuation of the functions it provides or for assistance with the recovery of a deficit over more than one financial year. As a result of this, it would not be appropriate for the financial statements to be prepared on anything other than a going concern basis. Accounts drawn up under the Code therefore assume that a police force will continue to operate for the foreseeable future.

The PCC maintains a General Reserve of £4.3m, Budget Support Reserve of £7.4m and a Change Reserve of £1.5m that could be used to manage the financial risks of major incidents. However, through actions taken to control spending in-year as a response to the pandemic, and due to the additional funding made available by the Home Office the Constabulary and OPCC recorded an outturn underspend of £1.102m.

A high-level scenario planning exercise has been completed and compared against our current MTFP assumptions. The budget gap for 2023/24 ranges between reasonable pragmatic case of £1.1m to a worst case of £3.0m given a range of assumptions on government funding, precept decisions, tax base reductions and collection fund deficits. The guidelines to Heads of Department in regard of the Strategic and Financial Planning process (using Outcome Based Budgeting principles) have considered the scenario plans. The Constabulary has a proven track record on delivery required savings in order to balance the budget.

Taking a worst-case funding scenario, and a worst-case assumption that no savings are identified through the Constabulary's budget setting process, general fund balances including earmarked reserves would reduce to approximately £18.9m. This

remains significantly above the minimum general fund balance set by the PCC CFO of £4.5m.

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

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

Police Pension Fund Accounting Statements

Fund Account

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

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

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

Glossary of terms

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

Accruals basis

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

Actual return on plan assets

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

Actuarial gains and losses

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

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

CIPFA

The Chartered Institute of Public Finance and Accountancy.

Contingent liability

A contingent liability is either:

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

Current Service Costs

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

Defined benefit scheme

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

Government grants

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

Group

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

Outturn

The actual amount spent in the financial year.

Past Service Costs

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

Pension Strain

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

Projected Unit Credit Method

An accrued benefits valuation method in which the scheme liabilities make allowance for projected earnings.

An accrued benefits valuation method is a valuation method in which the scheme liabilities at the valuation date relate to:

- a) The benefits for pensioners and deferred pensioners (i.e. individuals who have ceased to be active members but are entitled to benefits payable at

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

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

Precept

The proportion of the budget raised from council tax.

Provision

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

PWLB

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

Related parties

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

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

Retirement Benefits

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

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

Scheme Liabilities

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

Settlement

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

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

Vested Rights

In relation to a defined benefit scheme, these are:

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

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