

Sussex Police Authority

The members of the Police Authority from 1st April 2009 to 31 March 2010:

Dr Laurie Bush	Chairman
Mr Steve Waight	Vice-chairman
Mr Lionel Barnard	
Mr Peter Bratton	
Prof. Gordon Bull	
Mrs Margaret Collins DL	(to 8 June 2009)
Ms Emma Daniel	
Mr Godfrey Daniel	(from 10 July 2009)
Mr Ben Duncan	
Mr Peter Evans	(from 10 July 2009)
Mr Faizul Hassan Faiz	
Mr Peter Jones	
Mrs Susan Knight	(from 10 July 2009)
Mr John Mortimer	(to 8 June 2009)
Mr Alan Price JP	
Mr David Rogers OBE	(to 10 July 2009)
Mrs Carole Shaves MBE JP	
Mr Andrew Smith	(from 10 July 2009)
Mr Geoffrey Theobald OBE	(to 10 July 2009)
Mr Bob Tidy	
Dr Roma Walker	

The Chief Constable and Chief Officers of the Police Authority are:

Mr Martin Richards QPM	Chief Constable Sussex Police Headquarters Lewes BN7 2DZ
Dr John Godfrey MA DPhil	Chief Executive to Police Authority County Hall Lewes BN7 1UE
Mr Richard Hornby BA (Hons) CPFA	Treasurer to Police Authority County Hall Chichester PO19 1RQ

Statement of Accounts 2009-2010

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About Sussex Police Authority

This section provides an overview of Sussex Police Authority.

Sussex Police Authority exists to secure the maintenance of an efficient, effective and locally accountable police force for Sussex. While the responsibility for delivering policing services lies with the Chief Constable, responsibility for monitoring – on behalf of local people, businesses and communities – rests with the Police Authority. Sussex Police Authority sets the strategic direction for policing in Sussex and holds the Chief Constable to account for the policing service delivered to the people of East and West Sussex and Brighton and Hove.

Responsibility for policing Sussex is a tripartite arrangement between:

The Home Secretary	who is responsible to Parliament for providing policing services throughout England and Wales;
Sussex Police Authority	which has statutory duties to ensure efficient and effective police services in Sussex; and
The Chief Constable	who has operational responsibility to ensure that the aims of the Home Secretary and the Police Authority are implemented.

Who are the members?

Sussex Police Authority consists of 17 members. Nine are Councillors, elected to East and West Sussex County Councils and Brighton and Hove City Council, and appointed to the Police Authority to reflect the political balance of those authorities. Eight are independent members, including at least one magistrate, appointed by the Police Authority after a rigorous selection process.

What does the Authority do?

- **Agrees the Police Budget**

Once the Authority knows how much central Government will contribute towards policing, the Authority determines how much funding must be raised locally through council tax paid by local residents.

- **Sets Policing Priorities**

Each year, after extensive consultation, the Authority publishes a Local Policing Plan (LPP) consistent with its three year strategy. The LPP sets the direction for policing over the coming year and takes into account the level of available resources.

- **Monitors Police Performance**

The Authority regularly monitors the financial and operational performance of the Force and its corporate health. Members have frequent contact with staff and police officers of all ranks.

- **Works to Reduce Crime and Disorder**

The Authority is a statutory member of each of the 13 Crime and Disorder Reduction Partnerships in Sussex. Authority members work both inside and outside these partnerships to facilitate activities designed to reduce crime and disorder and improve the quality of life of residents.

- **Consults**

The Authority consults local people and stakeholders, in order to establish the community's priorities for the Authority's limited resources. The Authority arranges consultation events across Sussex, the results of which are considered in preparing the LPP.

- **Appoints Chief Officers**

The Authority appoints the Chief Constable and the other chief police officers in the command team.

Geographical areas covered by Sussex Police



For more information, please visit our websites:

www.sussexpoliceauthority.gov.uk

www.sussex.police.uk

Introduction to the Accounts

This section provides an overview to the Statement of Accounts and explains the contents.

The Statement of Accounts sets out Sussex Police Authority's financial standing and performance for the year ended 31 March 2010.

The Financial Statements

Changes to Comparative Figures

There have been a number of significant changes in accounting policies in the year that have required the comparative figures for 2008-09 to be restated. The changes are detailed in the Accounting Policies on Page 12 and the movements to last years figures detailed in Note 1 to the accounts.

Statements of Responsibilities – Page 8

This explains the Authority and Treasurer's financial responsibilities and how these responsibilities are properly carried out.

Annual Governance Statement – Page 9

Sussex Police Authority, with the Chief Constable, is responsible for ensuring that the Authority and Sussex Police's business is conducted in accordance with the law and proper standards. This includes ensuring public money is safeguarded, properly accounted for and used economically and efficiently.

In discharging this duty, the Authority is responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of all its functions. The Annual Governance Statement meets the requirements of the Accounts and the Audit Regulations 2009.

The Audit Report – Page 10

The District Auditor provides an opinion on whether the Authority's accounts present a true and fair view on the financial position together with a conclusion on the Authority's arrangements for securing value for money.

Accounting Policies – Page 12

The Financial Statements are prepared in accordance with the latest Statement of Recommended Practice on Local Authority Accounting (SoRP) in the United Kingdom issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the CIPFA/LASAAC Statement of Recommended Practice on "The Application of Accounting Standards to Local Authorities in Great Britain".

The Income and Expenditure Account – Page 16

This account summarises the resources that have been generated and consumed in providing services and managing the authority during the last year. It includes all day-to-day expenses and related income on an accruals basis, as well as transactions measuring the value of fixed assets actually consumed and the real projected value of retirement benefits earned by employees in the year.

The Statement of Movement on the General Fund Balance – Page 17

This statement reconciles the Income and Expenditure Account to the movement on the General Fund Balance.

The Statement of Total Recognised Gains and Losses – Page 18

This statement brings together all of the gains and losses of the Authority for the year and shows the aggregate increase or decrease in its net worth.

The Balance Sheet – Page 19

The Balance Sheet shows the assets and liabilities of the Authority accrued in its business with the outside world. These are balanced by an attribution of the net worth of the authority between the revenue and capital resources available to meet future expenditure, unrealised gains and losses and

adjustment accounts that absorb the effect of differences between UK GAAP and statutory accounting requirements.

The Cash Flow Statement – Page 20

The Cash Flow Statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.

Notes to the Accounts – Page 21

Provides additional information to support the figures included in the financial statements and is relevant to an understanding of them.

Police Pension Fund Account Statements – Page 42

Shows the inflows and outflows on Police Officer pensions.

Relationship between Accounting Statements

The different accounting statements are linked in several important ways. The income and expenditure account balance is reconciled in the statement of movement on the general fund to the actual movement in cash reserve.

The statement of total recognised gains and losses brings together other gains and losses in the balance sheet that are not debited or credited to the income and expenditure account, with the outturn on the income and expenditure account to show the total movement in the authority's net worth for the year.

The cash flow statement reconciles to the balance on the income and expenditure account for the year and the movement in balance sheet liquid assets and liabilities.

Relationship with other Published Financial Information

The Statement of Accounts support the details contained in other Sussex Police Authority documents.

Other publications available include:

- Local Policing Plan 2009 – 2012

The Statement of Accounts, and other key documents are available from the Sussex Police Authority website:
www.sussexpoliceauthority.gov.uk

If you have any comments or suggestions about these financial statements please contact us using the following email address:

mark.rowe@sussex.pnn.police.uk

or call Mark Rowe, Head of Finance on:

0845 60 70 9999 Ext. 44052



Treasurer's Foreword to the Statement of Accounts

This section highlights the financial governance roles of the Police Authority and the Treasurer.

Role of Sussex Police Authority

Sussex Police Authority is an independent statutory body that oversees Sussex Police. The Authority provides a vital link between the public and the police to ensure that Sussex has an efficient and effective police service and is managing the police budget.

As well as setting the budget for the coming year, the Authority also sets annual priorities and targets for Sussex Police. It monitors performance against these priorities and holds the Chief Constable to account for the way the Force is performing. Furthermore, in discharging its important duty to secure best value, the Authority makes sure that the delivery of policing services continues to improve.



Richard Hornby
Treasurer

Role of the Police Authority Treasurer

The Treasurer is the Authority's professional adviser on financial matters. The Treasurer has certain statutory duties in relation to the financial administration and stewardship of the Authority. This statutory responsibility includes securing the production of a true and fair view of the Authority's accounts, maintaining financial standing and an adequate and effective internal audit function.

The Treasurer is responsible for advising the Police Authority on whether a decision is likely to be considered contrary to or not wholly in accordance with the budget and financial policies.

The Statement of Accounts

The purpose of this Statement is to provide details of Sussex Police Authority's financial activities for the year ended 31 March 2010. It is intended to be an understandable guide to the activities of the Authority highlighting the financial position, major influences affecting income and expenditure and our financial needs and resources.

The Statement of Accounts show how Sussex Police Authority has applied its funding this year to provide policing services to over one and a half million people across East and West Sussex and Brighton and Hove. The following pages provide a commentary on the Accounts, highlighting key issues and other aspects of our financial performance for the year.

Richard Hornby
Treasurer to the Police Authority
24 June 2010

You can get more copies of this document in various formats,

By writing to:

The Chief Constable
Sussex Police HQ
Malling House
Church Lane
Lewes
East Sussex
BN7 2DZ

or contact:

Mark Rowe
Head of Finance
0845 60 70 999, Ext. 44052

email: mark.rowe@sussex.pnn.police.uk

Or visit: www.sussexpoliceauthority.gov.uk to download an electronic version.

Treasurer's Foreword to the Statement of Accounts

The purpose of this foreword is to offer interested parties an easily understandable guide to the most significant matters reported in the accounts.

FINANCIAL OVERVIEW

In February 2009 the Police Authority approved funding for a net revenue budget for 2009-10 of £253.028m, an increase of 3.24% on the budget for 2008-09. After taking into account additional accounting charges the net cost of services shown in the Income and Expenditure Account was £256.930m. The Band D Council Tax was set at £134.73, an increase of 4.69% compared to the relevant figure for 2008-09. This represented the equivalent of a 12p per week increase for a Band D property. The capital programme for 2009-10 was £15.790m, compared to £14.263m for the previous year.

The 2009-10 budget was agreed against a background of council tax capping and a financial settlement insufficient to deliver national and local policing priorities and fund the ongoing high level of commitments and inescapable costs. Whilst the Authority received a 2.5% uplift in Government core grant for policing services, balancing the budget was put under further pressure due to the continued impact of reduced or frozen specific Home Office grants, and nationally agreed pay awards above the level of the grant increase.

Despite relatively low levels of funding, Sussex Police has developed considerably over the last few years. The strong local focus of the organisation is delivering improved performance and public confidence in areas of neighbourhood policing and protective services. All this has been achieved against the backdrop of a low funding base, a strong record on achieving efficiency gains and an already low Council Tax precept.

Sources of Funding

The majority of police funding comes from the Government in the form of grants and a share of business rate income from the national pool. The remainder is funded by specific Government Grants, Council Tax, Authority reserves and other sources of locally generated income.

Changes to the Accounts

There have been changes to the statements for this year driven by the move towards the harmonisation of international accounting standards.

The custody Private Finance Initiative (PFI) is now included on the balance sheet for the first time. This change in accounting policy has been backdated to the inception of the scheme and has therefore necessitated the restatement of opening balances at 1 April 2009 and comparative figures.

The Authority is now required to include on its balance sheet and within the Income and Expenditure Account the Authority's attributable share of the surplus or deficit on the council tax collection fund held by the billing authorities at the year end. The opening balances at 1 April 2009 and comparative figures for the year 2008-09 have been restated.

In addition the Income and Expenditure Account has been expanded from a single service line to eleven divisions of service. This has also been applied to the 2008-09 comparative figures. Some areas of expense have been moved into/out of Net Cost of Services; details of the movements are given in Note 1 on Page 21.

Revenue Expenditure

The following table shows the actual spend for 2009-10 broken down by categories of spend net of specific grants.

Income and Expenditure

	2009-10	2008-09
	£000	£000
Expenditure		
Direct Employee Expenses		
Salaries and Wages	190,793	181,331
Employers National Insurance	14,819	13,904
Total FRS17 Pension Costs	44,416	44,900
Agency Staff	3,372	5,030
Employee Expenses	1,036	762
Indirect Employee Expenses	2,190	2,837
Total Employee Costs	252,626	248,764
Premises Related	12,375	13,239
Transport Related	6,506	6,646
Supplies and Services	37,612	34,991
Third Party Payments	5,177	4,335
Capital Charges	3,932	76
Gross Expenditure	318,228	308,051
Income		
Government Grants	(34,393)	(34,007)
Other Grants, Reimbursements and Contributions	(5,937)	(5,931)
Customer and Client Receipts	(20,968)	(20,080)
Total Income	(61,298)	(60,018)
Net Cost of Services	256,930	248,033

The net spend can be analysed into areas of functional spend

	Net Cost of Policing	
	2009-10	2008-09
	£000	£000
Local Policing	119,162	122,271
Dealing with the Public	23,757	20,770
Criminal Justice Arrangements	31,575	29,210
Road Policing	12,029	12,078
Specialist Operations	11,800	12,219
Intelligence	14,512	13,537
Specialist Investigations	23,045	20,337
Investigative Support	10,997	9,372
National Policing	8,245	4,690
Non Distributed Costs	157	2,200
Corporate Core	1,651	1,349
Net Cost of Services	256,930	248,033

The total net expenditure shown in the table above includes accounting adjustments in relation to depreciation, amortisation of government grants deferred and FRS17 pension costs.

The Income and Expenditure account on Page 16 shows the Net cost of services for 2009-10 was £256.930m, compared to £248.03m for last year. This is principally due to the increased FRS 17 cost of pensions

Around 87% of the Authority's net expenditure is invested in human resources. The table below shows employee numbers at the end of the financial year funded from the base budget and external resources.

Staffing in FTE's	2009-10	2008-09
Police Officers	3,205	3,186
Police Staff (inc PCSO's)	2,918	2,481
Total Staffing	6,123	5,667

Efficiency Gains

The Police Authority is committed to providing the resources that will deliver the best possible policing service across Sussex. As part of this commitment, one of our top priorities is delivering our annual efficiency programme. The Police Authority agreed to deliver efficiencies amounting to 10.3% of expenditure over the three years to 2010-11 or £32m.

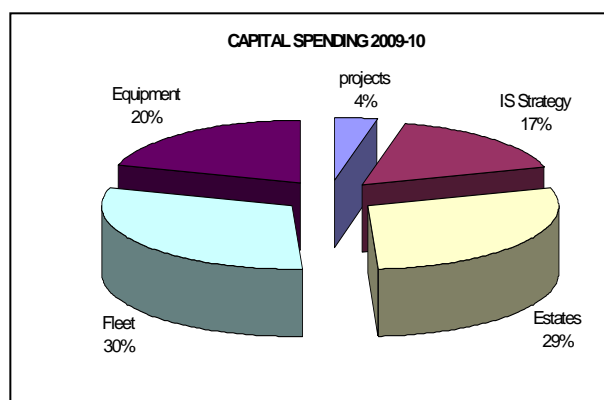
Total efficiency gains of £3.5m were achieved in year, bringing cumulative gains to a total to £25.5m or 8%.

Capital Expenditure

A capital programme of £15.8m was approved by the Authority in February 2009. The final approved amount available to spend was £17.2m after rolling forward 2008-9 capital slippage, in-year adjustments and transfers approved by the Authority. Spend against the plan was £11.2m. This was mainly funded by revenue support of £1.8m, use of reserves of £5.3m, Home Office grants of £3.1m, and external funding of £0.9m. No new borrowing was required. The Authority adopts a 5 year strategic approach to capital planning.

Capital Expenditure Performance

	Budget	Actual	Over/(Under)	
	£m	£m	£m	%
Force Projects	1.703	0.407	(1.296)	(76.1)
IS Strategy	3.919	1.862	(2.057)	(52.5)
Estates	5.523	3.245	(2.278)	(41.2)
Fleet	3.012	3.438	0.426	14.1
Operational & other Equipment	3.084	2.286	(0.798)	(25.9)
Total	17.241	11.238	(6.003)	(34.8)



The overall level of slippage in capital spending was 34.8% in 2009-10. Planning delays around the new Lewes Police station and delays on elements of the Force IS Strategy have been the main reasons for this variance.

A more detailed view of the total spend on approved capital programme schemes is set out in the table below

Change in Capital Spend

Scheme	2009-10	2008-09	Movement
	£m	£m	£m
Estates	3.245	1.414	1.831
Vehicles	3.438	3.786	(0.348)
Projects	0.407	1.631	(1.224)
IS Strategy	1.862	1.743	0.119
Equipment	2.286	4.134	(1.848)
Total	11.238	12.708	(1.470)
Grants	3.112	3.112	0
Reserves	5.329	3.654	1.675
Receipts	0.114	0.043	0.071
External	0.887	1.949	(1.062)
Revenue	1.796	3.950	(2.154)
Total	11.238	12.708	(1.470)

Reserves

Total Police Authority reserves now stand at £49.098m, a decrease of £2.961m compared to 2008-09.

Summary of Reserves

Reserve	As at 31 March 2009	Transfers to fund capital	Other movements	As at 31 March 2010
	£m	£m	£m	£m
Earmarked	44.843	(5.328)	(0.285)	39.230
General	7.216	0	2.652	9.868
Total	52.059	(5.328)	2.367	49.098

The Financial Strategy sets a target for the general reserve equivalent to 4% of net revenue expenditure. The balance at 31 March 2010 is 3.77% of net 2010-11 budgeted revenue expenditure.

For more details on our reserves see Page 32.

Treasury Management

Treasury Management covers borrowings, investments, interest rate exposures, cash balances, cash flow forecasting and banking relationships. CIPFA has published a Code for Treasury Management in Local Authorities. Sussex Police Authority has adopted the Code as part of its financial regulations.

To comply with the recommendation of the Code, treasury management operations are carried out within an annually approved policy statement that formalises the Treasury Management Strategy for the year.

Lending

The Police Authority continues to be mainly a temporary lender due to its reserves and the timing of grant and precept income. The daily average lending for 2009-10 was £74.0m, £5.2m less than 2008-09. The daily average includes deposits with Heritable Bank and subsequent dividend repayments from the administrator but excludes the 20% impairment recognised in 2008-09 (see Note 8b).

Borrowing

In line with the Prudential Code the Authority continues to undertake long-term borrowing through the Public Works Loan Board (PWLB) to finance part of the capital programme. However no new loans were arranged during 2009-10 as a consequence of slippage on the Authority's capital programme. The Authority's total long-term debt remains £4.5m at 31 March 2010. Interest payable to the Public Works Loan board amounted to £201,250 in 2009-10, representing an average interest rate of 4.47%.

No surplus cash was deposited in Money Market Funds in line with the Authority's approved Treasury Management Strategy (2009-10).

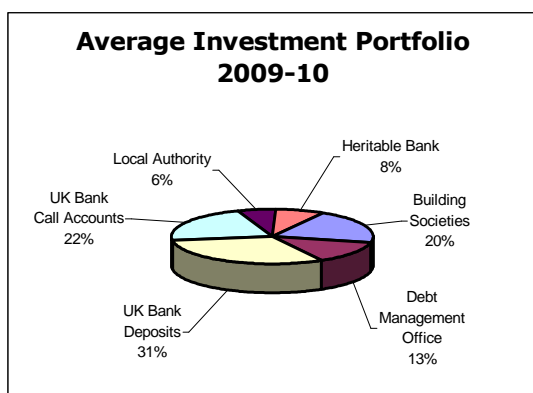
The Treasury Management Strategy approves occasional temporary borrowing to cover day-to-day cash flow shortfalls. No temporary borrowing was undertaken during the year to cover cash shortages. All daily overdrawn balances were met from funds recalled from the Authority's instant access call accounts.

Investment Performance

The original estimate of investment income for the year was £1.268m, representing an average interest rate of 1.75% on an assumed average portfolio of £84.7m, less a £0.2m transfer to the PFI reserve.

Actual investment interest received was £0.883m, of which £0.147m has been transferred into the PFI reserve. This represents an overall investment return for 2009-10 of 1.19%, which exceeded the Standard Life Money Market Fund benchmark of 0.58% by 0.61%.

The Authority's Treasury Management Strategy and Prudential Indicators approved in February 2009 allowed for £15.0m of the Authority's total portfolio to be invested for longer than one year. Due to the prevailing market conditions no approval was given to place new investments for periods longer than six months. As a consequence the Authority had no long-term investments at 31 March 2010.



A treasury management financial instruction sets out the detailed procedures to be followed in carrying out the treasury policy of the Authority. This ensures compliance with the Treasury Policy Statement and Treasury Management Strategy for the year.

Pensions

Sussex Police Authority operates two separate pension schemes, one for Police Officers and a separate scheme for Police Staff.

Although benefits will not actually be payable until an employee retires, the Authority has a future commitment to make these payments. Under Financial Reporting Standard 17 (FRS17), the Authority is required to disclose this future commitment based on the full cost calculated at the time employees become eligible to retire. This future net liability and annual current cost, as calculated by an independent actuary, together with the actual payment made, are set out in the following table.

Total Pension Costs and Future net Liability

	Officers £000	Staff £000	Total £000
Current Cost	32,500	5,350	37,850
Future net Liability	(1,857,889)	(108,420)	(1,966,309)

See Notes 31a to 31f for more information.

Statements of Responsibilities

This section explains the Authority's responsibility for its financial affairs and how it ensures these responsibilities are properly carried out.

POLICE AUTHORITY RESPONSIBILITIES

The Police Authority is required:

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

THE TREASURER'S RESPONSIBILITIES

The Treasurer is responsible for:

- the preparation of the Authority's statement of accounts in accordance with proper practices as set out in the CIPFA/LASAAC *Code of Practice on Local Authority Accounting in the United Kingdom* (the SoRP);
- presenting a true and fair view of the financial position of the Authority at the accounting date and its income and expenditure for the year ended 31 March 2010; and

In preparing the Statement of Accounts, the Treasurer has:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that were reasonable and prudent; and
- complied with the SoRP and its application to Police Authority accounting.

During the year, the Treasurer has also:

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

I certify that these accounts were approved on behalf of Sussex Police Authority by the Corporate Governance Committee at the meeting on 24 June 2010.

Alan Price
Chairman
Corporate Governance Committee
Sussex Police Authority

24 June 2010

I certify that the Statement of Accounts presents true and fair view of the financial position of the Sussex Police Authority at 31 March 2010 and its income and expenditure for the period then ended.

Richard Hornby
Treasurer
Sussex Police Authority

24 June 2010

Annual Governance Statement

This statement sets out how the Authority complies with the requirements of the Framework of Good Corporate Governance.

1. Scope of Responsibilities

Sussex Police Authority (hereafter referred to as The Authority) is responsible for ensuring its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. The Authority has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Authority is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the exercise of its functions, including a sound system of internal control and management of risk.

The Authority has approved and adopted a code of corporate governance, which is consistent with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (SOLACE) Framework: 'Delivering Good Governance in Local Government'

2. The Purpose of the Governance Framework

The governance framework comprises the systems, processes, culture and values by which the Authority is directed and controlled and its activities through which it accounts to and engages with the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services, including achieving value for money.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable and foreseeable level. The Authority cannot eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Authority's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them effectively, efficiently and economically.

3. The Governance Framework

The Chief Constable of Sussex Police is responsible for operational policing matters, the direction and control of police personnel, and for putting in place proper arrangements for the governance of Sussex Police (the Force). The Authority is required to hold him to account for the exercise of those functions and those of the persons under his direction and control. It therefore follows that the Police Authority must satisfy itself that the Force has appropriate mechanisms in place for the maintenance of good governance, and that these operate in practice.

The Corporate Governance Committee has been briefed at intervals on the progress of the Statement, as has the Force's Organisational Development Meeting. The identified areas for further development have been agreed as valid by all parties.

4. Review of Effectiveness

The Authority has responsibility for conducting, at least annually, a review of the effectiveness of the governance framework, including:

- The system of internal audit
- The system of internal control

This review has been informed by the work of the Corporate Development Department, internal auditors, and also managers within the Authority who have the responsibility for the development and maintenance of the governance environment. In addition comments made by the Audit Commission and other review agencies and inspectorates have informed this review.

The governance framework has been in place for the year ended 31 March 2010 and up to the date of approval of the annual report and the statement of accounts.

The review of the 2009-10 statement was prepared by the Force's Corporate Development Department under the guidance of the Director of Finance.

5. Significant Governance Issues

No significant governance issues were identified through carrying out the 2009-10 Annual Governance Statement processes. Issues currently being developed to further enhance our governance are identified below.

6. Improvement plan currently being progressed

Actions are currently being taken, or are proposed to be taken to address the following Issues:

- The Authority needs to satisfy itself that targets for Sussex Police are sufficiently challenging to drive continuous improvement within Sussex Police.
- The Neighbourhood Policing Scrutiny Committee will set priorities for Neighbourhood Policing that will be consulted on in advance of inclusion in the Local Policing Plan.
- The Authority will develop processes to keep track of the impact each scrutiny committee has had on outcomes for the people of Sussex.
- The Authority will co-ordinate its engagement with the public to ensure maximum impact is made through the streamlining of engagement activity with Sussex Police and partners.
- The Authority and the Force will continue to liaise closely on community engagement and consultation.
- The Force will develop and improve its community engagement.
- The Force's Serving Sussex Working Group, which champions the Serving Sussex Programme across all the disciplines in geographical areas of Sussex Police, will continue to embed Citizen Focus Hallmarks, Policing Pledge and the Equality Standard throughout the organisation.
- The Authority will develop its full and clear understanding of all significant risks and threats to policing within Sussex.
- Review of key Force policies and procedures.
- Pay and grading review
- Standards of Professional Behaviour for Police Staff
- The Authority will monitor the corporate governance arrangements in relation to the new collaboration and partnership agreements.

7. Certification

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Authority's Corporate Governance Committee and the plan to address weaknesses and ensure continuous improvement of the system is in place.

Laurie Bush, Chairman – Sussex Police Authority

Martin Richards, Chief Constable – Sussex Police

John Godfrey, Chief Executive – Sussex Police Authority

24 June 2010

Independent Auditors' Report to Sussex Police Authority

This report explains the Auditors responsibility for providing an opinion that the Statement of Accounts presents a true and fair view of the financial position of Sussex Police Authority.

Opinion on the financial statements

I have audited the accounting statements, the police pension fund accounting statements and related notes of Sussex Police Authority for the year ended 31 March 2010 under the Audit Commission Act 1998. The accounting statements comprise the Income and Expenditure Account, Statement of Movement on the General Fund Balance, Balance Sheet, Statement of Total Recognised Gains and Losses, Cash Flow Statement, and the related notes. The police pension fund accounting statements comprise the Fund Account, the Net Assets Statement and the related notes. The financial statements and police pension fund accounting statements have been prepared under the accounting policies set out within them.

This report is made solely to the members of Sussex Police Authority in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 49 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission.

Respective responsibilities of the Treasurer and auditors

The Treasurer's responsibilities for preparing the financial statements, including the police pension fund accounting statements, in accordance with applicable laws and regulations and the Code of Practice on Local Authority Accounting in the United Kingdom 2008 are set out in the Statement of Responsibilities.

My responsibility is to audit the accounting statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the accounting statements, the police pension fund accounting statements and related notes presents a true and fair view, in accordance with applicable laws and regulations and the Code of Practice on Local Authority Accounting in the United Kingdom 2008:

- the financial position of the Authority and its income and expenditure for the year; and
- The financial transactions of its police pension fund during the year and the amount and disposition of the fund's assets and liabilities, other than liabilities to pay pensions and other benefits after the end of the scheme year.

I review whether the governance statement reflects compliance with 'Delivering Good Governance in Local Government: A Framework' published by CIPFA/SOLACE in June 2007. I report if it does not comply with proper practices specified by CIPFA/SOLACE or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the governance statement covers all risks and controls. Neither am I required to form an opinion on the effectiveness of the Authority's corporate governance procedures or its risk and control procedures.

I read other information published with the accounting statements, the police pension fund accounting statements and related notes and consider whether it is consistent with the audited accounting statements, the police pension fund accounting statements and related notes. This other information comprises the Treasurer's Foreword. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the accounting statements, the police pension fund accounting statements and related notes. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounting statements, the police pension fund accounting statements and related notes. It also includes an assessment of the significant estimates and judgments made by the Authority in the preparation of the accounting statements, the police pension fund accounting statements and related notes, and of whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the accounting statements, the police pension fund accounting statements and related notes are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the accounting statements, the police pension fund accounting statements and related notes.

Opinion

In my opinion:

The accounting statements and related notes presents a true and fair view, in accordance with applicable laws and regulations and the Code of Practice on Local Authority Accounting in the United Kingdom 2008, the financial position of the Authority as at 31 March 2010 and its income and expenditure for the year then ended; and

The police pension fund accounting statements presents a true and fair view, in accordance with the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2008, the financial transactions of the police pension fund during the year ended 31 March 2010 and the amount and disposition of the fund's assets and liabilities as at 31 March 2010, other than liabilities to pay pensions and other benefits after the end of the scheme year.

Helen Thompson, Appointed Auditor
Audit Commission

Suite 2, Ground Floor, Bicentennial Building, Southern Gate,
Chichester, West Sussex, PO19 8EZ

XXth September 2010

Conclusion on Arrangements for Securing Economy, Efficiency and Effectiveness in the Use of Resources.

Authority's responsibilities

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

Auditor's responsibilities

I am required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Authority for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion in relation to proper arrangements, having regard to relevant criteria specified by the Audit Commission for police authorities. I report if significant matters have come to my attention which prevent me from concluding that the Authority has made such proper arrangements. I am not required to consider, nor have I considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Conclusion

I have undertaken my audit in accordance with the Code of Audit Practice and having regard to the criteria for police authorities specified by the Audit Commission and published in May 2008 and updated in February 2009, and the supporting guidance, I am satisfied that, in all significant respects, Sussex Police Authority made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2010.

Certificate

I certify that I have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Helen Thompson, Appointed Auditor
Audit Commission

Suite 2, Ground Floor, Bicentennial Building, Southern Gate,
Chichester, West Sussex, PO19 8EZ

XXth September 2010

Accounting Policies

This section summarises the policies and codes of practice we comply with to prepare these accounts.

General Principles

The Statement of Accounts summarises the Authority's transactions for the 2009-10 financial year and its position at the year-end of 31 March 2010. It has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice (SoRP) and the Best Value Accounting Code of Practice 2009 (BVACOP) both issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). The accounting convention adopted is historical cost, modified by the revaluation of certain categories of tangible fixed assets.

Best Value Accounting

The Income and Expenditure account on Page 16 has been compiled in accordance with the Best Value Accounting Code of Practice 2009 (BVACOP).

Changes for 2009-10

Under the 2009 SoRP Sussex Police Authority has changed the basis on which it accounts for Private Finance Initiatives (PFIs). The new policy, which is based on IFRIC 12, requires that where assets will be acquired at the end of the PFI life cycle, such assets are capitalised on the balance sheet being offset by a corresponding long term liability, payments to the service provider being split between repayment of capital, interest, and provision of service. This change in accounting policy has been applied from the inception of the PFI and has therefore necessitated the restatement of opening balances at 1 April 2009; comparative figures for the year 2008-09 have also been restated. Full details of the adjustments made to the figures previously reported are shown in Note 1.

Also under 2009 SoRP the Authority is now required to include on its balance sheet and within the income & expenditure account the Authorities attributable share of the surplus or deficit on the council tax collection fund held by the billing authorities at the year end. The opening balances at 1 April 2009 and comparative figures for the year 2008-09 have been restated. Full details of the adjustments made to the figures previously reported are shown in Note 1.

In addition the BVACOP has been amended requiring that the Police Service Expenditure Analysis be expanded from a single service line to eleven divisions of service. This expanded analysis has also been applied to the 2008-09 comparative figures. Some areas of expense have been move into/out of Net Cost of Services; details of the movements are given in Note 1.

Employee Costs

The full cost of employees is charged in the Income and Expenditure account for the period in which the employees worked. Accruals have been made for salaries earned but unpaid at the year end. Where retrospective adjustment or special payments have been identified these have been charged to the Income and Expenditure Account.

Accruals of Income and Expenditure

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

- Fees, charges and rents due from customers are accounted for as income at the date the Authority provides the relevant service.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date

supplies are received and their consumption; they are carried as stocks on the balance sheet.

- Works of a capital nature are charged as capital expenditure when they are completed, before which they are carried as Assets under Construction on the balance sheet.
- Interest payable on borrowing and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the balance sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- Income and expenditure are credited and debited to the relevant revenue account, unless they properly represent capital receipts or capital expenditure.

Stock and Work in progress

All stock and work in progress are shown at cost. All other expenditure on stock and stores is charged to the revenue account in the year or purchase. The present basis of showing stock and 'Assets under Construction' does not comply with SSAP9. This requires stock and Assets under Construction to be shown at the lower of cost or net realisable value. The difference between cost and net realisable value is not deemed to be material. See Note 7.

Fixed Assets

Tangible fixed assets are assets that have physical substance and are held for use in the provision of services or for administrative purposes on a continuing basis.

Recognition: expenditure on the acquisition, creation or enhancement of tangible fixed assets is capitalised on an accruals basis, provided that it yields benefits to the Authority and the services that it provides for more than one financial year. Expenditure that secures but does not extend the previously assessed standards of performance of the asset (e.g. repairs and maintenance) is charged to revenue as it is incurred.

The Authority has the following de-minimis limits. Items below these amounts are charged to the Income and Expenditure Account.

- | | |
|--------------------------|---------|
| • Land and buildings | £30,000 |
| • IS and other equipment | £5,000 |
| • Vehicles | Nil |

These limits have been applied in order to exclude individual assets, or works below these amounts, from the asset register.

Measurement: assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the asset into working condition for its intended use. Assets are then carried in the Balance Sheet using the following measurement bases:

- Operational properties - existing use value.
- Operational specialised properties such as police stations - Depreciated Replacement Cost.
- Non-operational properties such as police houses - open market value.
- Land - existing use value.
- Vehicles, plant and equipment are brought into the accounts at cost. Existing assets are shown at a written down historic cost.

Assets included in the Balance Sheet at current value are revalued where there have been material changes in the value, but as a minimum every three years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Income and Expenditure Account where they arise from the reversal of an impairment loss previously charged to a service revenue account.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment: the values of each category of assets and of material individual assets that are not being depreciated are reviewed at the end of each financial year for evidence of reductions in value. Where impairment is identified as part of this review or as a result of a valuation exercise, this is accounted for by:

- where attributable to the clear consumption of economic benefits — the loss is charged to the relevant service revenue account;
- otherwise — written off against any revaluation gains attributable to the relevant asset in the Revaluation Reserve, with any excess charged to the relevant service revenue account.

Where an impairment loss is charged to the Income and Expenditure Account but there were accumulated revaluation gains in the Revaluation Reserve for that asset, an amount up to the value of the loss is transferred from the Revaluation Reserve to the Capital Adjustment Account.

Disposals: when an asset is disposed of or decommissioned, the value of the asset in the Balance Sheet is written off to the Income and Expenditure Account as part of the gain or loss on disposal. Receipts from disposals are credited to the Income and Expenditure Account as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts in excess of £10,000 are categorised as capital receipts. Receipts are appropriated to the Reserve from the Statement of Movement on the General Fund Balance. The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the Statement of Movement on the General Fund Balance.

Depreciation: depreciation is provided for on all assets with a determinable finite life (except for investment properties), by allocating the value of the asset in the Balance Sheet over the periods expected to benefit from their use. Depreciation is charged on fixed assets using the straight-line method over the individual estimated life of an asset.

- Buildings - up to 60 years
- Vehicles - 3, 5 or 10 years
- Information Systems - 3 years
- Helicopter - 10 years
- Wireless stations and communication masts - 20 years
- Other equipment - individual useful life

Fully maintained property assets generally will be depreciated for up to 60 years to a residual value of 40% at the end of that period. From 1st April 2008, vehicles will be depreciated to the following residual values:

- High Performance Vehicles - 5%
- Core Fleet - 10%
- Specialist Vehicles - 15%

Where an asset has major components with different estimated useful lives, these are depreciated separately. Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged

on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account

Grants and contributions: where grants and contributions are received that are identifiable to fixed assets with a finite useful life, the amounts are credited to the Government Grants Deferred Account. The balance is then written down to revenue to balance depreciation charges made for the related assets in the relevant service revenue account, in line with the depreciation policy applied to them. See Note 5.

Intangible Assets

Expenditure on assets that do not have physical substance but are identifiable and controlled by the Authority [e.g. software licences and development] is capitalised when it will bring benefits to the Authority for more than one financial year. The balance is amortised to the relevant service revenue account over the economic life of the investment to reflect the pattern of consumption of benefits. The amortisation basis is reviewed on an annual basis to ensure any impairment is identified. See Note 5d.

Reserves

The Authority sets aside specific amounts as earmarked reserves for future commitments and a general reserve as a working balance to meet unforeseen circumstances and fluctuations in annual grant settlements and Council Tax Precepts. The Authority maintains a general reserve to meet unforeseen or emergency expenditure which cannot be contained within the approved budget. The Financial Strategy sets a target for the level of the general reserve of 4.0% of net budgeted expenditure.

Reserves are created by appropriating amounts in the Statement of Movement on the General Fund Balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account in that year to score against the Net Cost of Services in the Income and Expenditure Account. The reserve is then appropriated back into the General Fund Balance statement so that there is no net charge against council tax for the expenditure.

Certain reserves are held to manage the accounting processes for tangible fixed assets and retirement benefits and do not represent usable resources for the Authority. These reserves are explained in the relevant policies. See Note 25.

Precept Income

Precept income from relevant local councils is fixed for the year and not subject to revision. Details of precept by billing authority are given in Note 3.

Pensions

The Authority operates funded schemes for Police Staff (administered by West Sussex County Council) and two unfunded schemes for Police Officers.

Both schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Authority.

The liabilities of both pension schemes attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method — i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc and projections of projected earnings for current employees.

Liabilities are discounted to their value at current prices, using a discount rate of 5.5% (based on the indicative rate of return on high quality corporate bond (iboxx Sterling Corporates Index)).

The assets of the LGPS pension fund attributable to the Authority are included in the Balance Sheet at their fair value:

- quoted securities – current bid price;
- unquoted securities – professional estimate;
- unitised securities – current bid price; and
- property – market value.

The change in the net pensions liability is analysed into seven components.

- current service cost – the increase in Liabilities as result of years of service earned this year – allocated in the Income and Expenditure Account to the revenue accounts of services for which the employees worked.
- past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Net Cost of Services in the Income and Expenditure Account as part of Non Distributed Costs.
- interest cost – the expected increase in the present value of Liabilities during the year as they move one year closer to being paid – debited to Net Operating Expenditure in the Income and Expenditure Account.
- expected return on assets – the annual investment return on the fund assets attributable to the Authority, based on an average of the expected long-term return – credited to Net Operating Expenditure in the Income and Expenditure Account.
- gains/losses on settlements and curtailments – the result of actions to relieve the Authority of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited to the Net Cost of Services in the Income and Expenditure Account as part of Non Distributed Costs.
- actuarial gains and losses – changes in the net pensions Liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions.
- debited to the Statement of Total Recognised Gains and Losses.
- contributions paid to the pension fund – cash paid as employers contributions to the pension fund.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund in the year, not the amount calculated according to the relevant accounting standards. In the Statement of Movement on the General Fund Balance this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and any amounts payable to the fund but unpaid at the year-end. See Note 31.

Government Grants and Contributions (Revenue)

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as income at the date that the Authority satisfies the conditions of entitlement to the grant/contribution, there is reasonable assurance that the monies will be received and the expenditure for which the grant is given has been incurred. Revenue grants are matched in service revenue accounts with the service expenditure to which they relate. Grants to cover general expenditure (e.g. Revenue Support Grant) are credited to the Income and Expenditure Account after Net Operating Expenditure.

Overhead and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Best Value Accounting Code of Practice 2009 (BVACOP). The total absorption costing principle is used - the full cost of overheads and

support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core - costs relating to the Authority's status as a multi-functional, democratic organisation.
- Non Distributed Costs - the cost of discretionary benefits awarded to employees retiring early and any depreciation and impairment losses chargeable on non-operational properties.

These two cost categories are defined in BVACOP and accounted for as separate headings in the Income and Expenditure Account, as part of Net Cost of Services.

Charges to Revenue for Fixed Assets

Service revenue accounts and support services are debited with the following amounts to record the real cost of holding fixed assets during the year:

- depreciation attributable to the assets used by the relevant service
- impairment losses attributable to the clear consumption of economic benefits on tangible fixed assets used by the service and other losses where there are no accumulated gains in the Revaluation Reserve against which they can be written off
- amortisation of intangible fixed assets attributable to the service.

The Authority is not required to raise council tax to cover depreciation, impairment losses or amortisations. However, it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement (equal to either an amount calculated on a prudent basis determined by the Authority in accordance with statutory guidance, or loans fund principal charges).

Depreciation, impairment losses and amortisations are therefore replaced by revenue provision in the Statement of Movement on the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account for the difference between the two.

Private Finance Initiative (PFI)

In 2001 the Authority entered into a long term contractual agreement under PFI. The contractor was responsible for the construction of 4 custody suites at Worthing, Brighton, Chichester, and Eastbourne and is responsible for the provision of custody services at these sites plus 2 further sites at Crawley and Hastings. As referred to above the accounting treatment of PFI arrangements changed in 2009-10 and full details of the adjustments made to the 2008-09 figures previously reported are shown in Note 1.

VAT

The Authority is able to reclaim VAT from Her Majesty's Revenue and Customs under certain conditions. The Income and Expenditure Account only includes amounts related to VAT which are not recoverable.

Leases

The Authority accounts for leases as finance leases when substantially all the risks and rewards relating to the leased property transfer to the Authority.

Leases that do not meet the definition of finance leases are accounted for as operating leases. Rentals payable are charged to the Income and Expenditure Account on a straight-line basis over the term of the lease.

Financial Instruments

Financial assets and liabilities are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of the instrument.

- Financial Assets

Financial assets can be classified into two types:

- Loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market
- Available for sale assets – assets that have a quoted market price and/or do not have a fixed or determinable payment

The Authority does not hold any assets available for sale.

Loans and receivables are initially measured at fair value and carried at their amortised cost. Annual credits to the Income and Expenditure Account for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For the most of the loans that the Authority has made, this means that the amount presented in the Balance Sheet is the outstanding principal and interest receivable. Interest credited to the Income and Expenditure Account is the amount receivable for the year in the loan agreement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Income and Expenditure Account.

- Financial Liabilities

Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Income and Expenditure Account for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. For most of the borrowings that the Authority has, this means that the amount presented in the Balance Sheet is the outstanding principle and interest repayable. Interest charged to the Income and Expenditure Account is the amount payable for the year in the loan agreement. See Note 32.

Group Accounts

Sussex Police Authority does not have Group Accounts as defined by the SoRP.

Trust Funds

Sussex Police Authority does not hold any Trust Funds as defined by the SoRP.

Income and Expenditure Account for the year ended 31 March 2010

This statement shows income and expenditure incurred by the Authority during the year.

	Note	2009-10			2008-09 Net Expenditure
		Gross Expenditure	Income	Net Expenditure	
		£000	£000	£000	£000
Local Policing		142,801	(23,639)	119,162	122,271
Dealing with the Public		25,334	(1,577)	23,757	20,770
Criminal Justice Arrangements		38,255	(6,680)	31,575	29,210
Road Policing		16,742	(4,713)	12,029	12,078
Specialist Operations		27,420	(15,620)	11,800	12,219
Intelligence		16,426	(1,914)	14,512	13,537
Specialist Investigations		24,739	(1,694)	23,045	20,337
Investigative Support		12,452	(1,455)	10,997	9,372
National Policing		17,808	(9,563)	8,245	4,690
Non Distributed Costs		157	-	157	2,200
Corporate and Democratic Core		1,666	(15)	1,651	1,349
Net Cost of Services	1, 2	323,800	(66,870)	256,930	248,033
(Gain) or Loss on Disposal of Fixed Assets				1,806	451
Police National Computer Levy				645	629
Interest Payable & Similar Charges	32i			1,835	3,414
Interest and Investment Income	32i			(911)	(4,115)
Pension Interest Cost and Expected Return on Assets				88,888	87,260
Home Office Grant Payable Towards the Cost of Retirement Benefits	Page 42			(16,799)	(17,394)
Net Operating Expenditure				332,394	318,278
Precepts	3			(83,291)	(79,603)
Home Office Police Grant				(99,197)	(96,401)
Home Office Revenue Support Grant				(13,242)	(8,464)
Non-Domestic Rates Redistribution				(57,371)	(60,803)
(Surplus) or Deficit for the Year				79,293	73,007

Statement of the Movement on the General Fund Balance for the year ended 31 March 2010

This statement reconciles the Income and Expenditure Account to the movement on the General Fund Balance.

	Note	2009-10 £000	2008-09 £000
(Surplus) or deficit for the year on the Income and Expenditure Account		79,293	73,007
Net additional amount required by statute and non-statutory proper practices to be debited or (credited) to the General Fund Balance for the year	See tables below	(81,945)	(73,263)
(Increase) / decrease in General Fund Balance for the year	25b	(2,652)	(256)
General Fund Balance brought forward	25b	(7,216)	(6,960)
General Fund Balance carried forward	25b	(9,868)	(7,216)

Amounts included in the Income and Expenditure Account but required by statute to be excluded when determining the Movement on the General Fund Balance for the year.

	Note	2009-10 £000	2008-09 £000
Amortisation of intangible assets	5d	(1,803)	(1,298)
Depreciation and impairment of fixed assets	5	(8,415)	(4,188)
Downward revaluation of fixed assets	25e	762	873
Government grants deferred amortisation	15	5,524	4,534
Net gain or loss on sale of fixed assets		(1,806)	(451)
Reversal of Authority's share of collection fund surplus/deficit		30	192
Amount by which pension costs calculated in accordance with the SoRP are different from the contributions due under the pension scheme regulations		(93,064)	(97,094)
Total		(98,772)	(97,432)

Amounts not included in the Income and Expenditure Account but required to be included by statute when determining the Movement on the General Fund Balance for the year.

	Note	2009-10 £000	2008-09 £000
Minimum revenue provision for capital financing	25e	311	456
Capital expenditure charged in year to the General Fund Balance		0	1,472
Addition contribution to the Pension Fund to balance the deficit on the Fund Account	Page 42	16,799	17,244
Total		17,110	19,172

Transfers to and from the General Fund Balance that are required to be taken into account when determining the Movement on the General Fund Balance for the year.

	Note	2009-10 £000	2008-09 £000
Voluntary revenue provision for capital financing		0	0
Net transfer to and (from) earmarked reserves	25b	(283)	4,997
Total		(283)	4,997
Net additional amount required to be credited to the General Fund Balance		(81,945)	(73,263)

Statement of Total Recognised Gains and Losses for the year ended 31 March 2010

This statement brings together all of the gains and losses of the Authority for the year and shows the aggregate increase or decrease in its net worth.

	Note	2009-10 £000	2008-09 £000
(Surplus) or deficit on the income and expenditure account for the year		79,293	73,007
(Surplus) or deficit arising on revaluation of fixed assets	25e	(1,834)	(5,986)
Actuarial (gains) or losses on pension fund assets and liabilities	25d	604,374	(64,770)
Any other (gains) and losses required to be included		0	(167)
Total recognised (gains) and losses for the year		681,833	(2,084)

Balance Sheet as at 31 March 2010

This statement shows what the Authority owned, what it owes and was owed on 31 March 2010.

	Note	As at 31 March 2010		As at 31 March 2009	
		£000	£000	£000	£000
Intangible Assets	5d		2,730		4,274
Fixed Assets					
Operational Assets					
Land and Buildings	5	132,842		131,021	
Vehicles, Plant, Furniture and Equipment	5	20,885		20,170	
Investment Properties	5	4,411		5,525	
Assets Under Construction	5	1,577		1,448	
			159,715		158,164
Long Term Debtors	6		424		314
			162,869		162,752
Total Long Term Assets					
Current Assets					
Stock	7	1,430		1,051	
Debtors and Prepayments	6	12,426		18,252	
Investments Short Term	8	62,926		66,946	
Cash and Bank		145		148	
			76,927		86,397
Total Assets			239,796		249,149
Less					
Current Liabilities					
Creditors	10	22,709		29,176	
Receipts in Advance	11	148		123	
Bank Overdraft	32g	1,817		1,802	
			24,674		31,101
Total Assets less Current Liabilities			215,122		218,048
Less					
Long Term Liabilities					
Unapplied Government Grants	14	293		320	
Government Grants Deferred Applied	15	10,287		11,811	
Long Term Borrowing	12	22,460		22,641	
Pension Liabilities under FRS17	25d	1,969,071		1,288,432	
			2,002,111		1,323,204
Total Assets Less Liabilities			1,786,989		1,105,156
Financed by					
Capital Receipts	13, 25c	2,916		3,022	
Reserves	25b	49,098		52,059	
Revaluation Reserve	25e	18,081		16,434	
Capital Adjustment Account	25e	112,290		112,094	
Collection Fund Adjustment Account	25e	(470)		(500)	
Donated Asset Reserve	25e	167		167	
FRS17 Pension Reserve	25d	(1,969,071)		(1,288,432)	
Total Funding of Net Assets			(1,786,989)		(1,105,156)

Richard Hornby
Treasurer to the Police Authority
24 June 2010

Cash Flow Statement for the year ended 31 March 2010

This statement shows the overall movement of cash during the year for revenue and capital.

	Note	As at 31 March 2010		As at 31 March 2009			
		£000	£000	£000	£000		
Revenue Activities							
Cash Outflow							
Cash Paid To or On Behalf of Employees		249,326	315,815	252,852	314,083		
Other Operating Cash Payments		66,489		61,231			
Cash Inflow							
Home Office Police Grant	30	(99,197)	(320,174)	(96,401)	(326,639)		
Revenue Support Grant	30	(13,242)		(8,464)			
National Non Domestic Rates		(57,371)		(60,803)			
Precept – Council Tax Income	3	(83,260)		(79,411)			
Cash Received for Goods and Services		(26,006)		(30,530)			
Other Operating Cash Receipts		(41,098)		(51,030)			
Net Cash Flow	26		(4,359)		(12,556)		
Returns on Investments and Servicing of Finance							
Cash Outflow							
Interest Paid	32i	1,835	(282)	1,903	(1,773)		
Interest Received		(2,117)		(3,676)			
Capital Activities							
Cash Outflow							
Purchase of Fixed Assets		10,737	10,737	10,852	10,852		
Cash Inflow							
Home Office Capital Grants	30	(3,112)		(3,112)			
Sale of Fixed Assets		(8)		(417)			
Sale of Long Term Investment		0	(8,000)				
Capital Credits Unassigned		(435)	(3,303)				
			(3,555)		(14,832)		
Net Cash Flow Before Financing	27		2,541		(18,309)		
Management of Liquid Resources							
Net (Decrease)/Increase in Investments	27	(2,814)	(2,814)	19,061	19,061		
Financing							
Cash Outflow							
Loans Issued – Long Term Debtors		305	486	238	564		
Repayment Long term liability		181		326			
Cash Inflow							
Loans Repaid – Long Term Debtors		(195)	(195)	(168)	(168)		
Decrease / (Increase) in Cash			18		(1,148)		

Notes to the Accounts

This section provides more detail behind some of the items included in the main Accounting Statements.

1. Re-statement of Prior Year Figures

Prior to 2009-10 the Authority accounted for the custody PFI by charging to the Income and Expenditure Account the total unitary charge payable to the contractor. In addition the Authority built up a long term debtor with a corresponding reserve the intention being that this long term debt would equal the residual value of the custody suites at the end of the PFI contract. SoRP 2009 introduced a change in the method of accounting for PFIs, the new policy requires that the value of the fixed assets be capitalised at the inception of the PFI agreement and that a corresponding long term liability be recognised. The unitary charge payments to the contractor are then analysed into four elements: a) repayment of capital element of long term liability, b) finance charges c) provision of service d) contingent rent. The capitalized asset is subject to the normal capital accounting policies of the Authority, with depreciation being charged annually and the land and buildings being revalued on a cyclical basis. In line with this policy the four PFI assets were valued at 31 March 2009 by Wilks Head & Eve, (RICS qualified valuers), all assets were valued above the calculated carrying value, the total increase has been included within fixed assets with a corresponding increase to the Revaluation Reserve and forms part of the restatement of opening balances detailed below. The new accounting policy has been applied from the inception of the PFI and as a result a number of figures previously reported in the 2008-09 Accounts have been restated in these Accounts.

In addition SoRP 2009 changed the way that the Authority accounts for its share of the surplus/deficit that exists in the collection funds of the billing authorities. The Authority is now required to bring into the Accounts its share of the billing authorities collection fund. In order for the prior years figures to be comparable the 2008-09 figures have been adjusted to reflect this change.

Also in 2009-10 the new Police Objective Analysis code became mandatory, splitting the previously single service heading into eleven expense headings. The 2008-09 restated Income and Expenditure service expense has for comparative purposes been re-analysed into the new expense headings. As part of this new analysis, two areas of expense; Seconded Officer costs and the Police National computer levy have respectively been moved into and out of Net Cost of Services.

Details of the adjustments and the restated figures are given in the tables below:

1a. Income and Expenditure Account

	2008-09 Description of Adjustment	2008-09 Net Expenditure As previous stated	2008-09 Adjustment	2008-09 Restated figure
		£000	£000	£000
Police Services		246,593		
	Depreciation on PFI asset		236	
	Interest Charge on PFI lease shown separately		(1662)	
	Repayment of capital of PFI lease		(326)	
	Transfer in of seconded officer costs		272	
	Transfer out of Police National Computer Levy cost		(629)	
		246,593	(2,109)	244,484
Corporate and Democratic Core		1,349		1,349
Non Distributed Costs		2,200		2,200
Net Cost of Services		250,142	(2,109)	248,033
Seconded Officers		272		272
	Transfer to net cost of services		(272)	(272)
	Transfer in of Police National Computer Levy cost		629	629
Loss on Disposal of Fixed Assets		451		451
Interest Payable & Similar Charges		1,752		1,752
	Interest on PFI Lease		1,662	3,414
Interest and Investment Income		(4,115)		(4,115)
Pension Interest Cost and Expected return on Assets		87,260		87,260
Home Office Grant payable towards the Cost of Retirement Benefits		(17,394)		(17,394)
Net Operating Expenditure		318,368	(90)	318,278
Precepts		(79,411)		(79,411)
	Authority's share of surplus/deficit in Collection funds		(192)	(79,603)
General Government Grants		(104,865)		(104,865)
Non-Domestic Rates Redistribution		(60,803)		(60,803)
Deficit for the Year		73,289	(282)	73,007

1b. Statement of the Movement on the General Fund Balance

	2008-09 Description of Adjustment	2008-09 As previous stated £000	2008-09 Adjustment £000	2008-09 Restated figure £000
Deficit for the year on the Income and Expenditure Account		73,289	(282)	73,007
Net additional amount required by statute and non –statutory proper practice to be debited or (credited) to the General Fund Balance for the year	See tables below	(73,545)	282	(73,263)
(Increase)/decrease in General Fund Balance for the Year		(256)	0	(256)
General Fund Balance brought forward		(6,960)		(6,960)
	Total repayment of capital on PFI Lease from inception to 31 March 2008		(1,204)	
	Total Minimum Revenue Provision from inception to 31 March 2008		1,204	
		(6,960)	0	(6,960)
General Fund carried forward		(7,216)	0	(7,216)

1c. Amounts included in the Income and Expenditure Account but required by statute to be excluded when determining the Movement on the General Fund for the Year

	2008-09 Description of Adjustment	2008-09 As previous stated £000	2008-09 Adjustment £000	2008-09 Restated figure £000
Amortisation of intangible assets		(1,298)		(1,298)
Depreciation and impairment of fixed assets		(3,952)		(3,952)
	Depreciation of PFI asset		(236)	(4,188)
Downward revaluation of fixed assets		873		873
Government Grants deferred amortisation		4,534		4,534
Net gain or loss on sale of fixed assets		(451)		(451)
Reversal of Authority's share of collection fund surplus/deficit			192	192
Amount by which pension costs calculated in accordance with the SoRP are different from the contributions due under the pension scheme regulations		(97,094)		(97,094)
Total		(97,388)	(44)	(97,432)

1d. Amounts not included in the Income and Expenditure Account but required to be included by statute when determining the Movement on the General Fund Balance for the Year

	2008-09 Description of Adjustment	2008-09 As previous stated £000	2008-09 Adjustment £000	2008-09 Restated figure £000
Minimum Revenue Provision (MRP)		130		130
	Minimum Revenue Provision on PFI Leased Assets		326	456
Capital expenditure charged in year to the General Fund Balance		1,472		1,472
Additional contribution to the Pension Fund to balance the deficit on the Fund Account		17,244		17,244
Total		18,846	326	19,172

1e. Transfers to and from the General Fund Balance that are required to be taken into account when determining the Movement on the General Fund for the Year.

	2008-09 Description of Adjustment	2008-09 As previous stated £000	2008-09 Adjustment £000	2008-09 Restated figure £000
Net transfer to earmarked reserves		4,997	0	4,997
Net additional amount required to be credited to the General Fund Balance		(73,545)	282	(73,263)

1f. Statement of Total Recognised Gains and Losses

	2008-09 Description of Adjustment	2008-09 As previous stated	2008-09 Adjustment	2008-09 Restated figure
		£000	£000	£000
Deficit on the income and expenditure account for the year		73,289	(282)	73,007
(Surplus) arising on revaluation of fixed assets		(1,879)		
	Surplus on revaluation of PFI assets at 1 April 2008		(4,107)	(5,986)
Actuarial (gain) on pension fund assets and liabilities		(64,770)		(64,770)
Any other (gains) and Losses required to be included		(167)		(167)
Total recognised (gains) and losses for the year		6,473	(4,389)	2,084

1g. Balance Sheet

	2008-09 Description of Adjustment	2008-09 As previous stated	2008-09 Adjustment	2008-09 Restated figure
		£000	£000	£000
Intangible Assets		4,274		4,274
Fixed Assets		135,467		135,467
	Introduction of PFI assets at valuation		22,697	158,164
Long Term Debtors		4,463		4,463
	Removal of PFI long term debtor		(4,149)	314
Current Assets		84,270		84,270
	Inclusion of Authorities share of collection fund creditor		2,127	86,397
Current Liabilities		(28,473)		(28,473)
	Inclusion of Authorities share of collection fund creditor		(2,628)	(31,101)
Long Term Liabilities		(1,305,104)		(1,305,104)
	Long term lease outstanding on PFI assets		(18,100)	(1,323,204)
Total Assets Less Liabilities		(1,105,103)	(53)	(1,105,156)
Capital Receipts		3,022		3,022
Reserves		56,208		56,208
	Removal of PFI residual value reserve		(4,149)	52,059
Revaluation Reserve		12,353		12,353
	Revaluation of PFI asset		4,081	16,434
Capital Adjustment Account		111,579		111,579
	Net effect of depreciation charged and MRP		515	112,094
Collection Fund Adjustment Account			(500)	(500)
Donated Asset Reserve		167		167
FRS17 Pension Reserve		(1,288,432)		(1,288,432)
Total Funding of Net Assets		(1,105,103)	(53)	(1,105,156)

2. Subjective Analysis of Income and Expenditure

	2009-10	2008-09
	£000	£000
Expenditure		
Direct Employee Expenses		
Salaries and Wages	190,793	181,331
Employers National Insurance	14,819	13,904
Total FRS17 Pension Costs	40,416	44,900
Agency Staff	3,372	5,030
Employee Expenses	1,036	762
Indirect Employee Expenses	2,190	2,837
Total Employee Costs	252,626	248,764
Premises Related	12,375	13,239
Transport Related	6,506	6,646
Supplies and Services	37,612	34,991
Third Party Payments	5,177	4,335
Capital Charges	3,932	76
Gross Expenditure	318,228	308,051
Income		
Government Grants	(34,393)	(34,007)
Other Grants, Reimbursements and Contributions	(5,937)	(5,931)
Customer and Client Receipts	(20,968)	(20,080)
Total Income	(61,298)	(60,018)
Net Cost of Services	256,930	248,033

3. Precept Information

The tax base for the year 2009-10 is the aggregate of the amounts calculated by the billing authorities to which the Police Authority issues precepts totalling £621,261.62 Band D equivalents.

The basic amount of Council Tax for 2009-10, being the budget requirement less the amounts receivable all divided by the tax base, was £134.73 to the nearest penny.

Valuation Band	Amount	
	£	p
A	89.82	
B	104.79	
C	119.76	
D	134.73	
E	164.67	
F	194.61	
G	224.55	
H	269.46	

The amount of Council Tax payable for dwellings listed in a particular valuation band, calculated in accordance with the proportions set out in Section 5(1) of the Act, was as set out in the above table.

The Brighton and Hove City Council and the District and Borough Councils collectively were due to make payments to Sussex Police for 2009-10, of £83,702,578.06. The following table sets out the amounts received and due from the individual local authorities.

Local Authority	Precept Due 2009-10	Additional amounts received/ (retained) in respect of collection fund surplus/deficit	Share of movement on collection fund in 2009-10
	£	£	£
Brighton and Hove	12,464,091.91	(271,943.00)	(122,924.00)
East Sussex			
Eastbourne Borough Council	4,986,222.57	0.00	(50,247.00)
Hastings Borough Council	3,922,933.41	0.00	9,029.00
Lewes District Council	5,100,345.61	0.00	47,409.00
Rother District Council	5,237,931.89	(2,979.00)	(11,708.00)
Wealden District Council	8,368,417.13	25,197.00	(15,326.00)
West Sussex			
Adur District Council	3,016,065.78	(14,100.00)	24,498.00
Arun District Council	8,150,626.08	0.00	(9,000.00)
Chichester District Council	7,039,777.23	(22,125.00)	(6,443.00)
Crawley Borough Council	4,815,115.47	(58,556.90)	81,836.00
Horsham District Council	7,761,418.06	(80,328.00)	66,715.00
Mid Sussex District Council	7,660,047.20	(33,020.00)	19,008.00
Worthing Borough Council	5,179,585.72	15,611.03	(2,135.00)
Total	83,702,578.06	(442,243.87)	30,712.00
Net Total	83,291,046.19		

4. Government Grants

Specific and general revenue grants are included in the Income and Expenditure Account as income.

Grants towards the cost of capital schemes are charged to Government Grants Deferred. This account is used to offset the depreciation charges on the assets financed by Government grant. Capital grants for specific purposes are applied as direct sources of finance to the specific projects.

Specific revenue and capital grants awarded relating to 2009-10 are set out in the table below:

Specific Grants	£m
Basic Command Unit	0.937
Crime Fighting Fund	6.209
DNA Expansion Programme	1.664
Police Community Support Officer and Neighbourhood Policing	7.043
PFI Grant	3.263
Rural Policing Initiative	0.538
South East Allowance	1.104
Special Priority Payments Grant	1.528
Local Criminal Justice Board Funding	0.160
Dedicated Security Posts	4.722
IPLDP (Probationer Training)	0.684
Conference Policing	4.897
Home Office Grants	2.237
Total Revenue Grants	34.986
Home Office Capital Grant	3.112
Conference policing Asset Funding	0.400
Total Capital Grants	3.512
Total Specific Grants	38.498

5. Fixed Assets

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

Movements in the Police Authority's fixed assets during the financial year.

Cost or valuation	Operational Land and Buildings	Vehicles, Plant, Furniture and Equipment	Total Operational Assets	Investment Properties	Assets Under Construction	Total Non-Operational Assets
	£000	£000	£000	£000	£000	£000
At 1 April 2009	132,197	46,217	178,414	5,610	1,448	7,058
Additions	1,600	6,183	7,783	102	1,311	1,413
Donations	0	0	0	0	0	0
Disposals	(1,547)	(3,766)	(5,313)	0	0	0
Revaluations	3,117	0	3,117	(1,275)	0	(1,275)
Reclassifications	163	990	1,153	3	(1,182)	(1,179)
At 31 March 2010	135,530	49,624	185,154	4,440	1,577	6,017
Depreciation and impairments						
1 April 2009	1,176	26,047	27,223	85	0	85
Charge for 2009/10	2,471	5,895	8,366	49	0	49
Disposals	(310)	(3,203)	(3,513)	0	0	0
Revaluations	(649)	0	(649)	(105)	0	(105)
Reclassifications	0	0	0	0	0	0
At 31 March 2010	2,688	28,739	31,427	29	0	29
Balance Sheet amount at 31 March 2010	132,842	20,885	153,727	4,411	1,577	5,988
Balance Sheet amount at 31 March 2009	131,021	20,170	151,191	5,525	1,448	6,973

The physical assets of the Authority as at 31 March 2010 were:

Asset Type	31 March 2010	31 March 2009
	No.	No.
Operational Buildings	50	51
Investment Properties	17	17
Vehicles	1,182	1,166
Helicopter	1	1
Radio Masts	7	7

No assets held were financed through finance leases. As detailed in Note 12a the Authority runs four custody suites through a PFI scheme, these properties are included within Fixed assets in the Balance Sheet at a net value of £22.243m (2008-09 £22.697m).

Investment Properties comprise non-operational assets, these include: Police Houses, Worthing and Petworth Police Stations (old sites).

5a. Depreciation

Depreciation is charged on certain fixed assets using the straight-line method over the individual estimated life of an asset:

- Buildings - up to 50 years
- Vehicles - 3, 5 or 10 years
- Information Systems - 3 years
- Helicopter - 10 years
- Wireless stations and communication masts - 20 years
- Other equipment - individual useful life

Fully maintained property assets generally will be depreciated for up to 50 years to a residual value of 40% at the end of that

period. Vehicles are depreciated to the following residual values:

- High Performance Vehicles - 5%
- Core Fleet - 10%
- Specialist Vehicles - 15%

5b. Land and Buildings (including Investment Properties)

The Authority adopts a 3 year rolling valuation programme for Freehold and Leasehold properties. In 2007-08 Wilks Head & Eve (RICS qualified valuers) were appointed to provide the valuation service. The property portfolio was fully revalued by Wilks Head & Eve at the start of their contract

Properties regarded by the Authority as operational are valued on the basis of Existing Use Value. Where this could not be assessed, because there was no comparable market for the subject asset, Depreciated Replacement Cost has been used. Properties regarded by the SoRP as investment properties have been valued on the basis of Market Value.

FRS 11 'Impairment of fixed assets and goodwill' requires an annual assessment of impairment to the value of land and buildings. An impairment review was undertaken by Wilks Head & Eve of the entire property portfolio as at 31 March 2010, in their opinion there has been no significant impairment of the value of the Authority's land and buildings in the year.

5c. Vehicles, Plant and Equipment

Vehicle additions have been valued at cost. The figure in the table in Note 5 includes plant and equipment that was added during the year at a value of £2.7m. Closing net book value of plant and equipment was £11.1m, (2008-09 £10.6m).

Included within the Fixed Asset category 'Vehicles, Plant, Furniture and Equipment' is a National Barrier Asset with a net book value of £2.260m as at 31 March 2010. These assets are owned by the Authority and are held as a national asset available for use by other Police forces as they were funded by the Home Office.

5d. Intangible Assets

For 2009-10 all expenditure on intangible assets relates to computer software licences and systems development.

Intangible Assets	£000
Original Cost	10,142
Amortisation to 1 April 2009	(5,868)
Balance at 1 April 2009	4,274
Expenditure in Year	245
Disposal	(13)
Reclassifications	27
Written Off to Revenue in Year	(1,803)
Balance at 31 March 2010	2,730

Intangible assets are amortised over the economic life of the investment to reflect the pattern of consumption of benefits.

5e. Capital Expenditure

Capital expenditure for 2009-10 totalled £11.237m.

	2009-10 £000	2008-09 £000
Opening Capital Financing Requirement	21,929	22,385
<i>Capital Investment:</i>		
- Operational Assets	11,237	12,708
<i>Sources of Finance:</i>		
- Capital Grant	(3,112)	(3,112)
- External Funding	(887)	(1,949)
- Capital Receipts	(114)	(43)
- Capital Reserve	(5,328)	(3,654)
- Revenue	(1,796)	(3,950)
- Minimum Revenue Provision	(311)	(456)
Closing Capital Financing Requirement	21,618	21,929
<i>Explanation of movements in year:</i>		
MRP set-aside	(311)	(456)
Decrease in Capital Financing Requirement	(311)	(456)

Of the £11.237m actual spend, £9.441m has been capitalised as tangible or intangible fixed assets. An amount £1.796m of the expenditure incurred as part of the capital programme was not capitalised, as it did not meet the criteria for capitalisation. Instead, it was treated as expenditure in the Income and Expenditure account.

The Authority has applied external funding of £0.887m. This was received from the Home Office and Local Authorities during the year towards specific capital projects. These projects include Camera Safety Initiatives, and conversion of accommodation buildings into office space.

6. Debtors

The table below shows the Authority debtors:

Debtors	31 March 2010 £000	31 March 2009 £000
Amounts receivable	5,196	6,248
Prepayments	841	1,635
Accrued Income	6,304	10,365
Other Debtors	85	4
Total Short Term Debtors	12,426	18,252
Car Loans	424	314
Total Long Term Debtors	424	314
Total Debtors	12,850	18,566

Amounts receivable comprises invoiced debtors and recoverable VAT due from Her Majesty's Revenue and Customs. Within amounts receivable are debtors due from Local Authorities and Government Departments and Agencies of £1.235m (2008-09: £2.827m).

The Authority generally allows 30 days credit for its trade debtors. At 31 March 2010 £0.371m of the £1,622m debtor balance was past its due date for payment. The past due amount can be analysed by age as follows:

Customer Debts Past Due Date:	£000
Less than three months	236
Three to four months	21
More than four months	114
Total	371

7. Stock

The table below shows the level of stocks held:

Stock	31 March 2010 £000	31 March 2009 £000
Workshop Stores	389	131
Uniforms and Personal Protective Vests	843	733
Fuel	192	177
Printing Store	4	6
IS Equipment	2	4
Total Stock	1,430	1,051

8. Short Term Investments

The Authority invests surplus cash in accordance with its approved Treasury Management Policy and prudential indicators. The Authority continues to be mainly a temporary lender, due to the level of its reserves and the timing of grant and precept income.

The lending of surplus funds is managed on a daily basis through brokers and with a limited amount of direct dealing. At 31 March 2010, the Authority's temporary lending was composed of the following:

Temporary Lending	31 March 2010 £000	31 March 2009 £000
Money Market Deposits	62,926	66,946

8a. Impairment of Short Term Investments

Early in October 2008, the Icelandic banks Landsbanki, Kaupthing and Glitnir collapsed and the UK subsidiaries of the banks, Heritable, Kaupthing Singer and Friedlander went into administration. The Authority had £6.8m deposited in Heritable, with varying maturity dates and interest rates as follows:

Date Invested	Maturity Date	Amount Invested	Interest Rate
15/07/08	15/10/08	£2,000,000	5.88%
08/08/08	10/11/08	£1,300,000	5.85%
30/09/08	02/01/09	£3,500,000	6.35%

8b. Heritable Bank

Heritable bank is a UK registered bank under English law. The company was placed in administration on 7 October 2008. The creditor progress report issued by the administrators Ernst and Young, dated 17 April 2009 outlined that the return to creditors was projected to be 80p in the pound by end 2012 with the assumptions that dividend payments of 15p in the pound would be made in during 2009-10.

In 2008-09 the Authority made an impairment adjustment reducing the balance sheet value of its investment by £1.360m which anticipated an 80% return. This impairment was charged to the Income and Expenditure Account in 2008-2009.

In the financial year 2009-10 the Authority has received three interim dividends totalling £2.394m. The latest information issued by the Administrators in Jan 2010 anticipated a base case return to creditors being in the range 79%-85%. The Authority consider that no further adjustment is required to the carrying value of this investment at 31 March 2010.

9. Long Term Investments

The Authority's Treasury Management Strategy and Prudential Indicators approved in February 2009 allow for up £20m to be invested for longer than one year. At 31 March 2010 the Authority had no investments with a maturity date of greater than one year, (2008-09 £nil).

10. Creditors

The table below shows the Authority's creditors:

Creditors	31 March 2010 £000	31 March 2009 £000
Amounts payable	11,538	13,082
Deferred Income	2,831	2,611
Accrued Expenditure	8,233	13,377
Other Creditors	107	106
Total Creditors	22,709	29,176

Amounts payable includes invoiced creditors and amounts payable to Her Majesty's Revenue and Customs for employee related taxes.

11. Cash-in-Hand Pending Investigation

As at 31 March 2010, £0.148m (£0.123m at 31 March 2009) of monies was held by the Force pending ongoing investigations into the rightful ownership.

12. Long Term Borrowing

As at 31 March 2010 long term borrowing by the Police Authority comprised of long term finance of the PFI schemes (see Note 12a) and loans from the Public Works Loan Board. All loans were borrowed for capital purposes in line with the CIPFA Prudential Code for Capital Finance.

Long Term Borrowing	31 March 2010 £000	31 March 2009 £000
Public Works Loan Board	4,541	4,541
PFI long term finance	17,919	18,100
Total	22,460	22,641

Analysis of Loans by Maturity	31 March 2010 £000	31 March 2009 £000
Within one year	41	41
More than 20 years	22,419	22,600

The outstanding balances at the year end include accrued interest payable on the loans from the Public Works Loan Board. The value shown above as due within one year relates to accrued interest.

12a. Private Finance Initiatives (PFI)

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

The basis on which the Authority accounts for PFIs has changed under SoRP 2009 and this new policy been applied from the inception of the PFI. This has resulted in a number of figures previously reported in the 2008-09 Accounts being restated details of the adjustments are given in Note 1.

The value of assets included within fixed assets held under PFI contracts were as follows:

	2009-10 £000	2008-09 £000
Opening Valuation at 1 April	22,697	19,630
Revaluations in year	0	3,067
Accumulated Depreciation	(454)	(0)
Closing Valuation at 31 March	22,243	22,697

The value of the long term liability in respect of PFI contracts was as follows:

	2009-10 £000	2008-09 £000
Opening Long term liability at 1 April	18,100	18,426
Repayments made	(1,813)	(1,988)
Finance charge	1,632	1,662
Closing Long term liability at 31 March	17,919	18,100

The annual base unitary charge is £9.240m however within the PFI agreement are indices which automatically adjust the unitary charge for changes in interest rates, inflation, detainee numbers and other service targets, the effect of these indices is that total unitary charge will vary throughout the life of the PFI. In 2009-10 actual total unitary charge was £11.506m (2008-09 £11.409m). The table below estimates the amounts payable over the remaining term of the PFI contract based on the amount paid in the relevant year.

	2009-10	2008-09
	£000	£000
Payable within one year	11,506	11,409
Payable between two to five years	46,024	45,636
Payable between six to ten years	57,530	57,045
Payable between eleven to fifteen years	57,530	57,045
Payable between sixteen to twenty years	57,530	57,045
Payable between twenty-one and twenty-five years	16,006	27,280
Total	246,126	255,460

The Authority receives notional credit approvals totalling £39.25m from the Home Office over the life of the arrangement. The Authority receives PFI Grant on an annuity basis this is received at a constant level of £3.26m per annum over the life of the contract. The Authority maintains a PFI reserve the aim of which is to smooth the PFI grant received in the early years of the PFI against the larger unitary charge that will be payable in the latter years.

13. Capital Receipts

The balance brought and carried forward includes an amount of £0.038m for the provision of a Police box at the new Brighton and Hove Albion Football ground.

Capital Receipts	£000
Balance at 31 March 2009	3,022
Receipt from Sales of Assets	8
Applied to Finance Capital Expenditure	(114)
Balance at 31 March 2010	2,916

14. Unapplied Government Grants

Grants have been received from the Home Office and Local Authorities towards specific vehicles, IT system enhancements and equipment. The balance is earmarked to specific schemes in the capital programme.

Unapplied Government Grants	£000
Balance at 31 March 2009	320
Received in Year	860
Applied to Capital Investment	(887)
Balance at 31 March 2010	293

15. Government Grants Deferred Applied

Government Grants Deferred includes all contributions towards expenditure on Fixed Assets, not just Government Grants as the name suggests. This account is amortised to match the depreciation charged on assets funded from these contributions. The movements in Government Grants Deferred Applied during the year are as follows:

Government Grants Deferred Applied	£000
Balance as at 31 March 2009	11,811
Applied to Capital Investment	4,000
Amortisation Charge for Year	(5,524)
Balance at 31 March 2010	10,287

16. Commitments under Capital Contracts

There were no significant commitments under capital contracts.

17. Operating Leases

Finance Leases

The Authority held no assets under finance leases during 2009-10. (2008-09 Nil)

Operating Leases

The Authority occupies a number of properties and rents one piece of equipment which have been accounted for as operating leases. Rentals payable in 2009-10 amounted to £0.931m (2008-09 £0.969m).

The Authority was committed at 31 March 2010 to make payments of £0.840m under operating leases for land and buildings and equipment in 2010-11, comprising the following elements:

	Land and Buildings	Vehicles, Plant and Equipment
	£000s	£000s
Leases expiring in 2010-11	99	2
Leases expiring between 2011-12 and 2015-16	139	0
Leases expiring after 2015-16	600	0

The Authority acts a lessor in respect of space on Radio Masts. The gross value of assets utilised cannot be identified as they form part of the structure in the Authority's use. Net income receivable from the use of masts in 2009-10 was £0.649m (2008-09 £0.625m).

18. Significant Agency Arrangements

The Authority supports through regional arrangements both the Regional Intelligence Unit (RIU) which comprises officers from around the South East and the Counter Terrorism Unit (CTU). The CTU was expanded and lead force responsibility transferred from Sussex to Thames Valley on 1 April 2009.

The Serious Organised Crime Agency (SOCA) have taken over all responsibilities of the National Crime Squad (NCS) and the National Crime Intelligence Service (NCIS).

The Authority also continues to develop joint working relationships with other agencies.

19. Employee Remuneration

Regulation 4 of the Accounts and Audit (Amendment No 2) (England) Regulations 2009 requires the disclosure of remuneration details for police officers and police staff whose gross remuneration exceeded £50,000. In addition, remuneration details for senior employees, those earning over £150,000 and those in command of the Authority, are also required to be disclosed.

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

19a. Employees with remuneration in excess of £50,000

The table opposite shows the numbers of police officers and police staff with remuneration in excess of £50,000 the table excludes the positions shown in Note 19b.

Gross Remuneration £	31 March 2010	31 March 2009
50,000 - 54,999	168	154
55,000 - 59,999	97	88
60,000 - 64,999	26	17
65,000 - 69,999	6	6
70,000 - 74,999	10	13
75,000 - 79,999	4	7
80,000 - 84,999	12	5
85,000 - 89,999	6	7
90,000 - 94,999	0	1
95,000 - 99,999	0	1
TOTAL	329	299

19b. Senior Employee Remuneration

Details of the remuneration of senior employees are given in the table below:

Year 2009/10	Notes	Salary, fees and allowances	Bonus	Taxable Expenses	Total Remuneration before Pension	Pension Contribution	Total Remuneration including Pension contributions
		£000s	£000s	£000s	£000s	£000s	£000s
Police Officers							
Chief Constable		152	21	2	175	35	210
Deputy Chief Constable		122	0	0	122	28	150
Assistant Chief Constable 1		102	4	0	106	22	128
Assistant Chief Constable 2		111	0	1	112	24	136
Assistant Chief Constable 4	Note i	89	0	2	91	20	111
Police Staff							
Director of Human Resources		102	0	2	104	15	119
Director of Finance	Note ii	75	0	0	75	11	86
Officers of the Authority							
Chief Executive		111	0	2	113	16	129
Deputy Chief Executive		86	0	4	90	13	103
Total		950	25	13	988	184	1,172

Year 2008/09	Notes	Salary, fees and allowances	Bonus	Taxable Expenses	Total Remuneration before Pension	Pension Contribution	Total Remuneration including Pension contributions
		£000s	£000s	£000s	£000s	£000s	£000s
Police Officers							
Chief Constable		155	0	2	157	34	191
Deputy Chief Constable	Note iii	97	0	0	97	22	119
Assistant Chief Constable 1	Note iv	87	4	1	92	18	110
Assistant Chief Constable 2		108	0	0	108	22	130
Assistant Chief Constable 3	Note v	118	0	0	118	23	141
Police Staff							
Director of Human Resources	Note vi	62	0	2	64	9	73
Director of Resources	Note vii	104	0	0	104	15	119
Officers of the Authority							
Chief Executive		108	0	1	109	15	124
Deputy Chief Executive		67	0	2	69	10	79
Total		906	4	8	918	168	1,086

Note i Joined 11/05/09

Note iv Appointed February 2009

Note vii Left 15/02/09

Note ii Joined 06/07/09

Note v Retired 12/03/09

Note iii Joined 09/06/08

Note vi Joined 11/08/08

Note 1: Bonuses paid in year relates to prior year performance

Note 2: The Authority Treasurer is an employee of West Sussex County Council. The services of the Treasurer are provided through a service level agreement.

20. Members' Allowances

There are seventeen members of the Sussex Police Authority, and a new Chairman, Vice-Chairman and four new members were appointed at the July 2009 meeting of the Authority. Members' allowances relating to 2009-10 totalled £172,749 (2008-09 £168,366) excluding expenses.

21. Related Party Transactions

The Code of Practice on Local Authority Accounting requires Police Authority Members and Officers and Chief Officers of the Force to declare whether they or any member of their immediate family, have had any related party transactions (i.e. significant financial dealings) with the Police Authority during the financial year.

The Chief Executive has written to all Police Authority Members and Officers and Chief Officers of the Force to collect this information. The result is that there are no related party transactions to disclose for 2009-10.

The Authority also has business relationships with the Government and a number of other public organisations, such as local authorities in Sussex. The main organisations are the Home Office, the Communities and Local Government department, and West and East Sussex County Councils. Details of the specific grants received from the Home Office and other Government departments are disclosed on Page 25 Note 4 and the amounts received from Local Authorities in respect to Precept is disclosed on Page 24 Note 3.

22 Contingent Liabilities

The Authority currently has one known contingent liability. Municipal Mutual Insurance (MMI), the Police Authority's former insurers, has made a scheme of arrangement with its creditors. Claims are currently being paid in full and it is hoped that the company's assets will enable all liabilities to be met. The Police Authority's exposure to MMI, is at the worst estimated to be £1.4m and while it is to be expected that most if not all of this will be paid, it should be noted that there is a contingent liability if the Authority is unable to recover all of the outstanding claims in the future years. The latest report from the Scheme's Creditors' Committee (18 November 2009) states that a solvent run-off is still expected to be achieved.

23. External Audit Costs

The following fees were incurred, relating to external audit and inspection, carried out by our appointed auditor, the Audit Commission:

Audit costs	2009-10	2008-09
	£000	£000
External Audit Services (Code of Audit Practice)	97	94
Other Services	0	0
Total Audit Costs	97	94

Audit work carried out does not necessarily relate to the financial year 2009-10.

24. Statement of the Movement on the General Fund Balance

The General Fund Balance compares the Authority's spending against council tax requirement, taking into account the use or reserves built up in the past and contributions to reserves earmarked for future expenditure.

This reconciliation statement summarises the differences between the outturn on the Income and Expenditure Account and the General Fund Balance.

25. Reserves

25a. Movement on Reserves

Reserve	Note	2009-10
		£000
Revenue Reserves	25b	(2,961)
Capital Resources	25c	(106)
FRS17 Pension Reserve	25d	(680,639)
Accounting Reserves	25e	1,873
Total Movement on Reserves		(681,833)

25b. Movement in Revenue Reserves

Reserve	Balance at 31 March 2009	Transfer to Fund Capital	Other Inflows/ (Outflows)	Balance at 31 March 2010	Movement
	£000	£000	£000	£000	£000
Insurance	4,077			4,077	0
Operational	2,230			2,230	0
Pensions – Specific	557		(557)	0	(557)
Capital Expenditure	17,028	(5,205)	286	12,109	(4,919)
PFI Contract	12,286		146	12,432	146
Asset Seizures	410		30	440	30
Delegated Budget Holder	2,695		(189)	2,506	(189)
Major Change	1,677	(123)		1,554	(123)
Asset Repair & Replacement	3,882			3,882	0
Corke Bequest	1		(1)	0	(1)
Total Earmarked Revenue Reserves	44,843	(5,328)	(285)	39,230	(5,613)
General Reserve	7,216		2,652	9,868	2,652
Total Revenue Reserves	52,059	(5,328)	2,367	49,098	(2,961)

25c. Movement in Capital Resources

Resource	Balance at 31 March 2009	Transfer to Fund Capital	Other Inflows / (Outflows)	Balance at 31 March 2010	Movement
	£000	£000	£000	£000	£000
Useable Capital Receipts	3,022	(114)	8	2,916	(106)
Total Capital Resources	3,022	(114)	8	2,916	(106)

25d. Movement in FRS 17 Pension Reserve

	Balance at 31 March 2009	Actual Gains and (Losses)	Other Inflows/ (Outflows)	Balance at 31 March 2010	Movement
	£000	£000	£000	£000	£000
FRS17 Pension Reserve	(1,288,432)	(604,374)	(76,265)	(1,969,071)	(680,639)

25e. Movement in Accounting Reserves

	Accounting Reserves				
	Revaluation Reserve	Capital Adjustments Account	Collection Fund Adjustment Account	Donated Asset Reserve	Total
	£000	£000	£000	£000	£000
Balance as at 1 April 2009	16,434	112,094	(500)	167	128,195
Movement in year on share of collection funds	0		30	0	30
Minimum Revenue Provision	0	311	0	0	311
Revaluation of Fixed Assets	1,834	762	0	0	2,596
Financing of Fixed Assets	0	10,967	0	0	10,967
Amounts Written Off Fixed & Intangible Asset	0	(1,813)	0	0	(1,813)
Balances for Disposals	0				
Depreciation of Fixed Assets and Amortisation of Intangible Assets	(187)	(10,031)	0	0	(10,218)
Balance as at 31 March 2010	18,081	112,290	(470)	167	130,068
				Movement	1,873

25f. Details of Reserves held and their purpose

The following table sets out the reserves maintained by the Authority as part of its reserves policy. The Reserves Policy is reviewed annually.

Reserve	Purpose
General	Provides working balances to cover day to day cash flow requirements and working capital for stocks and fallback to cover exceptional unforeseen circumstances. The financial strategy set a target of 4.0% of net revenue expenditure (NRE).
Earmarked Reserves	
REVENUE	
Insurance	Provides for the self-funding of uninsurable risks, such as payments of compensation or damages.
Operational	Meets the costs of the significant operational requirements such as Political party conferences together with major operations and incidents. The financial strategy set a target of 1% of net revenue expenditure (NRE).
Capital Expenditure	Exists to support future capital expenditure. The majority of this reserve is project specific.
PFI Contract	Exists to meet future contractual contributions to be paid towards the end of the custody PFI scheme. This smooths contributions over the life of the contract and is in accordance with the agreed PFI scheme financial model.
Asset Seizures	The reserve will provide a mechanism for smoothing the impact on the revenue budget annually due to the fluctuations in the level of recoveries to be received from the serious and organised crime agency.
Delegated Budget Holder	To enable divisional and departmental under and overspendings on the revenue budget to be carried forward in accordance with the Authority's carry-forward policy.
Major Change	The Major Change Fund has been set up to ensure the Force can deliver its programme of strategic change within a reduced resource envelope. Basically this means "delivering optimum performance within available resources".
Asset Repair and Replacement	To build up a funding source to replace high value, specialist vehicles and equipment that would otherwise put undue pressure on the Capital Programme.
Corke Bequest	A specific bequest provided to contribute towards Sussex Police helicopter expenses, the bequest has now been fully utilised.

26. Reconciliation of Revenue Cash Flow

A reconciliation between the net surplus or deficit on the Income and Expenditure Account to the revenue activities net cash flow shown in the Cash Flow Statement.

	2009-10		2008-09	
	£000	£000	£000	£000
(Surplus) / Deficit for the year		79,293		73,007
(Increase) / Decrease in Creditors (excluding capital accruals and deferred income)	5,463		(4,625)	
Increase / (Decrease) in Stock	378		175	
Increase / (Decrease) in Debtors (excluding interest, prepayments)	(5,526)		(1,418)	
Increase / (Decrease) in Prepayments (excluding capital prepayments)	(794)		369	
(Increase) / Decrease in Deferred Income	(221)		56	
Depreciation of Tangible Fixed Assets	(8,415)		(4,186)	
Downward Revaluations of Tangible Fixed Assets	762		873	
Amortisation of Intangible Assets	(1,803)		(1,298)	
Interest Paid	(1,835)		(1,903)	
Interest & Investment Income	911		3,676	
Cash in Hand Pending Investigation	(25)		(5)	
Impairments of Short Term Investments	0		(1,360)	
Amortisation of Government Grants Deferred	5,524		4,534	
FRS17 Pension Adjustments	(4,176)		(9,834)	
Pension Interest Cost & Expected Return on Assets	(88,888)		(87,260)	
Gain / (Loss) on Disposal of Fixed Assets	(1,806)		(451)	
Police Pension Top Up Grant	16,799		17,244	
Other Adjustments	0		(150)	
		(83,652)		(85,563)
Revenue Activities Net Cash Flow		4,359		(12,556)

27. Movement in Cash Reconciled to the Movement in Net Debt

This reconciles the movement in cash to the movement in net debt. The reconciliation analysis material changes resulting from the Authority's cash flow and other non-cash changes.

	Movement
	£000
Cash in Hand / Imprest	(3)
Cash Overdrawn / (In Hand)	(15)
Net Cash (Inflow) / Outflow	(18)
Decrease / (Increase) in Short Term Investments (Principal Amount)	(2,814)
Increase / (Decrease) in Long Term Borrowing	181
(Increase) / Decrease in Long Term Debts	110
Movement in Net Debt	(2,541)

28. Reconciliation of items under the Financing and Management of Liquid Resources section of the Cash Flow Statement to the Opening and Closing Balance Sheet for the period

Short Term Investments	
	£000
Principal Amount at 31 March 2009	65,659
Investments Made	728,990
Investments Realised	(731,804)
Total Cash Inflow	(2,814)
Principal Amount at 31 March 2010	62,845

29. Explanation of the Authority's liquid resources

The liquid resources shown in the Cash Flow Statement are current asset investments that are readily disposable without disrupting business.

30. Analysis of Government Grants received during the year and shown in the Cash Flow Statement

Revenue	As at 31 March 2010	Capital	As at 31 March 2010
	£000		£000
Home Office Police Grant	99,197	Home Office Capital Grant	3,112
Revenue Support Grant	13,242	National Barrier Grant	400
	112,439		
Basic Command Unit	1,204		
Crime Fighting Fund	6,209		
Police Community Support Officer's	6,997		
South East Allowance	1,104		
Special Priority Payments Grant	1,528		
PFI Grant	3,263		
Dedicated Security Posts	4,760		
DNA Expansion Programme	1,664		
Rural Policing Initiative	538		
IPLDP (Probationer Training)	684		
Local Criminal Justice Board	160		
Conference Policing Grant	4,897		
Other Home Office Grants	3,785		
Sub Total	149,232	Sub Total	3,512
		Total Government Grants	152,744

31. Pensions

31a. Participation in Pension Schemes

As part of the terms and conditions of employment of its officers and staff, Sussex Police Authority offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments. In line with FRS 17, the value of this commitment needs to be disclosed based on a forecast calculation as at the date officers and staff earn their future entitlement.

The Authority participates in three pension schemes.

31b. Police Staff

This provides pensions and other benefits for staff other than police officers. It is a funded defined benefit scheme, meaning that Sussex Police Authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

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

The Police Staff Pension Scheme is part of the Local Government Pension Scheme administered by West Sussex County Council. There are 1,145 pensioners paid for by the scheme. Police Staff contribute based on a banding system and contributions range from 5.5% to 7.5% depending on salary levels. Sussex Police Authority contributed a further 15.5%.

Further information can be found in the West Sussex County Council pension funds annual report, available from West Sussex County Council, Exchequer Services (Pensions), County Hall, Chichester, West Sussex, PO19 1RG.

www.westsussex.gov.uk

31c. Police Officers

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

There are currently 3,202 pensioners and this number will increase. Police officers are entitled to retire after 30 years service and to receive a pension and a lump sum, which the Authority is obliged, by law, to pay.

31d. Transactions Relating to Retirement Benefits

We recognise the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against Council Tax is based on the cash payable in the year, so the real cost of retirements benefits is reversed out in the Statement of Movement in the General Fund Balance. The following transactions have been made in the Income and Expenditure Account and Statement of Movement in the General Fund Balance during the year:

	Local Government Pension Scheme		Police Pension Schemes	
	2009-10	2008-09	2009-10	2008-09
	£000	£000	£000	£000
Income and Expenditure Account				
<i>Net cost of services:</i>				
Current service cost	5,350	5,970	32,500	34,900
Settlements & Curtailments	40	0	0	0
Past service costs	0	1,700	117	500
<i>Net operating expenditure:</i>				
Interest cost	10,290	10,260	85,728	86,300
Expected return on scheme assets	(7,130)	(9,300)	0	0
Net charge	8,550	8,630	118,345	121,700
Statement of movement in the general fund balance				
Reversal of net charges made for retirement benefits in accordance with FRS 17	(8,550)	(8,630)	(118,345)	(121,700)
<i>Actual amounts charged against the general fund balance for pensions in the year:</i>				
Employers contributions	8,790	8,080	0	0
Retirement benefits to pensioners	0	0	41,840	42,400

In addition to the recognised gains and losses included in the Income and Expenditure Account, actuarial gains and losses of £465.994m (2008-09: £64.770m) were included in the Statement of Total Recognised Gains and Losses.

31e. Assets and Liabilities in relation to Retirement Benefits

Reconciliation of present value of the scheme liabilities:

	Funded liabilities: Local Government Pension Scheme		Unfunded liabilities: Police Pension Schemes	
	2009-10	2008-09	2009-10	2008-09
	£000	£000	£000	£000
Opening defined benefit obligation	146,690	145,120	1,247,700	1,253,800
Current service cost	5,350	5,970	32,500	34,900
Interest cost	10,290	10,260	85,728	86,300
Contributions by scheme participants	3,730	3,470	11,605	11,000
Actuarial (gains) and losses	106,850	(15,900)	535,184	(85,400)
Loss on curtailments	40	0	0	0
Benefits paid	(4,040)	(3,930)	(55,023)	(53,600)
Past service costs	0	1,700	117	500
Transfers (to)/from other authorities	0	0	78	200
Closing defined benefit obligation	268,910	146,690	1,857,889	1,247,700

Reconciliation of fair value of the scheme assets:

Local Government Pension Scheme	2009-10	2008-09
	£000	£000
Opening Fair Value of Scheme Assets	107,160	126,710
Expected rate of return	7,130	9,300
Actuarial gains and (losses)	37,660	(36,530)
Employer contributions	8,790	8,080
Contributions by scheme participants	3,730	3,470
Contributions in respect of unfunded benefits	60	60
Benefits paid	(4,040)	(3,930)
Closing Fair Value of Scheme Assets	160,490	107,160

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

The actual return on scheme assets in the year was £44.850m (2008-09: £(27.290m)).

Scheme history

	2009-10	2008-09	2007-08	2006-07	2005-06
	£000	£000	£000	£000	£000
Present value of liabilities:					
- Local Government Pension Scheme	(268,910)	(146,690)	(145,120)	(156,570)	(154,180)
- Police Pension Schemes	(1,857,889)	(1,247,700)	(1,253,800)	(1,420,400)	(1,438,700)
Fair value of assets in the Local Government Pension Scheme	160,490	107,160	126,710	123,930	111,500
Surplus/(deficit) in the scheme:					
- Local Government Pension Scheme	(108,420)	(39,530)	(18,410)	(32,640)	(42,680)
- Police Pension Schemes	(1,857,889)	(1,247,700)	(1,253,800)	(1,420,400)	(1,438,700)
- Total	(1,966,309)	(1,287,230)	(1,272,210)	(1,453,040)	(1,481,380)

The liabilities show the underlying commitments that the Authority has in the long run to pay retirement benefits. The total liability of £1.966bn has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet, resulting in a negative overall balance of £1.787bn.

However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy:

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

The total contributions expected to be made to the Local Government Pension Scheme by the Authority in the year to 31 March 2011 is £8.8m.

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Both the Police Schemes and the County Council Fund liabilities have been assessed by Hymans Robertson, an independent firm of actuaries, estimates for the West Sussex County Council Fund being based on the latest full valuation of the scheme as at 31 March 2010.

The principal assumptions used by the actuary have been:

	Local Government Pension Scheme		Police Pension Schemes	
	2009-10	2008-09	2009-10	2008-09
	£000	£000	£000	£000
Long-term expected rate of return on assets in the scheme:				
Equity investments	7.8%	7.0%	-	-
Bonds	5.0%	5.4%	-	-
Property	5.8%	4.9%	-	-
Cash	4.8%	4.0%	-	-
Mortality assumptions (years):				
Longevity at 65 for current pensioners:				
Men	22.7	21.5	27.6	27.6
Women	26.1	24.4	31.0	31.0
Longevity at 65 for future pensioners:				
Men	24.8	22.6	29.2	29.2
Women	28.3	25.5	32.7	32.7
Rate of inflation	3.8%	3.1%	3.8%	3.1%
Rate of increase in salaries	5.3%	4.6%	5.3%	4.6%
Rate of increase in pensions	3.8%	3.1%	3.8%	3.1%
Rate for discounting scheme liabilities	5.5%	6.9%	5.5%	6.9%
Take up of option to convert annual pension into retirement lump sum	50%-75%	90%	90%	90%

The Police Pension Scheme has no assets to cover its liabilities. The Local Government Pension Scheme's assets consist of the following categories, by proportion of the total assets held:

	31 March 2010 %	31 March 2009 %
Equity Investments	76	70
Bonds	15	19
Property	6	8
Cash	3	3
Total	100	100

31f. History of experience gains and losses

The actuarial gains and losses identified as movements on the Pension Reserve in 2009-10 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2010.

Local Government Pension Scheme

	2009-10 %	2008-09 %	2007-08 %	2006-07 %	2005-06 %
Difference between the expected and actual return on assets	23.5%	(34.1)	(9.9)	2.8	13.6
Experience gains and losses on liabilities	0.00	0.25	4.03	0.4	0

Police Pension Schemes

Experience gains and losses on liabilities:	2009-10 %	2008-09 %	2007-08 %	2006-07 %	2005-06 %
Old Scheme	(0.9)	(2.7)	(3.6)	(0.6)	(0.7)
New Scheme	0.20	(4.23)	(31.4)	0	0

32. Financial Instruments

32a. Key Risks

The Authority's activities expose it to a variety of financial risks, the key risks are:

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

32b. Overall Procedures for Managing Financial Risk

The Authority's overall risk management procedures focus on the unpredictability of financial markets, and implementing restrictions to minimise these risks. The procedures for risk management are set out through a legal framework set out in the Local Government Act 2003 and the associated regulations. These require the Authority to comply with CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and Investment Guidance issued through the Act. Overall these procedures require the Authority to manage risk in the following ways:

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

These are required to be reported and approved at or before the Authority's budget setting meeting. These items are reported with the annual treasury management strategy which outlines the detailed approach to managing risk in relation to the Authority's financial instrument exposure. Actual performance is also reported annually to the Authority.

These policies are implemented by the WSCC central treasury team. The Authority maintains written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash through Treasury Management Practices (TMPs). These TMP's are a requirement of the Code of Practice and are reviewed regularly.

32c. Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Authority's customers. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above.

The Authority's investment strategy allows deposits to be made with un-rated building societies with assets in excess of £1bn. At the 31 March 2010 the Authority had no deposits with this category of Building Society. Building societies are usually in the 'A' category and the close similarities between societies would suggest that if an un-rated society with assets in excess of £1bn did get a rating, it too would likely be rated in the 'A' category. These assumptions have been applied in the following analysis.

The following analysis summarises the Authority's potential maximum exposure to credit risk, based on experience of default, assessed by the ratings agencies and the Authority's experience of its customer collection levels over the last five financial years, adjusted to reflect current market conditions.

Whilst the current credit crisis in international markets has raised the overall possibility of default the Authority maintains strict criteria for investment counterparties. As a result if this high credit criteria the historical default rates are maintained as a good indicator of current market conditions.

The associated credit risks are calculated based on the principal value of investments, excluding accrued interest.

Analysis of exposure to credit risk

	Amount at 31 March 2010 (Principal less any impairment)	Historical Experience of Default	Adjusted for Market Conditions at 31 March 2010	Estimated Maximum Exposure to Default and Uncollectability
	£000	%	%	£000
<i>Deposits with Banks and Financial Institutions:</i>				
AAA Rated Counterparties	0	0.00%	0.00%	0
AA Rated Counterparties	20,000	0.03%	0.03%	6
A Rated Counterparties	39,800	0.08%	0.08%	32
Unrated Counterparties (A)	0	0.24%	0.24%	0
Other Local Authorities	0	0.00%	0.00%	0
Heritable ¹	3,046	20.00%	0.00%	0
Trade Debtors ²	1,505	0.67%	0.00%	0
Total	64,351			38

¹ For detailed information regarding Heritable, see Note 8b. The historical default percentage for Heritable was based on the report of Ernst & Young (Administrators for Heritable) dated 17 April 2009 and an impairment of 20% was made in 2008-09. The latest information from the Administrators in Jan 2010 estimates the default percentage at between 21% & 15%. The Authority does not consider any further default/impairment is required in 2009-10.

² Trade Debtors is after deduction of £0.117m provision for doubtful debts (2008/09 £0.100m) the Authority considers this is the maximum exposures to default on trade debtors.

All deposits have been made by the WSCC Treasury team in line with the Authority's Treasury Management Practices (TMP's).

The maximum exposure to default is further mitigated by the deposits being invested with different counterparties within each category. The most invested with one counterparty is £10m.

Whilst the current credit crisis in international markets has raised the overall possibility of default the Authority maintains strict credit criteria for investment counterparties.

Collateral – During the reporting period the Authority held no collateral as security.

32d. Liquidity Risk

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

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

32e. Refinancing and Maturity Risk

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

The approved prudential indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address the risk. The Authority approved treasury and investment strategies address the main risks and the treasurer addresses the operational risks within the approved parameters. This includes:

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

The maturity analysis of the Authority's debt and investment portfolio is as follows:

Financial Liabilities:	£000
Less than one year	41
More than twenty years	22,419
Total	22,460

Financial Assets:	£000
Less than one year	59,880
Between two and five years	3,470
Total	63,350

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

32f. Market Risk

Interest Rate Risk – the Authority is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Authority, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charged to the Income and Expenditure Account will rise;
- Borrowings at fixed rates – the fair value of the borrowing liability will fall;
- Investments at variable rates – the interest income credited to the Income and Expenditure Account will rise; and
- Investments at fixed rates – the fair value of the assets will fall.

Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Income and Expenditure Account or Statement of Total Recognised Gains and Losses. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Income and Expenditure Account and affect the General Fund Balance, subject to influences from Government grants.

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

At 31 March 2010 the Authority held no variable rate investments or borrowings and there was no impact on the Statement of Total Recognised Gains and Losses resulting from movements in fair value of fixed rate investments.

Price Risk – At 31 March 2010 the Authority did not hold any equity investments.

Foreign Exchange Risk – The Authority has no financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to loss arising from movements in exchange rates.

32g. Financial Instruments by Category

The financial assets and liabilities disclosed in the balance sheet are made up of the following categories of financial instruments:

Financial Assets	2009-10	2008-09
	£000	£000
Other Long Term Debtors	424	314
Debtors and Prepayments	12,426	18,252
Short Term Investments	62,926	66,946
Cash and Bank	145	148
Total Loans and Receivables	75,921	85,660

Financial Liabilities	2009-10	2008-09
	£000	£000
Creditors	22,079	29,176
Receipts in Advance	148	123
Bank Overdraft	1,817	1,802
Long Term Borrowing	22,460	22,641
Total Financial Liabilities at Amortised Cost	46,504	53,742

Defaults and breaches

Early in October 2008, the Icelandic banks Landsbanki, Kaupthing and Glitnir collapsed and the UK subsidiaries of the banks, Heritable and Kaupthing Singer and Friedlander went into administration. At that time the Authority had £6.8m deposited in Heritable. An impairment adjustment of £1.360m was charged to the Income and Expenditure Account in 2008-09. The Authority has reviewed the recoverability of the outstanding balance and does not consider that any further impairment is required in 2009-10. See Note 8 for full details.

The Authority does not hold any other category of financial asset or liability and during the year, there were no instances of:

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

32h. Fair Values

Financial liabilities and financial assets represented by loans and receivables are carried on the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- For loans from the Public Works Loan Board (PWLB), premature repayment rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures;
- For loans receivable, prevailing benchmark market rates have been used to provide the fair value;
- No early repayment or impairment is recognised;
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the principal outstanding or the billed amount.

The fair values calculated are as follows:

	2009-10		2008-09	
	Book Value	Fair Value	Book Value	Fair Value
	£000	£000	£000	£000
Short Term Investments	64,286	64,286	66,946	66,946
Long Term PFI Borrowing	(17,919)	(24,518)	(18,100)	(20,157)
Long Term Borrowing	(4,541)	(4,577)	(4,541)	(4,881)
Net Total	41,826	35,191	44,305	41,908

As noted above, the fair values of short term trade payables and receivables or cash and cash equivalents are assumed to equal the book values; therefore they are not disclosed in the table above.

32i. Items of Income, Expense, Gains and Losses

The gains and losses recognised in the Income and Expenditure Account and Statement of Total Recognised Gains and Losses in relation to financial instruments are made up as follows:

	Financial Liabilities Measured at Amortised Cost	Loans and Receivables
	£000	£000
Interest Expense	203	0
Interest on PFI long term finance	1,632	
Interest Income	0	(911)
Total (Gain) or Loss	1,835	(911)
Net (Gain) / Loss Charged to the Income and Expenditure Account		924

No items were charged directly to the STRGL in the year, in respect of financial instruments.

Interest Payable and Similar Charges reported in the Income and Expenditure Account can be analysed as follows:

	2009-10
	£000
Interest on PFI long term finance	1,632
Interest on PWLB Borrowing	201
Other interest charges	2
Interest Payable & Similar Charges	1,835

33. Authorised for Issue

The accounts were authorised for issue by the Chairman of the Corporate Governance Committee on 24 June 2010.

34. Post Balance Sheet Events

There were no events after the balance sheet date that required disclosure.

Police Pension Fund Account Statements as at 31 March 2010

These statements show the contributions and benefits payable for the year.

Sussex Police Authority Pension Fund Account Statement

	As at March 2010		As at March 2009	
	£000	£000	£000	£000
Contributions Receivable				
From Employer:				
- Normal	(25,628)		(25,346)	
- Early Retirements	(80)		(217)	
From Members	(11,600)		(11,191)	
		(37,308)		(36,754)
Transfers In				
Individual Transfers in From Other Schemes		(1,398)		(638)
Total Inflows		(38,706)		(37,392)
Benefits Payable				
Pensions	45,882		43,190	
Commutations and Lump Sums	8,128		10,662	
Lump Sum Death Benefits	257		255	
		54,267		54,107
Payments To and On Account of Leavers				
Refund of Contributions	92		78	
Individual Transfers Out To Other Schemes	1,146		451	
		1,238		529
Total Outflows		55,505		54,636
Net amount payable for the year before top-up grant receivable from the Police Authority		16,799		17,244
Additional contribution from the Police Authority		(16,799)		(17,244)
Net Amount Payable for the Year		0		0

Net Assets Statement

Net Current Assets And Liabilities	2009-10	2008-09
	£000	£000
Current Assets:		
Contributions due from the Police Authority	0	0
Recoverable overpayments of pensions	0	0
Current Liabilities:		
Unpaid pensions benefits	0	(1,333)
Surplus for the year owing to the Police Authority	0	0
Net Assets / (Liabilities)	0	(1,333)

Police Pension Fund Account Statements

Accounting Policies

The Police Pension Account Statements have been prepared to meet the requirements of Regulation 7(1) (d) of the Accounts and Audit Regulations 2003, which states that police authorities are obliged to include the police pensions account in their statement of accounts. They also meet the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom 2007, A Statement of Recommended Practice (SoRP). The Accounts have been prepared on an accruals basis. The statements do not take account of liabilities to pay pensions and other benefits in the futures. This is reported upon separately in the Actuary's statement.

Explanatory Notes to the Police Pension Fund Account Statements

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

On 1 April 2006 new arrangements came into being for funding and accounting for the Police Pension Schemes. Before 1 April 2006 these pensions were paid from the Revenue Account and the Authority received funding from central government as part of the general funding formula to support payments of pensions. Prior to 1 April 2006, there were no employer contributions based on pensionable pay and no top-up grants.

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

There are currently two Police Officer pension schemes. Officers in the 'old scheme' contribute 11% of pensionable pay whilst Officers in the 'new scheme' contribute 9.5% (6% if ineligible for ill-health benefits). Sussex Police Authority makes an employer's contribution of 24.2% of pensionable pay. Employee's and Employer's contribution levels are based on percentages of pensionable pay set nationally by the Home Office and are subject to triennial revaluation by the Government Actuary's Department. The Police Pension scheme has no assets to cover its liabilities, therefore the total payments to pensioners in any year must be paid for by current officer and employer contributions.

Under the new financing arrangements the Pension Account is balanced to nil at the end of the year. This achieved by either the Police Authority paying over the amount by which the contributions receivable by the Account for the year exceed the benefits payable, or by the Police Authority paying over an amount by which the benefits payable from the pension fund for the year exceeded the contributions receivable. The Home Office will then either reimburse or receive from the Police Authority an amount equal to the final additional contributions due to or from the Pension Account to balance it to nil.

The Net Asset Statement does not include liabilities to pay pensions and other benefits after the balance sheet date. Liabilities to pay future pension benefits have been disclosed separately at Note 31 in accordance with FRS 17 'Retirement Benefits'.

The new Police Pension Scheme (NPPS) applies to any new police entrant who joins the service on or after 6 April 2006, or who chooses to transfer from the Current Police Pension Scheme to the NPPS. Benefits payable under the NPPS and the Current PPS are shown in tabular form below:

	Current Police Pension Scheme	New Police Pension Scheme
What is maximum pension	2/3 final salary, with option to exchange part of the pension for a lump sum	½ final salary plus fixed lump sum of 4 times the pension, with option to exchange part or all of lump sum for extra pension
Final salary basis	Highest pensionable pay in each of last three years	Earnings over the last ten years are taken into account
Length of service for maximum pension	30 years	35 years
Earliest age to receive pension	After 30 years service – 48.5 25 years service – 50 Less than 25 years service – 55 If leave service before compulsory retirement age with less than 25 years service - 60	Normal -55 If leave service before aged 55, or opting out of scheme - 65
Inflation increases	Yes, from age 55, or earlier if retiring on ill health grounds	Yes, from age 55, or earlier if retiring on ill health grounds
How is pension accumulated	1/60 of final salary for first 20 years service, plus 2/60 for final 10 years service	1/70 of final salary for each year of service

Supporting Notes to the Annual Governance Statement

These notes provide more detail on the signed statement on Page 9.

Position as at June 2010 including plans for the 2010-11 financial year.

1. SCOPE OF RESPONSIBILITIES

Sussex Police Authority (hereafter referred to as The Authority) is responsible for ensuring its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. The Authority has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. In discharging this overall responsibility, the Authority is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the exercise of its functions, including a sound system of internal control and management of risk.

The Authority has approved and adopted a code of corporate governance, which is consistent with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (SOLACE) Framework: 'Delivering Good Governance in Local Government'. A copy can be obtained from the Police Authority's Assistant Chief Executive, dan.steadman@sussexpa.gov.uk. This statement explains how the Authority has complied with the code and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 in relation to the publication of a statement on internal control.

2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework comprises the systems, processes, culture and values by which the Authority is directed and controlled and its activities through which it accounts to and engages with the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services, including achieving value for money.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable and foreseeable level. The Authority cannot eliminate all risk of failure to achieve policies, aims and objectives; it can only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Authority's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them effectively, efficiently and economically.

The governance framework has been in place for the year ended 31 March 2010 and up to the date of approval of the annual report and the statement of accounts.

3. THE GOVERNANCE FRAMEWORK

The Chief Constable of Sussex Police is responsible for operational policing matters, the direction and control of police personnel, and for putting in place proper arrangements for the governance of Sussex Police (the Force). The Authority is required to hold him to account for the exercise of those functions and those of the persons under his direction and control. It therefore follows that the Police Authority must

satisfy itself that the Force has appropriate mechanisms in place for the maintenance of good governance, and that these operate in practice.

Identifying and communicating the Authority's vision of its purpose and intended outcomes for citizens and service users.

The Authority and the Force work together in the development of the Local Policing Plan (LPP) which complies with the statutory requirement (Police Act 1996 and Police and Justice Act 2006) for a rolling three year policing plan. This document sets out the strategic priorities for the Force, incorporating both national and local priorities and the key investments to be made by the Authority. The LPP considers feedback from a wide range of local engagement, external reference groups, independent advisory groups, neighbourhood panels and key individual networks. In addition, there is a large scale on-line survey hosted on the Police Authority website. The final plan is approved along with the Force's budget at the February meeting of the Authority.

In July 2009, the Authority approved a new Governance Structure which is aligned to the three strategic pillars of the Local Policing Plan, with three scrutiny committees responsible for Resources, Neighbourhood Policing and Protective Services. The scrutiny committee chairmen sit on the appropriate Sussex Police strategic boards and represent the Authority on the Local Policing Plan (LPP) Development Board. Members contribute to the development of the LPP and the scrutiny committee chairmen provide quotations representing the views of the public from the various elements of the public consultation carried out by the Authority across Sussex.

A summary version of the LPP is produced which includes key corporate messages and performance targets for the coming performance year. The full plan is published and available to the public through the Authority website, public buildings and at public meetings.

There is a statutory requirement to produce a separate shortened version of the annual report and this is published, and delivered to each household in Sussex in the summer of each year. Three versions of this report are produced; one for each local authority area in the Force, to reflect more locally specific information and alignment with key strategic partners.

The Authority's enhanced and revised website was launched in October 2009. This links the work of the three scrutiny committees to the LPP targets and current headlines on performance and provides a consultation and communication tool. This website is the main vehicle for the Authority to feed back to the public the results of consultation and how their views have helped shape the delivery of policing in Sussex. The Authority uses innovative means of communication in the website, such as Twitter, Rich Site Summary (RSS) feeds and email updates to subscribers. All of the Authority's meetings are now public meetings fully accessible, and where possible, webcast and can be viewed online and archived.

Following an extensive self assessment process which was completed in December 2009, the Authority formed the Continuous Improvement Group (CIG) and this group has produced a Continuous Improvement Plan (CIP), which was presented to the Authority at its meeting in February 2010.

The Authority and the Force are committed to delivering the best possible policing services to the communities of Sussex. The standard of service people are entitled to expect is set out in the Sussex Policing Pledge. The Authority then monitors performance against the Pledge through its scrutiny committees.

The Authority and the Force are working together on a programme of work "Serving Sussex 2015" to define new models of policing delivery and how these may impact on the public of Sussex in order to plan service delivery with the expected reduction in funding over the new five years.

Reviewing the Authority's vision and strategy and its implications for governance arrangements.

The Authority has delegated responsibility for overseeing corporate governance to the Corporate Governance Committee which meets quarterly. The code of corporate governance was submitted to the March 2010 Corporate Governance Committee and was approved at the Police Authority meeting in April 2010. The Committee has also requested each of the scrutiny committees to consider the risks relevant to their particular business area.

The new governance structure for the Authority was implemented with effect from the annual meeting on 30 July 2009.

The Authority CIP will further enhance the Authority's corporate governance arrangements and public awareness of the role of the Authority in making policing in Sussex accountable to the public of Sussex.

The Force reviews its vision and plan for Sussex annually, and this process is replicated at departmental and divisional levels. At local (district and below) level, local policing priorities are continually reviewed as part of the functions within National Intelligence Model and through Neighbourhood Policing processes.

The Strategic Development Branch of Corporate Development Department (CDD) has devised an assurance process for the compilation of the Annual Governance Statement (AGS). The data gathering processes gives structure to the collection and collation of these assurances into the statement. The Corporate Governance Committee approves the AGS on behalf of the Authority. Any significant gaps, revealed through this process, lead to initiatives to redress shortcomings and improve overall governance arrangements, in proportion to the perceived risk.

A working group including the Chair of the Corporate Governance Committee, the Deputy Treasurer and the Director of Finance oversee the work in carrying out the processes for the AGS. This year, we have refined our approach to ensure a rigorous methodology is employed, with renewed focus on establishing where any issues indicate ongoing action to align with the code of corporate governance. Any issues requiring further attention will be monitored via the Force Organisational Development Meeting (ODM), where a report of the recommendations resulting from the AGS will be overseen through to achievement.

The Force and the Authority have progressed their work to integrate strategic risk management into the decision-making and performance-monitoring processes. The three Force strategic boards have received additional guidance and assistance to embed a process for the identification and management of those key risks that threaten their activities. The Authority scrutiny committees receive reports of the key strategic risks from the relevant Force strategic board.

Regular inspection and assurance activity is undertaken by a number of independent bodies. Examples include: National Policing Improvement Agency (NPIA), Her Majesty's Inspectorate of Constabulary (HMIC), Independent Police

Complaints Commission (IPCC), Audit Commission, and internal and external audit. The recommendations that flow from these inspections are owned and tracked towards a proportionate resolution/conclusion through the activities of the ODM. In any circumstances where a decision is required by a more senior committee, the item is escalated. The ODM then approves closure of these items when a satisfactory response has been achieved.

The Police Authority has delegated responsibility for the implementation and monitoring of its treasury management policies and practices to the Corporate Governance Committee, and for the execution and administration of treasury management decisions to the Treasurer of the Police Authority, who will act in accordance with the Police Authority's policy statement and TMPs and CIPFA's Standard of Professional Practice on Treasury Management. The Police Authority has nominated the Corporate Governance Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

Setting objectives and targets outlined in the LPP, including decision making structures.

The Force meeting and decision making structures were reviewed in 2008-9. The Terms of Reference of each of the key Force decision making boards (Force Executive Board, Chief Officers Meeting, Performance & Development Board, Neighbourhood Policing Board, Keeping People Safe Board and Best Use of Resources Board) have been revised to set the direction and take decisions under the three strategic pillars (Neighbourhood Policing, Keeping People Safe and Best Use of Resources).

The Force strategic boards are each linked directly to the three Authority scrutiny committees and the chair of each committee sits on the Force strategic board. The Authority has established the principle that scrutiny committee membership will be made up from members with specific lead member responsibilities that relate to the thematic area of business of the committee. For example, the Resources Scrutiny Committee membership includes the Lead Members for Estates, Fleet, Human Resources, Information Systems, and Finance. This principle has a number of benefits which enhance the effectiveness of the Authority's governance of policing, namely:

- A clear line of sight for Lead Members scrutiny role,
- A defined mechanism for Lead Members to call for reports on areas of concern to broaden the Authority's scrutiny on specific risks,
- Clear links to the decision-making process within Sussex Police (Serving Sussex Boards),
- The opportunity for Lead Members to discuss with colleagues budget proposals relating to the departments that they have specific oversight of, within the broader budget setting process.

The Authority scrutiny committees consider the thematic elements of the LPP throughout the year. The targets are broken down and considered at each meeting of the scrutiny committee, where their relevance and impact on performance is considered. An example of this is the Protective Services Scrutiny Committee which challenged the way the Force measures domestic abuse, resulting in a change in the measurement of domestic abuse in the LPP.

Each of the Authority scrutiny committees have been closely involved in the consideration of targets within the LPP and their impact on the policing budget.

Monitoring performance against operational, financial and other strategic plans, including how key issues are identified and tasked.

In February 2010 the Authority approved a £260.75m net revenue budget and a £11.26m capital budget for the Force for 2010-11. The LPP sets out how this budget will fund the policing service for Sussex, identifying key targets and outcomes for the Force, by which progress can be measured and monitored both by the Authority and the communities of Sussex. In setting these targets a balanced approach is taken between detection/risk and confidence/satisfaction.

As part of the Serving Sussex policing vision, the Force has a performance management framework that reflects every element of Serving Sussex. Finance performance is considered at each Authority meeting, with specific oversight from the 'Resources Scrutiny Committee'.

Financial monitoring reports are prepared monthly by divisions and departments including analysis of variances, updated forecasts for the year and management actions to control expenditure in line with budget. Chief Officers review and scrutinise the budget and establishment position on a monthly basis to ensure an overall balanced budget position for the Force and that appropriate action is being taken to manage budgets in line with performance targets and priorities. During the year, the Chief Officers agreed a number of actions to address forecast overspends for example in Community and Justice Dept. (C&JD), Information Systems Dept. (ISD), and CDD. In addition to this, more detailed scrutiny and challenge on financial performance comes from the Performance and Development Board for programme and project expenditure, Capital Strategy Board for capital expenditure and Finance and Resources Meetings for each Division/Department.

The Authority and the Force continue to develop a strong and constructive working relationship, with a shared focus on continuous improvement in policing services in Sussex. Both meeting structures provide the governance arrangements that monitor performance against operational, financial and strategic plans. Where key issues are identified, an action plan to address the variance is developed, responsibility is allocated and the plan then implemented, with appropriate ongoing monitoring to ensure control is achieved. Members are briefed on performance at the three scrutiny committees, at the monthly Chairman's meeting and through invited attendance at Divisional Accountability Meetings. In addition, they receive regular Force Strategic Performance Information (FSPI).

Challenge by the Authority is evidenced most through the strong culture of lead member involvement with divisions and departments, and active Member engagement on the LPP Development Board, programme boards and the Force's three strategic boards.

The National Intelligence Model (NIM) is applied throughout operational policing, to ensure resources are targeted at priorities and risks. The key performance priorities detailed in the annual LPP are linked to the Force strategic assessment and control strategy. The LPP priorities are reflected locally on each Basic Command Unit through the implementation of an action plan which is the central focus of policing response.

Sussex has driven up quality, as well as quantity in performance. There has been a steady improvement in victims' satisfaction. A strong focus on victim contracts has ensured victims are kept informed about the progress of their investigation. Sussex Police compliance with the contract is easily monitored by frontline supervisors. Service recovery reports have been generated from satisfaction surveys enabling districts to address and rectify dissatisfaction.

The introduction of a telephone consultation team has enabled the Force to measure and monitor confidence at the District level. This new level of data will allow the Force to monitor

performance and improve levels of confidence within the community, placing the Force in a better position to achieve the single confidence target set by the Home Office.

The former Authority Planning and Performance Steering Group has been replaced with the new scrutiny committees which are aligned to the policing pillars, which allows for monitoring of performance and targets. The Authority scrutiny committees have, for the first time, considered the budget in parallel with the LPP, which has greatly enhanced the robustness and accountability of the decision-making process. Members have also, for the first time, been involved in the consideration of early budget savings.

In April 2009, the Authority set up the CIG. This group, chaired by the Chairman of the Authority, considers all aspects of the Authority's business in order to improve processes, support and efficiency. The CIG membership includes the Vice-Chairman of the Authority, the Chief Executive and Assistant Chief Executive, the Deputy Treasurer and selected members chosen due to the focus of the discussions at that time. Recently, this focus has involved the preparation of the Authority for inspection and therefore the CIG included members with specific experience of inspections. The CIG have led the completion of the Authority's self-assessment document (see www.sussexpa.gov.uk and go to Policy Documents section) and the CIP.

Sussex Police has seen significant improvements across a number of key areas identified as Force targets within the Local Policing Plan. The force believes that these improvements have been achieved through the introduction, in June 2009, of a new Performance Management Framework. The PMF was based on the 'NPIA Hallmarks of an effective performance management framework' and focussed attention in three key areas:

- Accountability
- Performance business analysis
- Inspection / compliance

Accountability has been delivered through the introduction of Accountability Meetings at Force, BCU/Department and District level. The Force level Performance Accountability Meeting (PAM) is chaired by the Deputy Chief Constable. The attendees are Assistant Chief Constables and BCU Commanders / Heads of Department. The meeting has up to date performance management information on LPP targets at Force and BCU level. Commanders are required to account for performance in their respective areas. Performance business analysis is also carried out within identified areas to both 'lift the lid' on how we do business and test compliance against policy. This is then reflected in Divisional / Departmental Accountability Meetings.

A new Force inspection process was developed in the summer 2009 and started in October 2009. Two divisions have now been subject to this inspection, West Downs Division and Brighton & Hove Division together with the Operations Dept. Improvement in performance has been seen in both. The performance improvement model is a multi-faceted approach, with the inspections being just one part.

Measuring the quality of services for users, to ensure they are delivered in accordance with the Authority's objectives and represent the best use of resources.

User Satisfaction Surveys continue to be conducted to a high standard. The recruitment of a specialist analyst to the Consultation Team, at the beginning of 2009/10 has significantly improved the capacity and capability of the Force to utilise user satisfaction information to improve the quality of the services we deliver. The Force disseminates a wider range of reports and other informative products, with the insights delivered by more robust analysis resulting in identified clear and actionable ways that we can achieve improved service delivery outcomes. One example of this is in relation to vehicle crime. Analysis revealed that victims of this crime type have a typically low satisfaction, particularly in relation to being kept informed. Raising awareness of this issue has resulted in a new Force target to increase vehicle crime victim satisfaction. An initiative to increase satisfaction on one division has been tested through the user satisfaction surveying and has been found to significantly increase satisfaction. This allows us to address the Authority's objective to increase satisfaction and identifies the most efficient means to achieve this objective.

Quality of Service is also measured through a range of other initiatives including:-

- "service recovery" reports that are generated from individual user satisfaction surveys and immediately sent to the relevant district for consideration and possible interventions;
- Quality of Service Checks – local surveys conducted with crime victims to give supervisors personal insights into the service being delivered by their own officers and teams;
- Calls and personal visits to crime victims after their incident has initially been filed, to reassure the victim that we acknowledge their needs and still wish to support and assist them;
- The "Have Your Say" facility on the website where feedback can be provided directly to the force;
- A wide ranging network of independent advisory groups and external and internal reference groups covering the various strands of equality;
- "Mystery Shopping" exercises conducted in partnership with other local authorities and a network of volunteers;
- An internal inspection regime which assess effectiveness on the Policing Pledge, Citizen Focus Hallmarks and the Equality Standard through a quantitative pre-inspection staff survey and qualitative focus groups.

The Authority and Force continue to co-ordinate their consultation activities to avoid duplication and ensure strategies are complementary. Partnerships with other local authorities have been built across the county where we share the results of existing consultations and seek opportunities to collaborate on future consultations. The Authority's Consultation and Engagement Officer plays a key role in co-ordinating Authority activity with the Force activity. The Authority has appointed a lead member for Community Engagement.

The Consultation Team in the Citizen Focus and Diversity Branch conducts an in-house confidence survey via telephone interviews across all Crime and Disorder Reduction Partnerships (CDRPs). The survey replicates the single public confidence performance indicator from the British Crime Survey and also identifies a range of key drivers for public confidence that inform and direct the Force Confidence Plan. Details of the confidence surveys are reported to the Authority Neighbourhood Policing Scrutiny Committee.

The Force has been actively involved in the national advisory group on confidence and user satisfaction, chaired by the NPIA and is also involved in south east regional networks on surveying and confidence – one facilitated by the Government

Office for the South East and one made up of the police forces in the south east region.

The LPP prioritises the importance of the single top down target to increase public confidence, as measured by the British Crime Survey indicator question. A Confidence Strategy being developed by Corporate Communications and Public Engagement Department (CC&PED) will outline our approach to achieving this target. The local public confidence survey will provide a mechanism for us to better understand what underpins achieving the target across each CDRP area and to monitor our progress in our divisional and corporate performance management frameworks. We are exploring the potential for additional performance indicators and targets sourced from our local surveys, to be incorporated into future divisional and corporate policing plans.

Sussex Police are working with a number of partners so that local police teams can be advertised and their work highlighted in a larger number of venues across Sussex. The partners are Tesco, the Co-op, the Post Office and the library services within Sussex. They have agreed that they will provide advertising space to highlight:-

- The names and contact details for local officers. (mobile and email)
- Details of local priorities.
- The time, date and location of the next panel meeting.
- An invitation to the next panel meeting.
- A copy of the Policing Pledge.

In the smaller establishments, the posters will have the above information for that neighbourhood area only. This will amount to two A4 posters which fit onto existing community neighbourhood information boards.

In the larger establishments, the display will be larger and will incorporate the details of either:

- A Neighbourhood Policing Team, where the store serves a town which is part of a District, such as Burgess Hill or Lewes; or
- A District, where the store serves a District or Borough area, e.g. Eastbourne.

Local officers will attend the shop / library on a regular and frequent basis to ensure that the posters are still present, in good order and that the information is valid. As a minimum requirement, details about the next panel meeting and the current priorities should be changed within 24 hours of the previous panel meeting. The officer will be encouraged to take time to build a rapport with the management and staff of the outlet and to use the outlet as a venue where they can meet and be accessible to the general public. This could be used in conjunction with other activity, e.g. handing out leaflets, community meetings.

This initiative will encompass 456 outlets within Sussex that will advertise our Neighbourhood Policing teams in a corporate manner and make them more accountable and accessible to the public.

Risk management processes by which key risks are identified and mitigated in Force and Authority.

Sussex Police has had a Risk Management Strategy in place since 1996 and this has been updated regularly. The current 2007/8 strategy covers both the Authority and the Force and provides the framework for enterprise risk management. The strategy has received formal approval by the Force and Authority through the ODM and through the Assistant Chief Executive for the Authority. It has also been taken as an information item to the Force Executive Board. The strategy has been communicated widely and is also on the Force intranet website. Consideration of partnership risks are included within the strategy and in the comprehensive protocol governing partnership arrangements. Action is currently underway to produce a Force policy covering partnership arrangements.

The Risk Management Strategy establishes that risks are to be identified and considered as part of the normal business of decision-taking boards at divisional, departmental and strategic level. In support of this, the Risk Management System (RMS) has been developed to provide the facility for risks to be linked to our most significant decision-taking boards, for ongoing oversight and active management. Reports are available of all risks being overseen by each individual meeting, so that they can be effectively managed in a proportionate way as an embedded process within the meeting itself.

Procedures for the identification, assessment, control and management of risk are well established at the Authority and Force level. This is facilitated by training and use of a bespoke computerised intranet based RMS that is on the desk-top of key decision-takers. The identification of risk at grass root levels is the responsibility of Risk Co-ordinators based on each division, department and unit, who escalate risks up the chain of command and onto the RMS, as is appropriate. The Authority also has its own Risk Co-ordinator.

Summary risk register reports are taken to the ODM and considered for further action. Key risk indicators are determined by risk prioritisation. The Authority manage their risks through a similar process. The Authority has oversight of the Force risks through the RMS. Risk management is considered by each of the Authority's new scrutiny committees, thereby mainstreaming risk management across the Authority.

Monitoring of risk information being updated promptly is considered as part of inspection processes. The provision of automated email notifications and reminders from the RMS should ensure that all risk information is updated promptly by risk owners.

Responsibility for overseeing risk management policy for the Authority is with the Deputy Chairman of the Corporate Governance Committee. The Authority have an appointed Monitoring Officer (the Chief Executive) and access to independent legal advice from the Solicitor to the Authority.

A training programme for risk management has been implemented for key decision-takers, their risk co-ordinators, and others using the RMS. Training needs are included as part of the Risk Management Strategy. Every Chief Officer, Divisional Commander and Departmental Head have been offered, or have received, risk management training. Within the Authority, there has been general high level risk management awareness training, alongside training for the Assistant Chief Executive, as the Risk Co-ordinator for the Authority and their key user for the Risk Management System.

The Corporate Governance Committee has risk as a standing item at each meeting and has requested that each of the scrutiny committees consider the risks relevant to their particular business area, which was put in place from January 2010.

The Risk Management Strategy has been developed into a draft Force policy and it is anticipated that this will be on the Force Policy Database during the 2010-11 financial year. The implementation of the strategy into policy will facilitate improved understanding of risk management and its further embedding into decision-taking and monitoring processes.

During the year, additional support has been provided to Force strategic boards in Force, to assist with implementing a sound risk management process, including a standing item for consideration of risks and their management at every meeting. This support reinforced the requirement to adhere to the standard report format for papers requiring a decision at the meeting, which includes specific consideration of risks.

Our risk management strategy has been effective in helping us to deal with the following recent events:-

- The recent outbreak of Swine Flu resulted in reconsideration of our plans, personal protective equipment and resourcing arrangements, to ensure that we are best placed to deal with the effects of a pandemic on Sussex Police. This was managed through an internal operation and led to a whole raft of measures, including the review of the Pandemic Continuity Plan.
- Sustained heavy snow in early January 2010 created a business continuity event that was managed under Operation Luge. This followed a more minor snow event in December 2009, which provided the opportunity for a more pro-active planned response to the subsequent Operation Luge. Identified as the worst snow in over thirty years, with 20 to 30 cm of snow covering the county, it is notable that Sussex Police provided a near normal level of service throughout to the community of Sussex.

Defining and documenting the roles and responsibilities of the Authority and Force and the senior members and officers within each, setting out clear delegation arrangements and protocols for effective communication, and arrangements for challenging and scrutinising Force activity.

The Authority handbook which was completely updated in September 2009, defines all roles and responsibilities of officers and Authority members and a scheme for delegation. The Handbook is available on-line.

The Chief Constable and Chief Officers are accountable at the following meetings:

- Police Authority
- Three Authority Scrutiny Committees and Professional Standards Committee
- Corporate Governance Committee
- Serving Sussex Leaders' Forum
- Force Executive Board

The meeting structures for both the Force and Authority are designed to implement close monitoring of performance and governance arrangements. Shared understanding of roles and objectives is secured through regular meetings between the Chairman and the Chief Executive. Effective communication is achieved through the Chairman's monthly meetings. Authority members are briefed on performance at Serving Sussex Leaders Forums (SSLF), the scrutiny committees, the Chairman's monthly meeting and with the private meetings of the full Authority with the Chief Constable, Deputy Chief Constable, Chief Executive and Treasurer.

All Authority committees and meetings have terms of reference. There are job descriptions for the Authority Chief Executive, Deputy Chief Executive and the Assistant Chief Executive, which define the role, responsibilities and accountabilities to the Authority. The Authority handbook includes the roles and responsibilities of the Chief Executive and senior officers, and is applied through a series of formal and informal meetings. The Treasurer has formal statutory responsibilities and these are discharged in accordance with the Authority's Financial Regulations.

The Chief Executive of the Authority is the designated Monitoring Officer whose role is to warn of illegality and maladministration, either actual or potential. The Authority and Force have access to independent legal advice where required.

Challenge by Authority members is seen most through the strong culture of lead member involvement with divisions and departments, and active member engagement on the Local Policing Plan Board, programme boards and the Force's three strategic boards (Keeping People Safe, Neighbourhood Policing and Best Use of Resources).

The coverage of Lead Members of the Authority is regularly reviewed. In 2009/10 the Authority has refined how the work of the Criminal Investigations Department is scrutinised with the introduction of Lead Members for Serious and Organised Crime, Major Crime, Scientific Support and Protecting Vulnerable People. Additionally, Lead Members have been introduced for Rural Affairs, CCTV Monitoring, Partnership Working and Community Engagement.

Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members, officers and staff.

The Deputy Chief Constable is the Chief Officer lead for discipline and sets the tone for the Force in its full range of discipline activity.

The National Intelligence Model (NIM) states in relation to corruption and malpractice that:
"In addition to the requirements of the security management programme, staff should also receive guidance on integrity, corruption and police ethics".

The Annual Strategic Assessment produced in accordance with the NIM requires a control strategy. Within the Sussex Control Strategy the following ongoing strategies are included:

- Senior management to promote a Force culture of ethics and integrity
- Promote intrusive supervision to prevent incremental corruption and malpractice
- Train all staff on the importance of confidentiality and the risks involved in unlawful disclosure.

The Force operates a policy database which includes a range of policies and initiatives to develop standards of behaviour consistent with that expected from a police force. These include the Statement of Values, the Leadership Charter, Police Regulations and Police Staff Regulations and the Force Anti Fraud and Corruption Policy.

Whistle blowing is catered for under the 'Break the Silence' icon on the front page of the Force Intranet and is explained within the Force Policy 612/2006. It is a two way anonymous process which allows the provenance of such disclosure to be tested. The whole of the workforce have access to this facility. A central purpose of 'Break the Silence' is the anonymity that this offers to staff and officers. Details of use are maintained within the Professional Standards Department (PSD) and subject to oversight by the Professional Standards Committee (PSC).

In the main, reporting of corrupt practice to PSD is done through "Break the Silence" with an understanding that confidentiality will be maintained. PSD forward on reports maintaining the anonymity of the source where necessary to allow departments/divisions to act upon the information, unless PSD themselves undertake the work. This is subject to monitoring by the Authority's PSC.

The Force has clearly defined procedures for handling complaints and allegations of misconduct from the public and these follow the Independent Police Complaints Commission (IPCC) statutory guidance. There are guidelines available for supervisors and managers, accessible via the PSD website.

The new national Police Conduct and Performance Regulations were implemented in December 2008 alongside new Home Office guidance on police officer misconduct, unsatisfactory performance and attendance management procedures. Guidance on standards of professional behaviour are also included. PSD have responsibility for their implementation and monitor the effectiveness of the new arrangements in practice. The Standards of Professional Behaviour for Police Officers are readily available and their existence and purpose is fully covered via training course inputs, particularly to student officers and newly promoted Sergeants.

A similar set of standards has not yet been agreed for police staff but that is anticipated to be agreed during 2010.

Over the last 12 months a number of Misconduct Meetings and a small number of Gross Misconduct Hearings have taken place for Police Officers and similar processes have been replicated for police staff.

Both the Force and the Authority maintain appropriate systems to declare business interests and these are monitored for conflicts of interest. Reminders have been provided to staff, through Routine Orders, on propriety in relation to the receipt of gifts and hospitality. This process is overseen by the Director of Human Resources.

The revision of the Authority Handbook has made the information more readily available and accessible as a version is available on-line on the Authority's website.

In the recent restructuring to the governance arrangements within the Authority, the PSC has been strengthened to oversee Independent Custody Visiting and the monitoring of Closed Circuit Television (CCTV). The introduction of an independent CCTV monitoring scheme is the first of its kind in England and Wales. The scheme was launched on 1st April 2010. The Authority innovation in this regard may influence future public confidence in this area of our business.

The Authority PSC has pioneered a new method for achieving their training needs by identifying their own gaps in knowledge. A comprehensive training session was delivered to all members of the PSC, led by the Chairman of PSC, and involved facilitation by experienced members of the committee and the Head of PSD. This process is being adopted by all the scrutiny committees.

The PSC has altered the process for their inspection of complaints. The inspection meetings are now focused on risk based themes, allowing for the random selection of complaints from a related category e.g. cases of incivility. This allows for a more focused debate, commencing with a verbal briefing from PSD around the context of the category, for example, number of complaints within the category, variances between divisions/ departments, and the lessons that have been learnt from previous complaints. The members still retain the right to request any file, irrespective of category, either as a follow up from previous inspections, or as a result of a specific matter being brought to their attention. Similarly, the current practice of the Head of Professional Standards asking for Members' perspective on a particularly difficult case would continue.

Reviewing and updating standing orders, standing financial instructions, a scheme of delegation, contract/procurement regulations, and supporting procedure notes/manuals, which clearly define how decisions are taken and the process controls required to manage risks.

The Authority's Financial Regulations and The Scheme of Delegation are reviewed and updated regularly. Standing Orders are also reviewed and updated regularly to cover new procedures such as partnership arrangements and on-line tendering.

The Treasurer has formal statutory responsibility for ensuring appropriate advice is given to the Authority on all financial matters and for ensuring proper financial records and accounts are kept. These responsibilities are discharged in accordance with the Authority's Financial Regulations and Standing Orders.

The Authority Corporate Governance Committee has a particular focus on Risk Management processes and controls.

There is a formal scheme of financial accountability, covering the Chief Constable to budget holders. Within the Force, the scheme of financial accountability is reviewed and revised annually. There is guidance available to budget holders which includes a description of their responsibilities, an outline of the budget process, and a budget process timetable.

The Director of Finance is a member of the Force Command Team.

The Serving Sussex Principles enable members of the organisation to link decision making to the core principles. Additionally, the Performance and Development Board, led by the Deputy Chief Constable, ensures that Force-wide programmes of change correspond to the principles.

The Force has a corporate procurement policy that has been formally approved by the Authority. This is published on the Force's intranet which all staff are able to access.

The Authority and Force have also managed the successful recruitment and succession planning for the newly appointed Treasurer and Director of Finance within the same financial year.

The Force has approved reviewed and updated policies and procedures including: VAT Manual; Seizure, Security and Retention of Money Policy; Use of Private Vehicles by Sussex Police Officers and Staff for Sussex Police Business purposes; Invoicing & Debt Recovery Procedure and Donations from Members of the Public, Companies and Other Bodies.

Undertaking the core functions of an audit committee, as identified in CIPFA's Audit Committee – Practical Guidance for Local Authorities.

The Authority has an experienced Corporate Governance Committee comprising a mix of independent and councillor members. The Chairman of the Authority is not a member of the Corporate Governance Committee. The Authority considers and receives reports from both internal and external audit. The Committee takes an active stance to ensure its responsibilities are discharged appropriately.

The Corporate Governance Committee is confident in challenging and seeking assurance on governance arrangements. Evidence for this includes: requesting reports and presentations from the Force about high risk projects and reviewing the Committee's own conduct against best practice from CIPFA. The Committee approves the AGS.

The Corporate Governance Committee has recently reviewed risk management and recommended that each scrutiny

committee considers and reviews risks within its own business areas.

The Police Authority had invested funds in the British based subsidiary of an Icelandic bank. Following the crisis in the financial markets in autumn 2008 and subsequent required action by the Treasurer, it was the Corporate Governance Committee that received regular updates and reports throughout this difficult time. In closing the accounts for 2008/09 the Corporate Governance Committee agreed to recommend to the Police Authority that the Authority depart from the statement of recommended practice (SORP) and therefore took action to resolve the issue in year.

Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.

The Authority has an appointed Monitoring Officer (the Chief Executive) and access to independent legal advice is provided by the Solicitor to the Authority. The Authority's Corporate Governance Committee oversees issues facing the statutory duties of both the Authority and the Force. The Chief Executive (Monitoring Officer), the Solicitor to the Authority, and the Treasurer are advisers to this Committee.

The Authority's Handbook and Financial Regulations clearly define the roles of each of the statutory officers and the Director of Finance. A record of statutory obligations was included in the Handbook to commence from September 2009. The Authority has access to independent legal advice where required. Reports to the Authority are reviewed in draft by the Chief Constable, Chief Executive, Treasurer and Director of Finance.

Environmental scanning and opportunities is a standing agenda item for the ODM. The head of CDD is currently undertaking a review of environmental scanning and opportunities and the links with risk management.

Systems for receiving and investigating complaints from the public and handling citizen and other redress.

Sussex Police has a centrally managed and co-ordinated system for handling complaints from the public, with that system being flexible enough to cope with complaints received via email, letter, communication with the IPCC, or visits to police stations. Complaints are categorised according to new national recording standards introduced in December 2008

The Force has adopted and implemented the new national Police Conduct and Performance Regulations in December 2008 with clearly defined procedures for handling complaints and allegations of misconduct from the public. There are updated guidelines available to supervisors and managers accessible via the PSD website (Force Policy 593/2006 currently under review).

The Force has produced guidance in relation to complaints and in particular the use of the local resolution procedure to provide a quick response to concerns from the public. Performance information is produced on a monthly basis and available on the PSD intranet site for all divisions and departments. The data outlines trends in numbers of complaints received and the nature of the complaints themselves. This data is rigorously scrutinised by the PSC.

A number of complaints are now dealt with via an 'informal investigation' process. This has been agreed with the IPCC and is designed to deal with complaints suitable for Local Resolution (LR), but for which the complainant does not agree for the LR process to be used. This should free up more time and will help to prepare the ground for the eventual delegation of the majority of complaint investigations to divisions or departments, in line with the ethos of the Taylor report.

The Policing Pledge requires commitment from Forces to respond to public dissatisfaction within 24hrs. To monitor compliance of this and enhance Force understanding of public perception to the service delivered, a 'Public Correspondence and Feedback' database has been created. This ensures a systematic process to record information on public dissatisfaction.

This approach will: demonstrate our performance at responding within 24hrs; and capture public feedback, including expressions of gratitude and dissatisfaction; and support our ambitions to increase public confidence levels by valuing and understanding feedback.

The evaluation of this feedback will: provide a critical assessment of our performance from a public perspective; highlight both individual and organisational successes and shortfalls in service; and enable the Force to address wider key dissatisfaction issues at a strategic level.

During the year, concerns have been expressed with the Independent Police Complaints Commission over the delays in dealing with over 40 appeals relating to complaints, some dating back to August 2009. Some assurances were provided on improvements in timeliness and the Authority's PSC will continue to review this, in conjunction with the Head of Professional Standards, given that this could potentially adversely affect the Force single confidence target.

Determining the conditions of employment and remuneration of officers and staff.

The Authority is required to report Chief Officer salaries, appointments, disciplinary issues and conditions of service to the Chief Officers' Appointments and Remuneration Committee (COARC). This was reported on April 2010. The Chief Executive has reviewed the level of resources and structure within the Authority to allow full integration and adoption of the new governance structure.

Two new ACC posts were successfully recruited during this year by the Authority.

Police officer and police staff pay continues to be negotiated nationally. We are in the third year of three year pay deals for both officers and staff.

The Equal Pay Audit was completed in 2009-10. No significant equal pay risks were identified and the recommendations from the audit are currently being implemented. The wider review of the current pay structure for police staff has not yet been commissioned from Hay as we are still negotiating the cost of the contract.

The Hay system of job evaluation has continued to be used to establish the appropriate pay level for new posts and for existing staff whose roles have changed. Panels are held monthly with additional panels convened if required, and the evaluators are trained Hay evaluators.

The CIP 2010-11 identified the need for a succession planning for members and executive officers of the Authority. This will be considered by COARC.

Identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training.

Members have a full induction programme designed specifically to allow new Members to gain an overall understanding of Sussex Police, the Authority and the unique role the Member has to play in holding the Force to account. New Members are also assigned an experienced Member as their mentor for three months to act as an adviser and guide them through the initial stage of Membership and beyond. The Chief Executive has annual appraisal meetings with all members of the Authority, to identify development issues (on

both sides). The Chairman of the Authority participates in the annual performance review process for Chief Officers, including the Chief Constable.

Authority Members receive training appropriate to their responsibilities and experience, the details of which are recorded in the Authority's Training and Development Programme. The Authority delivers training to members at every opportunity including Members' Seminars. In 2009/10, training for committees has been introduced successfully. The members training plan is available on the Authority website.

As part of the Police Authority Inspection Process, the Authority formed the CIG which has successfully completed a self-assessment process and has produced a CIP which was presented to the Authority at its meeting in February 2010.

The Personal Development Review (PDR) process is the cornerstone of identifying development needs of senior officers and continues to be used effectively to achieve this. The Chief Officer team all have performance objectives, including development objectives set by the Chief Constable, which are reviewed regularly. In addition, most Chief Officers are supported by the NPIA National Senior Careers Advisory Service (NSCAS) career development scheme that provides executive coaching, training programmes, action learning sets etc. tailored to individual needs. Senior officers also sustain and develop their strategic roles through participating in Association of Chief Police Officers (ACPO) led conferences and working groups. Chief Officers also devote time to team development and working together on strategic planning.

Work on risk management is ongoing as the strategy and system is under review. Risk management training is included in core Management and Supervisory Training modules as well as an ongoing locally delivered programme of training on managing risks during criminal investigations.

Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation.

Investment in corporate communications has seen the start of the development of a more modern corporate communications function that will enable the Force to better engage and connect with the diverse communities we serve in Sussex.

With a team now in place which covers four disciplines – Public Relations and Community Engagement, Media Services, Internal Communications and E-Services - the force can move from a 'one size fits all' approach to its communications, to a more focused, tailored approach, where we can communicate with different groups in a relevant and timely way. The new structure recognises the shift away from print media as the primary communications channel to the public and takes a multi-disciplined approach to reach key audiences.

Understanding our customers – both internally and externally – is central to what we do. Customer Insight research will be used to fully inform all communications plans. Customer insight data will be gained through interviews, questionnaires, surveys, focus groups etc. to find out who our customers are, what they really want and what they need. By operating in a two-way communications environment, our customers will help shape the future of our services.

Communications plans at Force and divisional levels identify different sections of the community and set out the most appropriate means of communicating/engaging with them. These are based on detailed analyses of community make-up, drawn from central analytical products, for example, the Mosaic database, Neighbourhood Profiles and our links with numerous partners.

A wide range of engagement activity is undertaken, including Citizens' Panels, Neighbourhood panels, Neighbourhood Management Forums and Ward Panels and webcasts. In addition considerable effort is put in to establishing, maintaining and promoting Independent Advisory Groups and External Reference Groups at strategic level. There is an ongoing programme of wide ranging public consultation undertaken both by the Authority and by the Force. This is additional to a formal online consultation with the business community on budgetary issues.

The Authority has a communications strategy, which was revised and updated in 2010 following a review of the Authority's (and Force's) corporate communications activity in 2009.

All meetings of the Authority are now public meetings and are webcast where possible. This has been a big step forward to enhance the accessibility of the Authority.

An Authority member has been given the Lead Member responsibility for Community Engagement and Consultation, supported by a designated Community Engagement Officer. They will be working closely with the Authority's Press and PR Officer and the Consultation Unit at Sussex Police to be connected to current existing consultation across other agencies and be accessible to the community. All work will be delivered and directed by the Neighbourhood Policing Scrutiny Committee.

The Authority website was re-launched in 2009 with a cleaner, more approachable look and feel, with sections on all committees and areas where the public can feedback directly. All policy documents and committee papers are also available on the website. RSS Feeds are available to sign up to and Authority news can be followed on Twitter. There are also detailed plans on the introduction of a Chairman's Blog and a Facebook page. Feedback from the public and partners has been very positive

A permanent Police Authority Press and PR Officer was appointed in 2009 and works within the Police Authority office. This has resulted in a higher profile in the local media for the Authority. The CIP for 2010/11 highlights a particular priority to raise public awareness of the work of the Authority, specifically around the scrutiny of protective services.

The Authority publishes, jointly with the Force, an annual communication to every home in Sussex during August, tailored to the interests of geographic communities. All of the Authority's statutory publications have details on how they can be accessed in other languages. The Corporate Communications department works closely with the Diversity Team and the Consultation Co-ordinator to identify hard to reach communities and how best to communicate with them. Examples of work in this area include the published equality scheme communication strategies. Publicity on how to access policing services is widely publicised, including language and disability accessibility details. Third party and anonymous reporting are methods that are promoted to hard to reach communities who, perhaps, do not have trust and confidence in the police to report incidents directly.

The Force also works closely with a number of stakeholders and partnerships including:

- Local Strategic Partnerships (LSPs)
- Crime and Disorder Reduction Partnerships (CDRPs).
- Local Criminal Justice Board (LCJB)
- Local Resilience Forum (LRF)
- Drugs and Alcohol Action Teams (DAATs).
- Health Service.
- Probation Service
- Local Authorities
- Fire and Rescue Services
- Crown Prosecution Service

Improving partnership working is a key priority for the Corporate Communications department and we will be working more closely with our internal and external partners to ensure that we work together to engage with the public wherever possible and ensure that resources are used effectively.

Evaluation of any activity that occurs is critical and is factored into each and every communications plan to ensure we understand the return on investment from our communications and are continually improving customer satisfaction and public confidence. Complaints, informal or otherwise and expressions of gratitude are used to inform the development of products and service improvements. The performance management regime ensures issues raised from internal and external groups are fed into the key Force level decision-making Boards. By gathering the views of the workforce, service users and communities, we can ensure what we do meet the needs of the people we serve and those who work for the Force.

Incorporating good governance arrangements in respect of partnerships and other group working as identified by the Audit Commission's report on the governance of partnerships, and reflecting these in the Authority's overall governance arrangements.

The Partnership Protocol and Guidance provide a strong foundation and structure for the proper management of all financial partnerships that Sussex Police enters into. These documents have also been adopted by the Authority as effective practice. Both are readily accessible to all staff via the Neighbourhood Policing intranet site, and include guidance on Service Level Agreements. Further development on partnership governance is currently underway through the publishing of a Force Policy on Partnerships.

The existence of a Local Councils Support Policy also seeks to provide a firm basis for relationships and interactions between Sussex Police and town and parish councils. It creates a framework for police districts, through their neighbourhood policing teams, to consult, interact and work with councils in order to reduce crime and the fear of crime, in their areas.

Engaging with our communities is another important aspect of our partnership work, and here we are working on producing a Police Support Volunteer Policy to encourage more people to come and volunteer their time to support Sussex Police.

Sussex Police also operates a Community Safety Accreditation Scheme, whereby the Chief Constable can 'accredit' employers and employees, who are not employed by the police, in discharging functions aimed at community safety and which tackle crime, disorder, public nuisance and anti-social behaviour. Much partnership working happens at district and divisional level, for example via CDRPs, LSPs and Joint Action Groups. All are guided by clear terms of reference, but with a certain amount of local flexibility.

At a more local level, neighbourhood officers work in partnership with community groups to tackle local problems. Priority Setting Panels are small groups of local community champions, who can identify crime, disorder and anti-social behaviour problems in their neighbourhood and agree community priorities with police and other partners.

Work continues through the Management of Police Information (MoPI) project to develop a single guidance document, together with the necessary processes to manage the Information Sharing Agreements (ISA) with our partner agencies in Sussex. We are required to complete this MoPI compliance work by December 2010 and are on target to achieve this. In the last year, the Sussex Criminal Justice Board has produced an overarching Information Sharing Protocol which all relevant agencies have signed up to. All other ISA's are being collated by CDD and will be reviewed to ensure they are up to date and reflect the principles of this overarching protocol.

The Authority hosted a conference in November 2009 titled "Maintaining public confidence in a challenging financial environment: a shared challenge for the public sector in Sussex".

A new Lead Member has been appointed for Partnership Working. Arrangements will be made to develop a programme of work in respect of developing the portfolio for this lead member role. A key element will be developing a strategy for working with partner agencies across Sussex, building on the work which is already ongoing in this regard.

4. REVIEW OF EFFECTIVENESS

The Authority has responsibility for conducting, at least annually, a review of the effectiveness of the governance framework, including:

- the system of internal audit
- the system of internal control

These reviews have been informed by the work of the CDD, internal auditors, and also managers within the Authority, who have the responsibility for the development and maintenance of the governance environment. In addition, comments made by the external auditors and other review agencies and inspectorates have informed this review.

The CDD is the Force lead for performance improvement, undertaking and coordinating inspection activity and providing the head of profession function for performance information and analysis, and criminal intelligence analysis. In addition, regular inspection and assurance activity is undertaken by HMIC, the Audit Commission and NPIA, with external findings reported to the Authority. This external inspection activity is also co-ordinated by CDD.

The Corporate Governance Committee oversees the development of the AGS and these notes. It ensures there is continuous improvement in the process and endorses the resulting action plan annually. At a tactical level the Performance Improvement Branch of CDD monitors opportunities for continuous development in the process

The CIPFA guidance is used to gather relevant evidence to show how the Authority exercises control and manages its governance arrangements. The evidence is reviewed, issues and gaps identified and an action plan drawn up to address the issues.

A process is established to ensure the Authority's Chairman and Chief Executive, and the Chief Constable, approve and sign-off the joint AGS, in accordance with the CIPFA / SOLACE guidance.

5. UPDATE TO 2008-2009 IMPROVEMENT ITEMS

Progress in achieving the identified issues from the 2008 – 2009 AGS has been subject to monitoring during the year. Considerable progress has been made in addressing these matters as reflected in the AGS and these notes.

6. SIGNIFICANT GOVERNANCE ISSUES

No significant governance issues were identified through carrying out the 2009 -2010 AGS processes. Issues currently being developed to further enhance our governance are identified below.

7. IMPROVEMENT PLAN

The improvements identified in this section include an outline of the actions currently being taken, or are proposed to be taken.

Challenging performance targets:

- **The Authority needs to satisfy itself that targets for Sussex Police within the Local Policing Plan, not only reflect the views expressed by the public of Sussex, but are also sufficiently challenging to drive continuous improvement within Sussex Police.**

During the planning process for the 2010/11 LPP the Authority has been directly involved in the target setting and planning process. The Authority and Sussex Police will continue to produce new and enhanced reports, presentations, toolkits and briefings both from internal and external sources, to allow stakeholders to understand the key performance issues around quality of service and the improved outcomes. The Authority will be working closely with Sussex Police to ensure value for money from the investment that the Authority has put into the enhanced understanding of the drivers of public confidence provided through public survey data.

- **The Neighbourhood Policing Scrutiny Committee will set priorities for Neighbourhood Policing that will be consulted on in advance of inclusion in the LPP.**

This will allow for a joint approach on targets for priority community areas and high risk, hard to reach elements of the community.

- **The Authority will develop processes to keep track of the impact each scrutiny committee has had on outcomes for the people of Sussex.**

This will include a systematic monitoring of activity, recommendations and, most importantly, outcomes resulting from scrutiny, both at the committees and by lead members individually.

Community and Partnership engagement:

- **The Authority will co-ordinate its engagement with the public to ensure maximum impact is made through the streamlining of engagement activity with Sussex Police and partners.**

This will enable information gained from consultation and engagement to influence policing, as expressed through the LPP and the targets set for Sussex Police for the following year. The key challenge for the Authority is to develop its community profiling, consultation, engagement and importantly, feedback arrangements, so it can be made clear to the public the impact their views have on the way that policing is delivered in the county.

- **The Authority and the Force will continue to liaise closely on community engagement and consultation.**

- **The Force will develop and improve its community engagement.**

In 2009- 10 the Force developed the Consultation Team in the Citizen Focus & Diversity Branch, CDD. The team has already overhauled the range of reports and standard products available on the intranet. In 2010- 11, the Force will build on these foundations and widen the input of the Branch to our other specialisms (Diversity, Equality and Customer Service). The branch will lead for the Force on providing advice and support for all divisions and departments on the wide range of quality of service initiatives that are available. The Branch Action Plan will be linked through to the CDD Plan.

New software is presently being installed and tested. This will increase the capability and capacity of our team in terms of conducting professional telephone interviews and on-line surveys. Some training for key stakeholders has already been provided. The system will be fully rolled out in the summer of 2010.

The Force will continue to build effective regional practitioners networks in relation to user satisfaction, public confidence and internal staff surveys, co-ordinated by the Citizen Focus & Diversity Branch.

- **The Force's Serving Sussex Working Group which champions the Serving Sussex Programme across all the disciplines in geographical areas of Sussex Police, will continue to embed Citizen Focus Hallmarks, Policing Pledge and the Equality Standard throughout the organisation.**

The Authority will continue to be represented on this group by the Assistant Chief Executive.

Risk Management:

- **The Authority will develop its full and clear understanding of all significant risks and threats to policing within Sussex.**

This will include the development of enhanced awareness of risk management with members and officers of the Authority, and appropriate oversight of risk management processes within Sussex Police, including the continued embedding of risk management in the Force.

The Authority will also seek through its scrutiny committees, to dip check risk management processes, to satisfy itself that risk management within Sussex Police is both robust and meaningful.

Policies and procedures:

- **Review of key Force policies and procedures.**

A review of key force policies and procedures will be undertaken to ensure they remain relevant, fit for purpose and are understood. Consideration will be given to new ways of raising awareness of these across the Force.

Conditions of employment and remuneration of officers and staff:

- **Pay & Grading Review:**

The pay and grading review has been put on hold at the current time and will be reviewed again in the next 12-18 months. However, some aspects of the pay & grading review (reviews of police staff standby and callout arrangements, method of remuneration of shift/weekend working and the IS pay scales) will still be addressed and have been incorporated into the equal pay project plan. We are working towards completion of the project by the end of 2010.

- **Standards of Professional Behaviour for Police Staff:**

A set of standards, similar to the Standards of Professional Behaviour for Police Officers, will be progressed during 2010.

Collaboration Agreements:

- **The Authority will monitor the corporate governance arrangements in relation to the collaboration agreements entered into by the Authority pursuant to s. 23 of the Police Act 1996 and any future collaboration and/or partnership arrangements whether as Lead Force or otherwise.**

A Force policy covering partnership arrangements has been drafted and, subject to clarification on legal issues, will be implemented in 2010. All forces in the region will review governance arrangements in respect of the three new S23 agreements during the year.

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed

Laurie Bush
Chairman of the Authority

Martin Richards
Chief Constable of Sussex Police

John Godfrey
Chief Executive of the Authority

On behalf of the members and senior officers of the Authority and Sussex Police 24 June 2010.

Glossary of Financial Terms

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

Accrual

An accrual is a liability to pay for goods and services that have been received or supplied for which an invoice has not yet been received.

Accrued Income

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

Billing Authority

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

BVACOP

The Best Value Accounting Code of Practice establishes 'proper practice' with regard to consistent financial reporting below the Statement of Accounts level. The guidance seeks to provide a means for the aggregation of the costs of policing. More details can be found on the CIPFA website. www.cipfa.org.uk

Capital Programme

The Authority's plan of capital projects and spending over future years. Included in this category are the purchase of land and buildings, the erection of new buildings and works, design fees and the acquisition of vehicles and major equipment items.

Capital Expenditure

Expenditure on the acquisition or construction of assets that have a long-term value to the Authority, e.g. land and buildings.

Capital Receipts

Income from the sale of fixed assets can only be used to finance new capital expenditure or repay outstanding debt on assets, financed from loans.

Useable capital receipts are those capital receipts which are not set aside for specific purposes but are available to be used for any capital purchases.

Code of Practice (SoRP)

Police Authorities are required to prepare their statements of account in accordance with the CIPFA Statement of Recommended Practice (SoRP) on local authority accounting. More details can be found on the CIPFA website. www.cipfa.org.uk

Collection Fund

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

Contingency Provision

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

Council Tax

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

Current service cost of Pensions

The cost of retirement benefits is recognised in the net cost of services in the Income & Expenditure Account when they are earned by employees – "current service cost". The current service cost of pensions is defined as the increase in liabilities arising from service during the year. This means pensions costs will be recognised in the year in which they are incurred, with the contributions being treated as a cash flow item as they are made.

CIPFA

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

Fixed Assets

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

Intangible Assets

The value of Intangible Assets represents expenditure on computer software licences and development amortised over their life.

FRS

Financial Reporting Standards, as agreed by the UK accountancy profession and the Accounting Standards Board. These include Statements of Standard Accounting Practice (SSAPs).

Long Term Debtor

This specifically relates to the PFI contract. The residual value of the assets is estimated to be greater than the consideration. The Authority must build up the difference over the life of the contract to ensure a proper allocation of payments is made between the cost of custody services and the acquisition of the residual interest. This is in line with Treasury Technical Note 1 (Revised) and is offset by a reserve of equal value.

Minimum Revenue Provision

The statutory requirement to set aside a minimum revenue provision for the repayment of external loans.

National Non Domestic Rate (NNDR) – or Business Rates

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

Net Operating Expenditure

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

PFI

Private Finance Initiative (PFI) allows the public sector to contract with the private sector to provide quality services on a long-term basis, typically 25-30 years, so as to take advantage of private sector infrastructure delivery and service management skills, incentivised by having private finance at risk.

The private sector takes on the responsibility for providing a public service against an agreed specification of required outputs prepared by the public sector.

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

Precept

The Police Authority makes demands upon the Unitary Authority and District Council's collection funds for its net expenditure requirements to be met by Council Tax.

Prepayments

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

Provisions

The Police Authority may set aside amounts as provisions to meet future liabilities or losses that are likely to arise in the future.

Reserves

Balances that represent resources set aside for purposes such as working balances and reserves for cash flow management. Earmarked reserves are those reserves set aside to meet specific policy purposes.

Revenue Budget

The estimate of annual income and expenditure requirements, which sets out the financial implications of the Police Authority's policies and the basis of the annual precept to be levied on collection funds.

Provisions

The Police Authority may set aside amounts as provisions to meet liabilities or losses that are likely to arise in the future.

SoRP

See Code of Practice.

Specific Grants

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

Statements of Standard Accounting Practice (SSAP)

These are standardised practices and accounting treatments, as agreed by the UK accountancy profession and the Accounting Standards Board.

Total Net Expenditure

The total net spending requirement of the Police Authority after deducting specific grants and other local income. This is financed by Central Government grants and local Council Tax