



Police Service
of Northern Ireland

Pension Accounts

For the year ended 31 March 2024



**we care
we listen
we act**



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of Northern Ireland

Police Pension Accounts

For the year ended 31 March 2024

Laid before the Northern Ireland Assembly under Section 12 (6)(b) of the Police (Northern Ireland) Act 2000 as amended by the Police (Northern Ireland) Act 2003 and the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010

On

4 July 2024

**we care
we listen
we act**

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Accountability Report

Report of the Managers

Introduction

The Police Service of Northern Ireland (PSNI) administers three pension schemes for police officers (collectively the 'Schemes' or 'PSNI Pension Schemes'). The Police Pension Scheme 1988 (now referred to as the 'Closed' Scheme), the new Police Pension Scheme 2006 (or 'New' scheme), and from 1 April 2015 the 2015 Police Pension Scheme (or 'CARE' scheme).

Statutory basis for the Schemes

The regulations under which the Closed Scheme operates are the Pensions (Northern Ireland) Order 1995 and the Royal Ulster Constabulary Pensions Regulations (Northern Ireland) 1988 with subsequent amendments. The regulations are modified for members of the PSNI Full Time Reserve in accordance with the Royal Ulster Constabulary Reserve (Full Time) Pension Regulations (Northern Ireland) 1994 and subsequent amendments.

The New Police Pension Scheme operates under the Police Pensions (Northern Ireland) Regulations 2007 which apply from 6 April 2006. Entry to the New Scheme was closed on the 31 March 2015.

The 2015 Police Pension Scheme is a Career Average Revalued Earnings (CARE) Scheme governed by the Police Pensions Regulations (Northern Ireland) 2015. This was the only Scheme open to new entrants during the 2023-24 financial year.

Eligibility to join the Schemes

Members of the Police Service as set out in section 4 of the Police Pensions Regulations (NI) 2015 are eligible to join the Scheme. Membership of these Schemes is not compulsory and officers may make other pension arrangements. All police officers are given a booklet explaining the Scheme rules and main features of the Scheme at induction or training.

Main features of the Scheme

All Schemes are unfunded defined benefit schemes, to which police officers and the PSNI, as employer, contribute.

The rates of contributions and benefits are set by the Department of Justice (DoJ) as directed by Central Government and the Department of Finance (DoF).

Accounts Direction

The Annual Report and Accounts for 2023-24 have been prepared in a form directed by the Department of Justice in accordance with Section 12 (3) of the Police (Northern Ireland) Act 2000 as amended by the Police (Northern Ireland) Act 2003 and Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010.

Report of the Managers (continued)

The rationale of preparing separate Pension Accounts is to prevent the detail required by IAS 19 (Employment Benefits) and IAS 26 (Accounting and Reporting by Retirement Benefit Plans) from overshadowing and drawing attention away from the record of the PSNI's core financial performance.

PSNI is treated as an executive non-departmental public body of the DoJ.

Therefore, PSNI complies with the corporate governance and accountability framework arrangements (including *Managing Public Money Northern Ireland*) issued by the DoF and DoJ.

In accordance with the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010, the Police Pension Accounts for the year ended 31 March 2024, will be laid before the Northern Ireland Assembly.

Management of the Scheme

The Department of Justice is the Regulatory Authority and is responsible for setting the benefits to be provided by the Schemes, amending regulations as necessary and making the policy decisions in relation to the operation of the Schemes.

The Northern Ireland Policing Board (NIPB) is the PSNI Pension Schemes' Manager. As Schemes' Manager, NIPB is responsible for ensuring the accurate management of benefits and provision of information to members in line with the Scheme rules. The NIPB has delegated certain functions to PSNI to carry out on their behalf.

PSNI Financial Services carries out the day to day administration of the Schemes, including the day to day management of payments and receipts, and correspondence with Scheme members.

The Public Service Pensions Act (NI) 2014 ("the 2014 Act") requires each public service Pension Scheme to have a Pension Board to assist the Scheme Manager in securing the effective and efficient administration of the pension scheme and a Scheme Advisory Board (SAB) for considering major changes to Scheme rules.

The Police Pensions Board is comprised of three employer and employee representatives, an independent member and is chaired by an independent chairperson. Further details of members are set out on page 20.

The SAB is chaired by a DoJ official and comprises other members representing members and employers.

Report of the Managers (continued)

The Managers, Advisers and Employers for all Schemes are as follows:

Managers:**Government Department
(Regulatory Authority)**

Department of Justice
Block B
Castle Buildings
Stormont Estate
Belfast
BT4 3SG

Pension Scheme Manager

Northern Ireland Policing Board
James House, Block D
2 - 4 Cromac Avenue
The Gasworks
Belfast
BT7 2JA

Advisers:**Accounting Officer & Pension
Scheme Administrator**

Chief Constable
Police Service of Northern Ireland
Brooklyn
65 Knock Road
Belfast
BT5 6LE

Pension Scheme Actuary

Government Actuary's Department
Finlaison House
15-17 Furnival Street
London
EC4A 1AB

Auditor

Comptroller and Auditor General
for Northern Ireland
Northern Ireland Audit Office
106 University Street
Belfast
BT7 1EU

Bankers

Danske Bank
Donegall Square West
Belfast

The Schemes have no separate
bank account and utilise the
banking arrangements of the PSNI.

Employers:**Principal Employer**

Police Service of Northern Ireland
Brooklyn
65 Knock Road
Belfast
BT5 6LE

Report of the Managers (continued)

Changes to the Schemes

There were no changes to police officer pension contributions and accrual rates in 2023-24.

The Pension Schemes' Manager has considered the impact of the Covid-19 outbreak on the pension liability. As outlined in the Report of the Actuary, the long-term rates of future mortality improvement are not projected to change as a result of Covid-19 and therefore no amendments have been made to the assumptions underpinning the liability in this regard.

Membership Statistics

Details of the current membership of the Closed Police Pension Scheme are as follows:

Active Members¹

At 1 April 2023 and 31 March 2024

-

Deferred Members²

At 1 April 2023

1,019

Members leaving who have deferred pension rights

8

New Pension Sharing Order

12

Members taking up deferred pension rights

(53)

At 31 March 2024

986

Notes

1. An active member is defined as an individual who is in pensionable service.
2. A deferred member is defined as a member who has previously been in pensionable service. These members have yet to claim retirement benefits.

Pensions in Payment¹

At 1 April 2023

Members Dependents Total

14,266 2,165 16,431

CARE retirements with closed scheme benefits

156 - 156

Deferred pensions into payment

52 - 52

Other retirements²

72 - 72

Injury Awards/Pensions Sharing Orders

22 - 22

New dependents

- 138 138

Cessations

(250) (109) (359)

At 31 March 2024

14,318 2,194 16,512

- 1 Pensions in payment members are individuals who left pensionable service and are in receipt of their retirement benefits. Dependent members are widows/ers, and dependent person in receipt following the death of scheme member.
- 2 Other retirements due to ill health.

Report of the Managers (continued)

Details of the current membership of the New Police Pension Scheme are as follows:

Active Members

At 1 April 2023 and 31 March 2024	-
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Deferred Members

At 1 April 2023	232
Members leaving who have deferred pension rights	24
At 31 March 2024	256

Pensions in Payment

	Members	Dependents	Total
At 1 April 2023	39	3	42
CARE retirements with new scheme benefits	13	6	19
Cessations	(3)	-	(3)
At 31 March 2024	49	9	58

Details of the current membership of the CARE Police Pension Scheme are:

Active Members

At 1 April 2023	6,576
New entrants	77
Normal Age Retirements in year	(63)
Transfers out	(2)
Other retirements	(224)
At 31 March 2024	6,364

Deferred Members

At 1 April 2023	288
Members leaving who have deferred pension rights	86
New Pension Sharing Orders	5
Members taking up deferred pension rights	(2)
At 31 March 2024	377

Pensions in Payment

	Members	Dependents	Total
At 1 April 2023	396	11	407
Retirements	65	6	71
Injury Awards/Pensions Sharing Orders	113	-	113
Cessations	(3)	-	(3)
At 31 March 2024	571	17	588

Report of the Managers (continued)

Additional Voluntary Contributions and Stakeholder Pensions

Utmost Life and Standard Life have been appointed as providers of the in-house Additional Voluntary Contribution (AVC) Scheme for police officers. This is legislated in Statutory Rules of Northern Ireland for the PSNI Pension Schemes. PSNI designated Standard Life as the Stakeholder Pension Provider. PSNI have made known to staff the arrangements and provide a facility for staff to contribute through payroll if they so wish.

£3,780 of contributions have been made by members of PSNI to the Schemes during the year (2022-23: £3,720) (see note 9).

There is no in-house AVC Scheme available to members of the New Police Pension Scheme or the CARE scheme.

Financial Position and Going Concern

The Combined Statement of Financial Position (which includes liabilities belonging to the Closed, the New and the CARE Pension Schemes) at 31 March 2024 shows net liabilities of £7.23bn (31 March 2023: £7.72bn). It is considered appropriate to adopt a going concern basis for the preparation of the financial statements as the PSNI Pension Schemes form part of the DOJ and are funded via the Department through supply grants from the Northern Ireland Consolidated Fund.

Such drawings will be from grants approved annually by the Northern Ireland Assembly. The Northern Ireland Executive agreed the 2024-25 budget on 25 April 2024 and DoJ issued a budget to PSNI on 21 May 2024.

It has been considered appropriate to adopt a going concern basis for the preparation of the PSNI's financial statements for 2023-24 as funding is anticipated to continue for the foreseeable future.

Report of the Managers (continued)

Issues for 2023-24

McCloud ruling

In December 2018, the Court of Appeal ruled that transitional protection provisions contained in reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, amounted to direct age discrimination and were therefore unlawful. In June 2019, the Supreme Court refused permission for any further appeal of that ruling and the judicial and firefighter cases in question were remitted to the Employment Tribunal to determine a remedy to members who suffered discrimination. In July 2019, the Westminster Government confirmed that, as transitional protection was offered to members of all the main public service pension Schemes, the government intends to address the difference in treatment across all Schemes. The reformed public service schemes in Northern Ireland, including the PSNI Pension Schemes, incorporate similar age-based transitional protections. The DoF ran a consultation from 19 August 2020 to 18 November 2020 consulting on proposals to I) remove discrimination in unfunded public service schemes made under the Public Service Pensions Act (Northern Ireland) 2014 for the future; and, II) remedy the effect of any discrimination scheme members may have incurred since April 2015.

The DoF issued its consultation response in February 2021 proposing to proceed with the deferred choice underpin. This approach means all eligible members will receive a choice at the point of retirement whether to take legacy or reformed scheme benefits for the period between 1 April 2015 and 31 March 2022, known as the remedy period. All public servants, including members of the PSNI Pension Schemes, who continue in service from 1 April 2022 onwards will do so as members of their respective reformed scheme. These proposals were developed at the Collective Consultation Working Group, which is the recognised forum for consultation on pension policy for devolved schemes and where both public service employers and employees are represented. All police officers became members of the 2015 CARE scheme from 1 April 2022 as part of the McCloud response.

Following the publication of The Public Sector Pensions and Judicial Offices Act 2022, this allowed schemes to implement a remedy to the age discrimination recognised through the McCloud and McCloud/Sargeant rulings. Implementation of the Remedy was established through the Police Pensions (Remediable Service) Regulations (Northern Ireland) coming into operation on 1 October 2023. This Act “rolled back” all eligible officers into their legacy scheme for the period 1 April 2015 to 31 March 2022, with provision given to allow offers to be made to all affected officers to remedy the age discrimination.

Report of the Managers (continued)

2016 Cost Cap valuations

The 2016 Scheme valuation was paused as a consequence of the McCloud ruling. The cost cap mechanism for the 2016 valuation has since been un-paused and the calculations complete, with the outcome being no changes to benefits or contributions. The DoF published revised valuation directions enabling the 2016 valuation to be completed including the final cost cap results. These results take into account the increased value of public service pensions, attributable to the 'McCloud remedy'.

In March 2023 the High Court dismissed a Judicial Review brought by the Fire Brigades Union and British Medical Association against HM Treasury in relation to the cost control mechanism. Permission to appeal was granted and the Court of Appeal heard that appeal in February 2024 and subsequently dismissed it on 17 April 2024.

Audit Services

The financial statements for 2023-24 are audited by the Comptroller and Auditor General for Northern Ireland (C&AG), who heads the Northern Ireland Audit Office and is appointed by statute and reports to the Northern Ireland Assembly. Their certificate and report is produced at pages 29-33.

The audit fee for the work performed relating solely to the audit of these Financial Statements was £34,000 (2022-23: £20,145). These costs are borne by the PSNI Main Accounts and are excluded from these statements.

The C&AG may also undertake other statutory activities that are not related to the audit of the body's Financial Statements such as Value for Money reports. No such activity relating to the PSNI Pension Accounts took place during the year.

Further Information

A full certified copy of the Police Pension Annual Report and Accounts will be available on the PSNI's website www.psni.police.uk.

Any enquiries regarding the PSNI Closed Police Pension Scheme, the New Police Pension Scheme or the CARE Scheme should be addressed to the PSNI Pensions team at Pensions@psni.police.uk.

Events after the reporting period

There were no events after the reporting period which required adjustment to the Scheme Statements or additional disclosures.

Report of the Actuary

Introduction

This report was commissioned by the Northern Ireland Police Service (“the Authority”) in accordance with the commissioning letter dated 18 January 2024. It sets out the results of the pensions disclosures in accordance with the requirements of CIPFA’s Code of Practice for accounting periods commencing on or after 1 April 2023 for the retirement benefit under the Police Pension Scheme 1988, the Police Injury Benefit Scheme, the New Police Pension Scheme 2006 and the Police Pension Scheme 2015 (collectively referred to as ‘the schemes’) for the period from 1 April 2023 to 31 March 2024 for the year 2023-24.

The previous disclosure exercise was carried out as at 31 March 2023 and provided to the Authority on 28 April 2023.

This report may not be appropriate for use for other purposes. In particular, this report does not include any recommendations concerning the funding of the schemes or employer contribution rates. The last full valuation of the schemes for funding purposes was carried out as at 31 March 2023.

The schemes are defined benefit schemes, the rules of which are set out in The Royal Ulster Constabulary Pensions Regulations (Northern Ireland) 1988, The Police Pension (Northern Ireland) Regulations 2009, the Police Service of Northern Ireland and Police Service of Northern Ireland Reserve (Injury Benefit) Regulations 2006, The Police Pensions Regulations (Northern Ireland) 2015 and subsequent amendments. The schemes are wholly unfunded. We are not aware of any informal practices operated within the scheme which lead to a constructive obligation (under IAS 19 constructive obligations should be included in the measurement of the actuarial liability).

The results have been calculated by carrying out a detailed valuation of the most recent data provided to us (as at 31 March 2020), adjusted as described in the next page. This has then been rolled forward to reflect the position as at 31 March 2024. In particular we have allowed for service accrued between 1 April 2020 and 31 March 2024 and known pension and salary increases that would have applied.

Membership Data

In keeping with the terms of the appointment, the Authority has provided the Government Actuary’s Department (GAD) with full membership data as at 31 March 2020, together with cash flow information for the year ending 31 March 2024.

GAD has undertaken some basic checks on the membership data provided as at 31 March 2020. In some cases, data items for members that failed a check have been adjusted in our calculations – for example if there was insufficient information to determine the pension, salary or date of birth of the member, or if the data provided was obviously incorrect.

Report of the Actuary (Continued)

Under these circumstances, the member's data record is replaced with the average member profile of similar members for which data is available.

The data used for these disclosures will be used for the funding valuation of the scheme as at 31 March 2020. We are not aware of any reason why this data (together with the summarised membership data and cash flow information referred to above) is not suitable for the purpose of producing the 2023-24 disclosures required by the Authority. The results are dependent on the quality and correctness of the data used.

The Table below summarises the principal membership data as at 31 March 2020 used to prepare this statement.

Active members	
Number	Total salaries in membership data ¹ (£ million pa)
6,692	253.6
Deferred members	
Number	Total deferred pension ² (£ million pa)
1,315	12.5
Pensions in payment (excluding injury pensions)	
Number	Total pension ³ (£ million pa)
13,178	240.8

¹ Total salary is Average Pensionable Pay with allowance for part-time employment

² Total deferred pension includes the PI awarded in April 2020

³ Total pension includes the PI awarded in April 2020

Methodology

The present value of the liabilities has been determined using the Projected Unit Credit Method ('PUCM'). Under the PUCM, the actuarial liability represents the present value of future benefit payments arising in respect of service prior to the valuation date. In respect of active members, the actuarial liability includes allowance for expected future pay increases up to the assumed date of retirement or exit, and for subsequent pension increases. In respect of pensions in payment and deferred members, the actuarial liability includes allowance for future pension increases (and revaluation in deferment). The liability is calculated using the principal financial assumptions applying to the 2023-24 Pension Disclosures.

The cost of benefits accruing in the period from 1 April 2023 to 31 March 2024 was determined using the PUCM with a one-year control period and based on the principal financial assumptions applying to the 2023-24 Pension Disclosures. This rate represents the present value of benefits accruing to active members over the year, with allowance for pay increases to the assumed date of retirement or exit, expressed as a level percentage of the expected pensionable payroll over the control period.

Report of the Actuary (Continued)

This statement takes into account the benefits normally provided under the scheme, including age retirement benefits, ill-health retirement benefits and benefits applicable following the death of the member. It also includes the cost of injury benefits (in excess of ill-health benefits and excluding the gratuity lump sum which is accounted for as a past service cost). It does not include employer-initiated early retirement and redundancy benefits in respect of current active members, although the assessment of liabilities includes pensions already in payment in respect of such cases.

Under paragraph 157 of IAS 19 any obligation arising from other long-term employee benefits that depend on length of service need to be recognised when that service takes place.

GAD is not aware of any informal practices within the scheme which lead to a constructive obligation (under IAS19 constructive obligations should be included in the measurement of the actuarial liability).

Assumptions

The demographic and financial assumptions adopted for the assessment of the liabilities as at 31 March 2024 are set out in our note dated January 2024 and summarised below. The Authority is responsible for deciding the assumptions to be used and has not requested any changes from those proposed in our assumptions note.

For Police Pension Scheme 1988, New Police Pension Scheme 2006, Police Pension Scheme 2015, and Police Injury Benefit Scheme liabilities are valued on an actuarial basis using the Projected Unit Method. The main actuarial assumptions are as follows:

Key financial assumptions

	Year ending 31 March 2024	Year ending 31 March 2023	Year ending 31 March 2022
	% p.a.	% p.a.	% p.a.
Discount rate	5.10	4.15	1.55
CPI inflation	2.55	2.40	2.90
Salary inflation	3.55	3.65	4.15
Pension increase rate	2.55	2.40	2.90
CARE revaluation rate	3.80	3.65	4.15

Report of the Actuary (Continued)

Key demographic assumptions

Mortality

Assumption	
Normal health pensioners	Male: 107% of S3NMA Female: 115% of S3NFA
Current ill-health pensioners	Male: 105% of S3NMA_H Female: 121% of S3NFA_H
Dependants	Male: 78% of S3DMA Female: 99% of S3DFA
Mortality improvements	In line with ONS 2020-based population projections

Life expectancies

	Life expectancy	
	Males	Females
65 year old current normal health pensioner	21.9	23.6
45 year old future normal health pensioner at 65	23.6	25.1

Commutation

Assumption							
Member with service in the following schemes	1988 scheme only	2006 scheme only	Mixed 1988 and 2015 scheme		Mixed 2006 and 2015 scheme		2015 scheme only
Scheme pension commuted from	1988	2006	1988	2015	2006	2015	2015
All members	25%	N/A	25%	12%	0%	20%	20%

Report of the Actuary (Continued)

Liabilities

The assessed value as at 31 March 2024 of expected future benefit payments under the Police Pension Schemes, for benefits accrued in respect of employment (or former employment) prior to 31 March 2024, has been assessed using the methodology and assumptions set out above. The results are broken down, between the various categories of members, as follows:

	Closed Scheme £m	New Scheme £m	CARE Scheme £m	Total 2023-24 £m	Total 2022-23 £m
Actives (past service)	808.69	258.49	507.69	1,574.87	2,337.03
Deferred Pensioners	130.39	7.32	1.35	139.06	260.47
Current Pensioners (excluding injury)	<u>5,445.90</u>	<u>20.32</u>	<u>34.34</u>	<u>5,500.56</u>	<u>5,108.77</u>
Total	<u>6,384.98</u>	<u>286.13</u>	<u>543.38</u>	<u>7,214.49</u>	<u>7,706.27</u>

Accruing Costs

The cost of benefits accruing in the year ending 31 March 2024 (the Current Service Cost) is based on a standard contribution rate of 32.7% of pensionable pay in the Police Pension Scheme 2015 as determined at the start of the year. Employees pay contributions based on their current salary.

For the avoidance of doubt the employers' share of the Current Service Cost determined for the purposes of this exercise is not the same as the actual rate of contributions payable by employers, which was determined based on the methodology and the financial and demographic assumptions adopted for the funding of the scheme.

The pensionable payroll for the financial year 2023-24 was £289.3 million (derived from contributions payable by employers over the year). Based on this information, the accruing cost of pensions in 2023-24 (the Current Service Cost), including the Injury Benefit Scheme, is assessed to be £100.3 million.

% of pensionable pay

	CARE Scheme
Current Service Cost 2023-24	32.7%
Current Service Cost 2022-23	96.3%

Report of the Actuary (Continued)

Sensitivity Analysis

The indicative effects on the total liability as at 31 March 2024 of changes to the key financial and demographic assumptions are as follows:

Closed Scheme

Change in Assumption*		Impact on DBO	
		%	£Million
Discount Rate	+0.5% a year	(6.5)%	(410)
Salary Inflation	+0.5% a year	0.5%	32
Pension Increases	+0.5% a year	6.5%	414
Life expectancy: All members and adult dependants assumed to be one year younger		2.5%	157

New Scheme

Change in Assumption*		Impact on DBO	
		%	£Million
Discount Rate	+0.5% a year	(12.5)%	(36)
Salary Inflation	+0.5% a year	7.0%	20
Pension Increases	+0.5% a year	7.5%	21
Life expectancy: All members and adult dependants assumed to be one year younger		1.5%	5

CARE Scheme

Change in Assumption*		Impact on DBO	
		%	£Million
Discount Rate	+0.5% a year	(13.0)%	(70)
Salary Inflation	+0.5% a year	0.0%	0
Pension Increases	+0.5% a year	15.0%	83
Life expectancy: All members and adult dependants assumed to be one year younger		1.5%	9

* Opposite changes in the assumptions will produce approximately equal and opposite changes in the Defined Benefit Obligation (DBO). Doubling the changes in assumptions will produce approximately double the change in the DBO. The sensitivities show the change in assumption in isolation. In practice such assumptions rarely change in isolation and given the interdependencies between the actual impact may be different by simply combining the changes.

Report of the Actuary (Continued)

Covid-19 Implications

The current population mortality projections make a short-term allowance for the impact of the Covid-19 pandemic. When deriving the ONS 2020-based mortality improvement projections, a panel of mortality experts gave their views on the impact of Covid-19 pandemic on mortality rates in the short term. Based on this, short term adjustments were made to the 2019 to 2024 period to allow for estimated deaths in 2021 and an averaging of the experts' views on estimated improvements by age group over this period. Long term rates of future mortality improvement are not projected to change as a result of Covid-19. A death rate from Covid-19 in excess of that already allowed for in the mortality assumptions would emerge as an experience gain in future accounting periods. I expect that the projected long-term impact of the Covid-19 pandemic on life expectancy will continue to evolve as experience and evidence emerges into the future.



Rob Fornear
Fellow of the Institute and Faculty of Actuaries
Government Actuary's Department
30 April 2024

Statement of the Chief Constable's Responsibilities

Under Sections 12(1) and (3) of the Police (Northern Ireland) Act 2000, as amended by the Police (Northern Ireland) Act 2003 and the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010, the Chief Constable of the PSNI is required to prepare a statement of accounts on behalf of the Northern Ireland Policing Board, in the form and on the basis set out in the accounts direction.

The combined financial statements must give a true and fair view of the state of affairs of the PSNI Pension Schemes at the year end and of the net expenditure and cash flows for the year then ended. The financial statements are required to provide disclosure of any material expenditure or income that has not been applied to the purposes intended by the Northern Ireland Assembly or material transactions that have not conformed to the authorities that govern them. In addition, the financial statements must be prepared so as to ensure that the contributions payable to the Schemes during the year have been paid in accordance with the Schemes rules and recommendations of the Actuary.

In preparing the accounts, the Chief Constable of the PSNI is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by the Department of Justice, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed and disclose and explain any material departures in the financial statements;
- prepare the financial statements on the going concern basis; and
- confirm that the Police Pension Accounts as a whole are fair, balanced and understandable and take personal responsibility for the Police Pension Accounts and the judgements required for determining that they are fair, balanced and understandable.

The Accounting Officer for the DoJ appointed the Chief Constable of the PSNI as Accounting Officer for the Police Pension Schemes. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the assets of the Police Pension Schemes, are set out in Managing Public Money Northern Ireland published by DoF.

As the Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that Police Pensions Schemes auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

Governance Statement

Scope of responsibility

I have been appointed as the Accounting Officer for the PSNI, by the Accounting Officer of the DOJ to whom I am directly accountable. My responsibilities as PSNI Accounting Officer are contained in the Police (Northern Ireland) Act 2000, the DoF document Managing Public Money (NI) and the Management Statement and Financial Memorandum agreed with the DoJ.

As PSNI Accounting Officer I have responsibility for maintaining a sound system of internal control. The internal controls support the achievement of PSNI's policies, aims and objectives which are set by the NIPB, while also safeguarding the public funds and assets for which I am personally responsible as Accounting Officer. This responsibility is undertaken in accordance with the requirements of the DoF document Managing Public Money (NI).

PSNI is committed to providing for staff an environment that is, as far as is reasonably practicable, safe and free from risk to health. Policing in Northern Ireland is both exceptional and unique. Therefore, what would be considered 'critical' in any other UK policing jurisdiction and the context against which all policing activity and relationships are delivered, including health and safety statutory compliance. This is reflected in the health and safety approach necessary when considering "suitable and sufficient" control measures and the associated safe systems of work in order to provide an effective frontline service delivery to the community whilst still complying with the statutory obligations on PSNI.

The PSNI Governance Framework

The governance structure of PSNI reflects our unique statutory position, balancing the need for appropriate controls and oversight, while preserving the operational independence of the role of Chief Constable. This balance is recognised in the Police (Northern Ireland) Act 2000 and the Management Statement and Financial Memorandum issued by the DOJ.

It is essential that PSNI is seen to uphold the highest standards in its own operations and, for this purpose, I am held to account on a regular basis by the NIPB. The NIPB is a statutory non departmental public body consisting of ten locally elected political representatives and nine independent members, to whom I have statutory responsibilities. The NIPB plays a key role in the accountability framework for policing in Northern Ireland.

I recognise that the governance structures for PSNI set out within the Police (Northern Ireland) Act 2000, incorporating the oversight functions of the NIPB and PSNI as two separate but linked organisations, are unique and not replicated for any other public sector body. Where the requirements of the Act and the Corporate Governance Code differ, PSNI will always seek to comply with the Act, which reflects the wishes of Parliament. I have assessed the PSNI governance arrangements against the Governance Code and found that NIPB

Governance Statement (Continued)

and PSNI arrangements when taken together comply with the Code to the extent that it is relevant and meaningful.

Police Pensions Scheme Governance framework

The DoJ is the Regulatory Authority and is responsible for setting the benefits to be provided by the Schemes, amending regulations as necessary and making the policy decisions in relation to the operation of the Schemes.

Given the NIPB's role in policing and particularly in managing police pensions, the NIPB is the PSNI Pension Schemes Manager. As Scheme Manager, NIPB is responsible for ensuring the accurate management of benefits and provision of information to members in line with the Scheme rules. NIPB has delegated certain aspects of these functions to PSNI to carry out on their behalf.

PSNI Financial Services therefore carries out the day to day running of the Schemes, including the collection and allocation of contributions and payment of benefits.

To assist the Scheme Manager, the Police Pensions Board ensures compliance with regulations, legislation relating to the governance and administration of the Schemes and requirements imposed by the Pensions Regulator. The Board met three times during the 2023-24 year. The Police Pensions Board Members during the year are set out below.

Role	Name
Chair	Michael Burton
Employer Representative – NIPB	Sinead Simpson
Employer Representative – NIPB	Aislinn McGuckin
Employer Representative – PSNI	Alison McClune
Employee Representative – Police Federation NI	Liam Kelly
Employee Representative – Superintendent's Association NI	Ian Magee ¹
Employee Representative – Superintendent's Association NI	Amanda Ford ²
Employee Representative – Chief Police Officers Staff Association	ACC Mark McEwan
Independent Member	Brian Quinn

¹ This Board member left on PSNI on 1 June 2023

² This Board member was appointed on 5 September 2023

The Scheme Advisory Board (SAB) provides advice to the DoJ, as the Regulatory Authority, on the desirability of making changes to the Schemes. The SAB also provides advice and guidance to the Scheme Manager and Police Pensions Board in relation to the effective and efficient administration and management of the Schemes.

Governance Statement (Continued)

PSNI Leadership Team

As Chief Constable I am supported by the Service Executive Team (SET), which is the PSNI Senior Management Team, consisting of a Deputy Chief Constable, Chief Operating Officer and Assistant Chief Constables/Officers.

During the 2023-2024 financial year there were several changes within the SET which is fully outlined in the main PSNI Annual Report and Accounts. While there were a number of changes during the year, the Accounting Officer or other senior officer was available to deputise at all times.

PSNI Governance Structure

The leadership team meets formally each month as the Strategic Management Board (SMB) to provide executive management and governance to the operations and delivery of the PSNI. The SMB consists of PSNI Service Executive Team. In addition the Non-Executive Chair of the Audit and Risk Assurance Committee (ARAC) supported by a Non-Executive Member on a rotation basis also attend as observers. SMB is supported in its work by a number of other governance boards.

The SMB provided strategic direction for PSNI over the period.

The ARAC consists entirely of independent members, chaired by an independent Chairperson with two other independent members, and is compliant with the National Audit Office Audit Committee Self-Assessment Checklist, and the "HM Treasury Audit Committee Handbook".

ARAC met four times during 2023-24, providing me with assurance on issues of internal control, governance and risk. The Committee is informed from a number of sources, one being the Head of Internal Audit who issues an independent opinion on the adequacy and effectiveness of PSNI's system of internal control.

Based on the work completed by Internal Audit, with the exception of those assignments which have received a "limited" assurance rating, a 'Satisfactory' level of assurance has been provided by Internal Audit in relation to governance risk management and control.

Appropriate action is taken by PSNI to address issues where a "limited" or "unacceptable" assurance levels have been issued by Internal Audit, and where issues of a Priority 1 and / or a Priority 2 nature (using the prioritisation matrix for Internal Audit recommendation as classified by the DoF) have been raised.

Governance Statement (Continued)

Risk Management and Internal Control

The PSNI aims to assess and effectively manage risk to the achievement of its aims and objectives. Its capacity to manage risk derives from the experience and ability of officers and staff to operate the fully documented risk management process. The framework for Risk Management is in line with best practice set out in the Northern Ireland Audit Office Report on 'Good Practice in Risk Management' and the key principles of the Orange Book from HM Treasury.

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives, and it therefore provides reasonable rather than absolute assurance of effectiveness.

The framework details the Services' approach to risk management including: risk identification and assessment, risk treatment, monitoring, reporting, escalation and the roles and responsibilities of all officers and staff.

The SMB owns, supports, promotes and accepts leadership responsibility for the adoption of risk management procedures and practice throughout the organisation and also determines the risk appetite. Each Assistant Chief Officer/Constable provides leadership to the risk management process in their particular areas of responsibility, as well as corporately through their involvement in SMB, ARAC and local management meetings. Each business area prioritises risk against standardised risk impact/likelihood descriptors to reduce subjectivity in assessing risk. Risk registers document the nature and extent of risks and record the action taken to control the risk and mitigate their effects.

Risk is managed on an ongoing basis through the SMB and ARAC. The Corporate Risk Register is managed continually and all risks are reviewed to ensure that the ratings and content reflects the current situation.

Any risks relating to the PSNI Pension Schemes are managed in accordance with the Corporate Framework.

We continue to refine management information and business reporting to provide SMB and the NIPB with appropriate and timely management information to allow them to identify and respond to emerging risks.

Stewardship reporting is a key assurance control for the accountability, ownership and management of risks throughout PSNI. All Senior Officers and Staff provide a statement of risk management assurance twice per year confirming they have reviewed the risks within their area of responsibility and assessed the management of the risks identified. This is part of a hierarchy of stewardship reporting from Heads of Departments and from ACC/ACOs through to the Stewardship Statement I provide to the DoJ at six monthly intervals.

Governance Statement (Continued)

Processes to manage operational risks incorporate those risks identified through the operation of the strategic tasking and coordinating process. Strategies for each priority are aligned with the actions necessary to manage the identified risk.

The ARAC provides me with assurance that effective risk management, governance and control arrangements are in place. ARAC receives regular risk management updates, along with reports from internal and external audit.

Statement of Information Risk

Together with the officers and staff of the PSNI, I have privileged access to data and information to support the discharge of the policing function and ensure that the work undertaken by the Service is factual, accurate and complete.

The Service adopts the principles of the Cabinet Office's Security Policy Framework and aligns with National Police Chiefs' Council (NPCC) policy and guidance on information assurance and the management of police information.

To provide greater visibility of the information security status of UK policing the Police Digital Service (PDS), acting under the auspices of NPCC, have developed the Police Cyber Assurance Framework (PCAF). Compliance against this Framework is measured via a formal Security Assessment for Policing (SyAP) process which is a bespoke assurance set based on the National Institute of Standards and Technology Cyber Security Framework.

Our SyAP submission was assessed against a baseline Maturity Rating of 2.0 which was set by the Police Information Assurance Board as a target for all UK Police Services and below which a risk is assumed to exist. PSNI achieved a Maturity Rating of 2.62 which is above baseline for all risk areas. Further to our SyAP compliance through national policing, PSNI submitted a response to the UK Government's 'GovAssure' cyber security assurance approach via the NI Public Sector Cyber Security Working Group. We continue to comply with the Government Security Classification Policy (GSC) for marking information assets.

Comprehensive risk assessments of our two critical corporate technical infrastructures – the Barracuda Radio Network and the Atlas Corporate Data Communications Network – were completed during 2023-24. Significant additional security controls on the corporate data network are currently being planned and implemented to enhance our defences against an increasing and persistent cyber threat.

The Deputy Chief Constable currently fulfils the role of PSNI Senior Information Risk Owner (SIRO) and is supported by a deputy SIRO, a Data Protection Officer and dedicated and suitably qualified, experienced practitioners managing Information Security, Records Management, Corporate Information and Data Protection compliance. Strategic business owners (Strategic Information Asset Owners (SIAOs)), supported by a well-established network

Governance Statement (Continued)

of Information Asset Owners (IAOs) across all business areas, oversee and manage the risks of information assets, both in electronic and hardcopy format, held by the Service.

At 31 March 2024, 86 PSNI operational information systems running on the corporate network infrastructure were accredited (including 2 'Interim' accreditations); 6 accreditations had lapsed or been withdrawn all of which are currently under review with the respective IAO and have been reported to SIRO through IGDG. Technical information risk management activities for 11 major ICT projects in development are currently being supported to promote the concept of Security-By-Design.

An Internal Audit review of 'Cyber Security and Network Security' completed in May 2023 resulted in a "Satisfactory" audit rating with an Audit Opinion stating, "Overall there is a satisfactory system of governance, risk management and control. While there may be some residual risk identified, this should not significantly impact on the achievement of system objectives." The review did not make any recommendations.

The PSNI Service Policy on Information Management is supported by Service Instructions on Records Management and Information Security, including 33 technical security standards which are reviewed and updated annually to take account of changes to working practices, legislative obligations and the evolving threat. The PSNI Risk Appetite Statement covering all our information assets remains in place and approved by DDG. A review and update of the PSNI Records Review, Retention and Disposal (RRD) Schedule is currently in progress, including consultation with all internal stakeholders, the Department for Communities and Public Records Office (NI).

The PSNI Records Management Strategy aims to prioritise a comprehensive records management culture across the Service, establishing the effective and efficient use of records to support strategic policing aims:

Over the last 18 months, PSNI successfully delivered a 10-point Action Plan, agreed with the ICO, to eradicate backlogs in handling of FOI and Data Protection Requests. Compliance with the ICO target for 90% of requests to be closed within legislative timeframes was subsequently sustained until September 2023 before response times for both Freedom of Information and Data Protection requests once again fell below the 90% targets for statutory compliance. This is chiefly attributed to resourcing challenges and has resulted in the development of a backlog of requests, in addition to an increased number of requests for Internal Reviews and complaints to the ICO. The Police Service has engaged directly with the ICO on this matter and has agreed to provide monthly updates on compliance figures. Additionally, Corporate Information Branch has secured a temporary uplift of seven EO11 Decision Makers and has a risk on the Operational Support Department Risk Register to monitor compliance figures and identify, monitor, and manage mitigating actions taken.

Governance Statement (Continued)

In response to a Review of Corporate Information Branch, undertaken in 2021-22, work continues to implement six agreed strategic recommendations aimed at ensuring longer-term resilience of PSNI's request handling function which will continue to be monitored by the Gold Group, chaired by the Chief Superintendent in Operations Support Department.

Section 19 of the Freedom of Information Act 2000 requires all public authorities to make available and proactively publish certain classes of information in a 'publication scheme'. The ICO has set out sectoral specific 'definition documents' for what they expect a public authority to make available on their websites. A publication scheme helps a public authority signpost a requester to information already made available by them, prevents escalation of complaints to the ICO and encourages proactive publication of information that is in the public interest and safe to disclose.

The report published by the ICO includes an analysis of a snapshot of compliance of 200 public authorities from across 10 sectors in the UK. The report identified issues of non-compliance and made recommendations to help support public bodies to more ably comply with this area of the law. The ICO used each authority's website to establish whether it was maintaining a publication scheme and whether it was publishing the information it would expect. PSNI was the best performing police service in this analysis and is included as a case study of good practice within the report.

PSNI wish to build on the findings detailed in this report and work is being taken forward by PSNI's Operations Support Department to help identify and publish more information proactively.

Section 75

The PSNI is fully committed to ensuring all our Section 75 statutory duties are fulfilled across all functions (including service provision, employment and procurement) through the effective implementation of the PSNI Equality Scheme 2023-2028. We will continue to develop and use data to identify where inequalities in service delivery exist as early as possible. Furthermore, we commit to publishing the findings of screening of policies and any subsequent Equality Impact Assessments (EQIA) in accessible formats. Where the PSNI screens and EQIA's policies to assess their impact upon the nine equality categories, we will adhere to the guidance for screening as published by the Equality Commission for Northern Ireland and the Commission's Practical Guidance on Equality Impact Assessment (2005). To ensure equality, diversity and good relations continue to be mainstreamed within our processes, we will take into account assessment and consultation findings that emerge from any policy decisions or implementation which impact upon people's daily lives. To do this effectively we will assess the intended outcomes of the policy in question upon the promotion of equality of opportunity and good relations. We will use screening and equality impact assessment tools for assessing the likely impact of a policy on the promotion of equality of opportunity and on good relations.

Governance Statement (Continued)

Personal Data Related Incidents

As PSNI Accounting Officer, I have responsibility for ensuring the security of personal data and to respond if there has been a breach or potential breach of the UK General Data Protection Regulation (GDPR).

During the year a number of data breaches were reported to the Information Commissioners' Office, the most significant occurring on the 8 August 2023. These data breaches do not directly impact the Pension Schemes, however further information regarding the Data Breach is outlined in the Main PSNI Annual Report and Accounts.

No personal data incidents in relation to the Police Pension Schemes have been recorded for 2023-24.

Review of Effectiveness

As the PSNI Accounting Officer I have responsibility for reviewing the effectiveness of the system of internal control.

My review is informed by the work of the SET within the organisation who have responsibility for the development and maintenance of the internal control framework, and the work undertaken by the Internal and External Auditors during the reporting period. Two relevant Internal Audit reviews were carried out during the 2023-24 financial year on Pensions Processes and Police Payroll both receiving a satisfactory level of assurance.

Actuarial Assumptions

The actuarial liability included in the accounts at 31 March 2024 has been calculated using the most recent formal actuarial valuation as at 31 March 2020, updated for financial assumptions at 31 March 2024. Membership data as at 31 March 2020 has been rolled forward with reference to cash flows through to 31 March 2024. Additional adjustments have been made for service accrued between 1 April 2020 and 31 March 2024, together with known pension and salary increases that would have applied.

Significant Internal Control Issues

I am able to report that there were no significant weaknesses in the PSNI's system of internal controls in 2023-24 which affected the achievement of the Schemes key policies, aims, and objectives. I have received assurances from individual Chief Officers in relation to their Departments and any issues related to the pension Schemes, and regularly review management reports from the "Overview" system that monitors organisational progress on review recommendations accepted by management. Internal Audit has also provided me with assurance in relation to risk management, the operational effectiveness of internal control systems, and in relation to governance arrangements. No specific areas of concern were noted by Internal Audit in their Annual Assurance Statement relating to the Schemes.

Governance Statement (Continued)

No Ministerial directions were received during the year.

There are a number of other sources from which I draw assurance on the system of internal control. These include the work of those independent external bodies which provide a challenge function to the work of the PSNI including:

The Northern Ireland Policing Board
The Department of Justice
Northern Ireland Audit Office
His Majesty's Treasury
The Criminal Justice Inspectorate of Northern Ireland
His Majesty's Inspectorate of Constabulary
Human Rights Commission
The Pensions Regulator

Any issues of control weaknesses, identified from reviews carried out by these independent bodies in 2023-24, have been considered and action taken with progress on actions outstanding monitored through the "Overview" system. There were no issues noted relating to the Schemes. There are no outstanding actions relating to the Schemes at the end of the year.

The SMB continues to keep its internal control arrangements under review in response to internal and external developments. The SMB is independently advised by ARAC which meets throughout the year, and reports through its annual report, and regular meetings between the independent Chair of ARAC and the Chief Operating Officer.

Internal Audit submits regular reports on the management of key business risks, and the effectiveness of the system of internal control, making recommendations for improvement where appropriate. This is formally reported to ARAC at each meeting.

Accounting Officer's Statement of Assurance

I have considered the assurances provided by PSNI Senior Officers, the Audit and Risk Assurance Committee, Internal Audit, External Audit and external scrutiny bodies.

As Accounting Officer of the Schemes, I am satisfied with the overall effectiveness of the system of internal control and am content that adequate plans exist to address any weaknesses and to ensure continuous improvement.

Other Assembly Accountability Disclosures**LOSSES AND SPECIAL PAYMENTS (AUDITED)****Losses Statement**

	2023-24	2022-23
Total number of losses	6	3
Total value of losses (£000)	4	4

There were no individual losses of over £300,000.

There were no special payments made by the Schemes in 2023-24.



Jon Boutcher QPM
Chief Constable
Police Service of Northern Ireland
2 July 2024

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY

Opinion on financial statements

I certify that I have audited the financial statements of the Police Service of Northern Ireland – Police Pension Schemes (“the Scheme”) for the year ended 31 March 2024 under the Police (Northern Ireland) Act 2000, as amended by the Police (Northern Ireland) Act 2003, as amended by the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010. The financial statements comprise the Combined Statement of Comprehensive Net Expenditure, Combined Statement of Financial Position, the Combined Statement of Changes in Taxpayers' Equity, the Combined Statement of Cash Flows and the related notes including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards as interpreted and adapted by the Government Financial Reporting Manual (FReM).

I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion the financial statements:

- give a true and fair view of the state of the Scheme's affairs as at 31 March 2024 and of its net expenditure for the year then ended; and
- have been properly prepared in accordance with the relevant provisions of the Government Reporting Manual (FReM) as applied by the Police (Northern Ireland) Act 2000 as amended by the Police (Northern Ireland) Act 2003 as amended by the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010 and Department of Justice directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law and Practice Note 10 ‘Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom’. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of this certificate. My staff and I are independent of the Scheme in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK,

including the Financial Reporting Council's Ethical Standard, and have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinions.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Scheme's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

My responsibilities and the responsibilities of the Chief Constable with respect to going concern are described in the relevant sections of this certificate.

Other Information

The other information comprises the information included in the Annual Report other than the financial statements, the parts of the Accountability Report described in that report as having been audited and my audit certificate and report. The Chief Constable is responsible for the other information included in the Annual Report. My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with the relevant provisions of the 2023-24 Government Reporting Manual (FReM) issued by the Department of Finance as applied by the Police (Northern Ireland) Act 2000, as amended by the Police (Northern Ireland) Act 2003, as amended by the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010 and Department of Justice directions issued thereunder; and

- the information given in the Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Scheme and its environment obtained in the course of the audit, I have not identified material misstatements in the Accountability Report.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with the Department of Finance's guidance.

Responsibilities of the Chief Constable for the financial statements

As explained more fully in the Statement of Chief Constable's Responsibilities, the Chief Constable is responsible for:

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- ensuring the annual report is prepared in accordance with the applicable financial reporting framework;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error; and
- assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Chief Constable, either intends to liquidate the Scheme or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Police (Northern Ireland) Act 2000, as amended by the

Police (Northern Ireland) Act 2003, as amended by the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010.

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

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included:

- obtaining an understanding of the legal and regulatory framework applicable to the Scheme through discussion with management and application of extensive public sector accountability knowledge. The key laws and regulations I considered included the Police (Northern Ireland) Act 2000, as amended by the Police (Northern Ireland) Act 2003, as amended by the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010;
- making enquires of management and those charged with governance on the Scheme's compliance with laws and regulations;
- making enquiries of internal audit, management and those charged with governance as to susceptibility to irregularity and fraud, their assessment of the risk of material misstatement due to fraud and irregularity, and their knowledge of actual, suspected and alleged fraud and irregularity;
- completing risk assessment procedures to assess the susceptibility of the Scheme's financial statements to material misstatement, including how fraud might occur. This included, but was not limited to, an engagement director led engagement team discussion on fraud to identify particular areas, transaction streams and business practices that may be susceptible to material misstatement due to fraud. As part of this discussion, I identified potential for fraud in the following areas: management override of controls;
- engagement director oversight to ensure the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with the applicable legal and regulatory framework throughout the audit;

- documenting and evaluating the design and implementation of internal controls in place to mitigate risk of material misstatement due to fraud and non-compliance with laws and regulations;
- designing audit procedures to address specific laws and regulations which the engagement team considered to have a direct material effect on the financial statements in terms of misstatement and irregularity, including fraud. These audit procedures included, but were not limited to, reading board and committee minutes, and agreeing financial statement disclosures to underlying supporting documentation and approvals as appropriate;
- addressing the risk of fraud as a result of management override of controls by:
 - performing analytical procedures to identify unusual or unexpected relationships or movements;
 - testing journal entries to identify potential anomalies, and inappropriate or unauthorised adjustments;
 - assessing whether judgements and other assumptions made in determining accounting estimates were indicative of potential bias; and
 - investigating significant or unusual transactions made outside of the normal course of business.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Report

I have no observations to make on these financial statements.



Dorinnia Carville
Comptroller and Auditor General
Northern Ireland Audit Office
106 University Street
BELFAST
BT7 1EU

4 July 2024

Financial Statements

Combined Statement of Comprehensive Net Expenditure
for the year ended 31 March 2024

	<u>Note</u>	2023-24 £000	2022-23 £000
Income			
Contributions Receivable	3	137,037	138,073
Transfers In	4	<u>790</u>	<u>1,549</u>
		<u>137,827</u>	<u>139,622</u>
Expenditure			
Service Costs	5	(94,460)	(256,290)
Transfers In	6	(790)	(1,549)
Pension Financing Costs	7	<u>(315,200)</u>	<u>(187,010)</u>
Gross expenditure		<u>(410,450)</u>	<u>(444,849)</u>
Net Expenditure		<u>(272,623)</u>	<u>(305,227)</u>
Other Comprehensive Net Expenditure			
Pension Re-measurements			
Actuarial gain	12.7	<u>582,640</u>	<u>4,525,380</u>
Total Comprehensive Net Income for the year		<u>310,017</u>	<u>4,220,153</u>

The notes on pages 40 to 63 form part of these accounts.

Combined Statement of Financial Position
as at 31 March 2024

	<u>Note</u>	31 March 2024 £000	31 March 2023 £000
Non-current assets:			
Receivables	10	<u>52</u>	<u>64</u>
Current assets:			
Receivables	10	3,929	230
Current liabilities:			
Payables (within 12 months)	11	<u>(16,868)</u>	<u>(11,298)</u>
Net current liabilities, excluding pension liability		<u>(12,939)</u>	<u>(11,068)</u>
Non-current liabilities			
Payables (after 12 months)	11	(52)	(64)
Pension Liability:			
Closed Scheme	12.2	(6,384,865)	(6,824,385)
New Scheme	12.3	(286,131)	(314,531)
CARE Scheme	12.4	<u>(543,328)</u>	<u>(567,188)</u>
Net liabilities including pension liabilities		<u>(7,227,263)</u>	<u>(7,717,172)</u>
Taxpayers' Equity:			
General Fund		<u>(7,227,263)</u>	<u>(7,717,172)</u>

The accounts on pages 36 to 63 were approved and authorised by the PSNI on 4 July 2024 and were signed on its behalf by:



Jon Boutcher
Chief Constable
Police Service of Northern Ireland
2 July 2024

The notes on pages 40 to 63 form part of these accounts.

Combined Statement of Changes in Taxpayers' Equity for the year ended 31 March 2024

	2022-23 £000
Balance at 31 March 2022	(12,096,846)
Grant from Parent Department	159,521
Net Expenditure for the Year	(305,227)
Actuarial gain	<u>4,525,380</u>
Net Change in Taxpayers' Equity	<u>4,379,674</u>
Balance at 31 March 2023	<u>(7,717,172)</u>
	2023-24 £000
Balance at 31 March 2023	(7,717,172)
Grant from Parent Department	179,892
Net Expenditure for the Year	(272,623)
Actuarial gain	<u>582,640</u>
Net Change in Taxpayers' Equity	<u>489,909</u>
Balance at 31 March 2024	<u>(7,227,263)</u>

The notes on pages 40 to 63 form part of these accounts.

Combined Statement of Cash Flows

for the year ended 31 March 2024

	<u>Note</u>	2023-24 £000	2022-23 £000
Cash Flows from Operating Activities			
Net expenditure for the year		(272,623)	(305,227)
<i>Adjustments for Non-cash transactions</i>			
Decrease / (Increase) in Receivables - non-current assets	10	12	27
(Increase) / Decrease in Receivables - current assets	10	(3,699)	1,102
(Decrease) in Payables - after 12 months	11	(12)	(27)
Increase / (Decrease) in Payables - within 12 months	11	5,570	(2,166)
<i>Less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure</i>			
Increase in pension provision - Closed Scheme	12.2	276,620	304,210
Increase in pension provision - New Scheme	12.3	13,030	31,910
Increase in pension provision - Care Scheme	12.4	120,010	107,180
Enhancements and transfers in Care Scheme	12.4	790	1,550
Use of provision - pension liability Closed Scheme -			
Pension Payments	12.5	(272,780)	(246,570)
Gratuities/Commutations	12.5	(42,260)	(47,980)
Payments to and on account of leavers	12.6	-	-
New Scheme -			
Pension Payments	12.5	(330)	(220)
Gratuities/Commutations	12.5	(400)	(390)
Payments to and on account of leavers	12.6	-	-
Care Scheme-			
Pension Payments	12.5	(880)	(550)
Gratuities/Commutations	12.5	(2,460)	(2,140)
Payments to and on account of leavers	12.6	(480)	(230)
Net Cash outflow from Operating Activities		(179,892)	(159,521)
Cash flows from Financing Activities		-	-
Net Financing through Grant from Parent Department		179,892	159,521
Net Increase/(Decrease) in Cash and cash equivalents in the period		-	-
Cash and cash equivalents at the beginning of the period		-	-
Cash and cash equivalents at the end of the period		-	-

The notes on pages 40 to 63 form part of these accounts.

Notes to the Accounts

1. Basis of preparation of the Pension Accounts

The financial statements of the PSNI Pension Schemes ('PSNI Pension Schemes' or the 'Schemes') have been prepared in accordance with the relevant provisions of the 2023-24 Government Financial Reporting Manual (FReM) issued by the DoF. The accounting policies contained in the FReM apply International Financial Reporting Standards as adapted or interpreted for the public sector. IAS 19 Employee Benefits and IAS 26 Accounting and Reporting by Retirement Benefit Plans are of particular relevance to these accounts. These accounts show the unfunded pension liabilities and movements in those liabilities during the year. The accounts also have regard to the recommendations of the Statement of Recommended Practice (SORP) Financial Reports of Pension Schemes to the extent that these are appropriate, together with section 12-(3) of the Police (Northern Ireland) Act 2000 as amended by section 7-(4) of the Police (Northern Ireland) Act 2003 and the Northern Ireland Act 1998 (Devolution of Policing Functions) 2010 and the Accounts Direction from the DOJ.

The Schemes are contracted out, unfunded, defined benefit pay-as-you-go occupational pension schemes operated by the PSNI on behalf of members of the PSNI who satisfy the membership criteria.

Contributions to the Schemes by employers and employees are set at rates determined by the Scheme's Actuary and approved by DOJ. The contributions partially fund payments made by the Scheme, the balance of funding being provided by DOJ through the annual Supply Estimates process. The administration expenses associated with the operation of the Scheme are borne by PSNI and reported in the PSNI Main accounts.

The accounts summarise the transactions of the Closed Police Pension Scheme, the New Police Pension Scheme and the CARE Scheme. The Combined Statement of Financial Position shows the deficits on each scheme; the Combined Statement of Comprehensive Net Expenditure (SoCNE) shows the total of the movements from each scheme liability analysed between the pension cost, enhancements and transfers in, and the interest on the scheme liability. The reference to 'Combined' in the accounts relates to the consolidation of financial results for the three police schemes. The actuarial position of each pension scheme is dealt with in the Report of the Actuary starting on page 12, and the Pension Accounts should be read in conjunction with that report.

2. Statement of accounting policies

The accounting policies contained in the FReM follow International Financial Reporting Standards to the extent that it is meaningful and appropriate to the public sector context.

Where the FReM permits a choice of accounting policy, the accounting policy which has been judged to be most appropriate to the particular circumstances of the Scheme for the purpose of giving a true and fair view has been selected.

Notes to the Accounts (Continued)

The accounting policies adopted have been applied consistently in dealing with items considered material in relation to the accounts.

2.1 Accounting convention

These accounts have been prepared under the historical cost convention.

The Statement of Financial Position at 31 March 2024 shows net liabilities of £7.23bn (2022-23: £7.72bn). This reflects the inclusion of liabilities falling due in future years which are to be financed by drawings from the Northern Ireland Consolidated Fund. Such drawings will be from grants in aid approved annually by the Northern Ireland Assembly, to meet the Net Cash Requirement of the DOJ which funds the PSNI Pension Scheme. Under the Government Resources and Accounts Act NI 2001, no money may be drawn from the Fund by DOJ other than that required for the service of the specified year or retained in excess of that need.

There is no reason to believe that these future approvals will not be forthcoming for the Schemes for the foreseeable future. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of the PSNI's Police Pension Accounts for 2023-24.

2.2 Contributions receivable

Employer's normal pension contributions are accounted for on an accruals basis.

Employer's special pension contributions are accounted for in accordance with the agreement under which they are paid or, in the absence of such an agreement, on a cash basis.

Employees' pension contributions which exclude amounts paid in respect of the purchase of added years and Additional Voluntary Contributions are accounted for on an accruals basis.

Employees' contributions paid in respect of the purchase of added years are accounted for on an accruals basis. The associated increase in the scheme liability is recognised as expenditure.

2.3 Grant from Parent Department

Grant income in respect of the shortfall of income over expenditure is credited to the General Fund in accordance with guidance contained in the FReM.

2.4 Early Retirement

Contributions received from the employer in relation to the early retirement of Police Officers on ill health grounds were £7,754k in 2023-24 (2022-23 £9,444k). See note 3. The process for decisions on ill health retirements is managed by the Northern Ireland Policing Board.

Notes to the Accounts (Continued)

Contributions are based on an officer's final salary and are accounted for on an accruals basis.

2.5 Transfers in and out

Transfers in are normally accounted for as income and expenditure (representing the associated increase in the Scheme liability) on a cash basis, although group transfers in may be accounted for on an accruals basis where the Schemes have formally accepted or transferred a liability.

2.6 Other income

Other income, including refunds of gratuities and overpayments recovered other than by deduction from future benefits, is accounted for on an accruals basis. To the extent that this income also represents an increase in the Scheme liability, it is also reflected in expenditure.

2.7 Current service cost

The current service cost is the increase in the present value of the Scheme liabilities arising from current members' service in the current period and is recognised in the SoCNE. The current service cost is based on a standard contribution rate of 32.7% of pensionable pay in the CARE Scheme 2015, as determined at the start of 2023-24.

2.8 Past service costs

Past service costs are increases in the present value of the Scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits. Where the improvements to pension benefits result in the backdating of commutation awards these costs are measured and reflected immediately in the SoCNE.

2.9 Enhancements

Any enhancements to pensions, including on departure or retirement, are measured and reflected immediately in the SoCNE. There have been no enhancements to Police Pensions for 2023-24.

2.10 Interest on Scheme liabilities

The interest cost is the increase during the period in the present value of the Schemes liabilities because the benefits are one period closer to settlement and is recognised in the SoCNE. The interest cost is based on the discount rate applicable at 1 April 2023 of 1.75% (i.e. 4.15% including CPI inflation).

2.11 Other payments

Other payments are accounted for on an accruals basis.

Notes to the Accounts (Continued)

2.12 Scheme liabilities

Provision is made for liabilities to pay pensions and other benefits in the future. The Scheme liability is measured on an actuarial basis using the projected unit method and is discounted at a rate of 2.45% real (i.e. 5.1% including CPI inflation). The Scheme applies assumptions for the discount rate and the rate of inflation as prescribed by HM Treasury.

Full actuarial valuations by a professionally qualified actuary are required at intervals not exceeding four years in accordance with the requirements of the FReM. In the intervening periods the actuary reviews the most recent actuarial valuation at the reporting date and updates it to reflect current conditions.

FReM stipulates that approximate actuarial assessments in intervening years between formal valuations using updated membership data are accepted as providing suitably robust figures for financial reporting purposes. The Scheme liability recognised in these financial statements has been calculated utilising membership data as at 31 March 2020 and demographic assumptions in line with those for the 2020 funding valuation as at 31 March 2020. Membership data has subsequently been rolled forward using cashflows as a proxy for membership movements through to 31 March 2024. These assumptions represent significant judgements on behalf of the Scheme. Whilst this approach is reasonable and provides an appropriate basis for IAS 19 valuation purposes in accordance with FReM requirements, it introduces some degree of uncertainty.

It should therefore be recognised the results for the IAS 19 valuation at 31 March 2024 included in these financial statements may differ from those that would emerge from a full funding valuation at the same date.

2.13 Pension benefits payable

Pension benefits payable are accounted for as a decrease in the Scheme liability on an accruals basis.

2.14 Pension payments to those retiring at their normal retirement age

Where a retiring member of either pension scheme has no choice over the allocation of benefits receivable between the value of the lump sum and the annual pension, the transaction is accounted for as a decrease in the Scheme liability on an accruals basis. Where a retiring member of either pension Scheme has a choice over the allocation of benefits receivable between the value of the lump sum and the annual pension, the transaction is accounted for as a decrease in the scheme liability on a cash basis.

Notes to the Accounts (Continued)

2.15 Pension payments to and on account of leavers before their normal retirement age

Where a member of either pension Scheme is entitled to only a refund of contributions, the transaction is accounted for as a decrease in the scheme liability on an accruals basis. Where a member of either pension Scheme has the option of receiving a refund of contributions or a deferred pension, the transaction is accounted for as a decrease in the Scheme liability on a cash basis.

2.16 Injury benefits

Injury benefits are accounted for in the PSNI Main Financial Statements.

2.17 Lump sums payable on death in service

Lump sum payments payable on death in service are accounted for on an accruals basis. They are funded through the normal pension contributions and are a charge on the pension provision.

2.18 Actuarial gains and losses

Actuarial gains and losses arising from any new valuation and from updating the latest actuarial valuation to reflect conditions at the Combined Statement of Financial Position date are recognised in the SoCNE for the year.

2.19 Additional voluntary contributions

Additional Voluntary Contributions (AVC's) are deducted from employees' salaries and are paid over directly by the employing departments to the approved AVC providers.

2.20 Administration Expenses

Administration expenses are borne by the PSNI Main Accounts and are excluded from these statements.

2.21 Receivables and Payables

Total Receivables and Payables are presented in two categories to add clarity. The categories are Non-Current Assets and Non-Current Liabilities (Payables after 12 months). Non-Current Assets relate to Pension overpayments being recouped over an agreed re-payment plan.

Notes to the Accounts (Continued)

2.22 Critical accounting estimates and key judgements

The preparation of financial statements in conformity with IFRS requires the use of accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Scheme's accounting policies. The Scheme continually evaluates its estimates, assumptions and judgements based on available information and experience. As the use of estimates is inherent in financial reporting, actual results could differ from these estimates. The estimates and assumptions relating to the pension liability have the most significant risk of causing a material adjustment to the carrying amounts. Further information including the assumptions underpinning the pension liability, calculation approach for the McCloud legal judgment and a sensitivity analysis is set out in Note 12.

2.23 Accounting standards, interpretations and amendments to published standards adopted during the year ended 31 March 2024

The PSNI has reviewed the accounting standards, interpretations and amendments to published standards that became effective during 2023-24 and which are relevant to its operations.

The Schemes considers that the adoption of these standards, interpretations and amendments that became effective during 2023-24 has not had a significant impact on the financial position or results of the Schemes accounts.

2.24 Accounting standards, interpretations and amendments to published standards not yet effective

The PSNI has reviewed the additional or revised accounting standards and new (or amendments to) interpretations that are due to come into effect in future years.

IFRS 17 (Insurance Contracts) will replace IFRS 4 (Insurance Contracts) and is effective for accounting periods beginning on or after 1 January 2023. In line with the requirements of the FReM, IFRS 17 will be implemented, as interpreted and adapted for the public sector, with effect from 1 April 2025.

IFRS 18 (Presentation and Disclosure in Financial Statements) was issued in April 2024, replacing IAS 1 (Presentation of Financial Statements), and is effective for accounting periods beginning on or after 1 January 2027. IFRS 18 will be implemented, as interpreted and adapted for the public sector if required, from a future date (not before 2027-28) that will be determined by the UK Financial Reporting Advisory Board in conjunction with HM Treasury following analysis of this new standard.

The Schemes conclude that these are not expected to have a significant impact on the Schemes accounts going forward.

Notes to the Accounts (Continued)**3. Contributions receivable**

	<u>Note</u>	2023-24 £000	2022-23 £000
Employers' Contributions:			
Closed Scheme		(14)	3
New Scheme		15	32
CARE Scheme		93,487	93,117
Employees' Contributions:			
Closed Scheme			
Normal		(6)	1
New Scheme			
Normal		1	4
CARE Scheme			
Normal		35,800	35,472
Early Retirement		<u>7,754</u>	<u>9,444</u>
		<u>137,037</u>	<u>138,073</u>

£161.7 million contributions are expected to be payable to the Scheme in 2024-25.

4. Transfers in – see note 6

Individual transfers in from other schemes			
CARE Scheme	12.4	<u>790</u>	<u>1,549</u>
		<u>790</u>	<u>1,549</u>

Notes to the Accounts (Continued)**5. Service cost**

Current Service Cost	<u>Note</u>	2023-24 £000	2022-23 £000
Closed Scheme	12.2	-	(10)
New Scheme	12.3	(10)	(80)
CARE Scheme	12.4	<u>(94,590)</u>	<u>(256,200)</u>
		<u>(94,600)</u>	<u>(256,290)</u>
Past Service (Cost)/Gain			
Closed Scheme	12.2	120	(148,530)
New Scheme	12.3	20	(22,110)
CARE Scheme	12.4	<u>-</u>	<u>170,640</u>
		<u>140</u>	<u>-</u>

The McCloud remedy window ran from 1 April 2015 to 31 March 2022. As the remedy window has closed, all McCloud related liabilities for eligible members for the period 2019 to 2022 have been moved to the associated legacy schemes. This means all McCloud liabilities are held within the legacy scheme where benefits are expected to be paid from, creating past service cost movement between the schemes. In the 2022-23 disclosures, this led to a past service cost in the 1988 Scheme and the 2006 Scheme and a past service gain in the 2015 Scheme. In 2023-24, contribution adjustments are being carried out by administrators to ensure affected members have paid the correct contributions for this portion of service. These adjustments can be positive or negative, depending on which schemes a member is moving between.

6. Transfers in – additional liability (see also note 4)

		2023-24 £000	2022-23 £000
	<u>Note</u>		
Individual transfers in from other schemes			
CARE Scheme	12.4	<u>(790)</u>	<u>(1,549)</u>
		<u>(790)</u>	<u>(1,549)</u>

Amounts receivable in respect of inward transfers increase the pension liability to the same extent. This increase is reflected in the SoCNE as expenditure as part of the movement in the provision during the year.

Notes to the Accounts (Continued)**7. Pension Financing Costs**

		2023-24	2022-23
		£000	£000
Interest charge for the year:			
Closed Scheme	12.2	(276,740)	(155,670)
New Scheme	12.3	(13,040)	(9,720)
CARE Scheme	12.4	<u>(25,420)</u>	<u>(21,620)</u>
		<u>(315,200)</u>	<u>(187,010)</u>

8. Administration fees and expenses

All costs of administering the PSNI Pension Schemes are borne by the PSNI, and included within the PSNI Main Financial Statements.

9. Additional Voluntary Contributions

The Closed Police Pension Scheme provides for officers to make additional voluntary contributions (AVC's) to increase their pension entitlements or to increase life assurance cover. Officers may arrange to have agreed sums deducted from their salaries, for onward payment to the approved provider (Utmost or Standard Life). The Managers of the Police Pension Scheme have responsibility only for onward payment by employers of officers' contributions to the Scheme's approved provider. These AVC's are not brought to account in this statement. Officers participating in this arrangement receive an annual statement from the approved provider as at 31 March confirming the amounts held to their account and the movements in the year.

The aggregate amounts of AVC investments are as follows:

	2023-24	2022-23
	£000	£000
Movements in the year:		
Balance at 1 April	761	892
New investments	4	4
Sale of investments to provide pension benefits	-	(84)
Changes in market value of investments	<u>(6)</u>	<u>(51)</u>
Balance at 31 March	<u>759</u>	<u>761</u>
Contributions received to provide life cover	-	-
Benefits paid on death	<u>-</u>	<u>-</u>

There is no in-house AVC Scheme available to members of the New Police Pension Scheme or the CARE Scheme.

Notes to the Accounts (Continued)**10. Receivables – contributions due in respect of pensions**

	2023-24	2022-23
	£000	£000
Amounts falling due after 1 year:		
Pension overpayments	61	71
Provision for doubtful debts	<u>(9)</u>	<u>(7)</u>
	<u>52</u>	<u>64</u>
Amounts falling due within 1 year:		
Pension overpayments	260	73
Amounts due from PSNI main accounts	<u>3,669</u>	<u>157</u>
	<u>3,929</u>	<u>230</u>
At 31 March	<u>3,981</u>	<u>294</u>

11. Payables in respect of pensions

	<u>Note</u>	2023-24	2022-23
		£000	£000
Amounts falling due within 1 year:			
Amount due to PSNI main accounts		13,199	11,141
HM Revenue and Customs		<u>3,669</u>	<u>157</u>
		<u>16,868</u>	<u>11,298</u>
Amounts falling due after 1 year:			
Amounts due to PSNI main accounts		<u>52</u>	<u>64</u>
At 31 March		<u>16,920</u>	<u>11,362</u>

Notes to the Accounts (Continued)

12. Pension liabilities

Assumptions underpinning the provision for pension liability:

The PSNI Police Pension Schemes are unfunded defined benefit Schemes. The GAD carried out an assessment of the Scheme Liabilities as at 31 March 2024. The Report of the Actuary starting on page 12 sets out the scope, methodology and results of the work the actuary has carried out.

The PSNI are responsible for providing the Actuary with the information the Actuary needs to carry out the valuation. This information includes, but is not limited to, details of:

- Scheme membership, including age and gender profile, active membership, deferred pensioners and pensioners;
- benefit structure, including details of any discretionary benefits and any proposals to amend the Scheme;
- income and expenditure, including details of expected bulk transfers into or out of the Scheme; and
- following consultation with the Actuary, the key assumptions that should be used to value the Scheme liabilities, ensuring that the assumptions are mutually compatible and reflect a best estimate of future experience.

The major assumptions used by the Actuary were:

	At 31 March 2024	At 31 March 2023	At 31 March 2022	At 31 March 2021	At 31 March 2020
Rate of increase in salaries	3.55%	3.65%	4.15%	3.72%	4.10%
Long term rate of increase in pensions	2.55%	2.40%	2.90%	2.22%	2.35%
Rate of CPI inflation	2.55%	2.40%	2.90%	2.22%	2.35%
Rate for discounting scheme liabilities	5.10%	4.15%	1.55%	1.25%	1.80%
Rate of CARE revaluations	3.80%	3.65%	4.15%	3.47%	3.60%

Notes to the Accounts (Continued)**12. Pension liabilities (continued)****Mortality rate****Expectation of life in years of current pensioners**

At 31 March	2024	2023	2022	2021	2020
Males (Age 65)	21.9	21.9	22.1	22.0	21.9
Females (Age 65)	23.6	23.5	23.8	23.7	23.6

Expectation of life in years of current active/deferred members on retirement at age stated

At 31 March	2024	2023	2022	2021	2020
Males (45 year old future pensioner at age 65)	23.6	23.5	23.8	23.7	23.6
Females (45 year old future pensioner at age 65)	25.1	25.0	25.4	25.3	25.2

These key assumptions are inherently uncertain, since it is impossible to predict with any accuracy future changes in the rate of salary increases, inflation, longevity or the return on corporate bonds. The Actuary uses professional expertise in arriving at a view of the most appropriate rates to use in the annual valuation of the Scheme liabilities. However, the Scheme Manager acknowledges that the valuation reported in these accounts is not certain, since a change in any one of these assumptions will either increase or reduce the liability. For example, on its own, even a small rise in the assumed rate of inflation will result in an increase in the pension liability.

The assumption that has the greatest impact on the amount of the reported liability is the discount rate net of price inflation. As set out in the FReM, and as required by IAS 19, the discount rate net of price inflation is based on yields on high quality corporate bonds. HM Treasury advise the relevant rate each year, based on the advice of the Government Actuary's Department. The inflation assumption reflects the long-term assumption for the CPI used in Treasury forecasting. The rates are set out in the above table. Any decrease in the rate leads to a significant increase in the reported liability.

Notes to the Accounts (Continued)

12. Pension liabilities (continued)

In reality, the complexity and range of assumptions underlying the calculation of the pension liability are such that a change in one financial assumption is likely to have a knock-on effect on other financial assumptions. In accordance with IAS 19 the PSNI is required to undertake a sensitivity analysis for each significant actuarial assumption as of the end of the reporting period, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumption that were reasonably possible at that date. This analysis, including details of the methods and assumptions used in preparing the sensitivity analyses, the limitations of these methods, and the reasons for any changes in methods and assumptions used in preparing the sensitivity analysis, are included in the analysis of the pension liability in note 12.1. In the opinion of the Scheme Manager, the Actuary has used key assumptions that are the most appropriate for the Scheme in the light of current knowledge.

Analysis of the provision for pension liability

Pension scheme liabilities accrue over employees' periods of service and are discharged over the period of retirement and, where applicable, the period for which a spouse or eligible partner survives the pensioner. In valuing each scheme liability, the Actuary must estimate the impact of several inherently uncertain variables far into the future. These variables include not only the key financial assumptions noted in the table above, but also assumptions about the changes that occur in the future in the mortality rate, the age of retirement and the age from which a pension becomes payable.

The value of each scheme liability included on the Combined Statement of Financial Position may be significantly affected by even small changes in assumptions. For example, if at a subsequent valuation, it is considered appropriate to reduce the assumed rate of inflation, or the assumed rate of increase in salaries, then the value of the pension scheme liability will decrease (other things being equal). Conversely, if the assumed rates are increased, the value of the liability will increase. The Manager accepts that, as a consequence, the valuation provided by the Actuary is inherently uncertain. The increase or decrease in future liability charged or credited for the year resulting from changes in assumptions is disclosed in this note. The note also discloses 'experience' gains or losses for the year, showing the amount charged or credited for the year because events have not coincided with assumptions made for the last valuation.

Notes to the Accounts (Continued)**12. Pension liabilities (continued)**

Scheme Membership data for the previous 5 years:

	2023-24	2022-23	2021-22	2020-21	2019-20
Closed Police Pension Scheme:					
Active Members	-	-	233	554	844
Deferred Members	986	1,019	1,088	1,124	1,164
Pensioners in Payment Members	14,318	14,266	14,341	14,159	14,014
Pensioners in Payment Dependents	2,194	2,165	2,131	2,059	2,011
Compensation Payments	-	-	-	-	-
New Police Pension Scheme:					
Active Members	-	-	29	38	49
Deferred Members	256	232	208	206	195
Pensioners in Payment Members	49	39	24	18	7
Pensioners in Payment Dependents	9	3	3	3	3
	2023-24	2022-23	2021-22	2020-21	2019-20
CARE Pension Scheme:					
Active Members	6,364	6,576	6,597	6,226	5,836
Deferred Members	377	288	192	154	129
Pensioners in Payment Members	571	396	178	118	77
Pensioners in Payment Dependents	17	11	5	3	1

Notes to the Accounts (Continued)

12.1 Sensitivity Analysis

Sensitivity of the defined benefit obligation to changes in the significant actuarial assumptions:

Closed Scheme

Change in Assumption*		Impact on DBO	
		%	£Million
Discount Rate	+0.5% a year	(6.5)%	(410)
Salary Inflation	+0.5% a year	0.5%	32
Pension Increases	+0.5% a year	6.5%	414
Life expectancy: All members and adult dependants assumed to be one year younger		2.5%	157

New Scheme

Change in Assumption*		Impact on DBO	
		%	£Million
Discount Rate	+0.5% a year	(12.5)%	(36)
Salary Inflation	+0.5% a year	7.0%	20
Pension Increases	+0.5% a year	7.5%	21
Life expectancy: All members and adult dependants assumed to be one year younger		1.5%	5

CARE Scheme

Change in Assumption*		Impact on DBO	
		%	£Million
Discount Rate	+0.5% a year	(13.0)%	(70)
Salary Inflation	+0.5% a year	0.0%	0
Pension Increases	+0.5% a year	15.0%	83
Life expectancy: All members and adult dependants assumed to be one year younger		1.5%	9

* Opposite changes in the assumptions will produce approximately equal and opposite changes in the DBO. Doubling the changes in assumptions will produce approximately double the change in the DBO. The sensitivities show the change in assumption in isolation. In practice such assumptions rarely change in isolation and given the interdependencies between the assumptions the impacts may offset to some extent.

Notes to the Accounts (Continued)**12.2 Analysis of movement in the Closed Pension Scheme liability**

	2023-24	2022-23
	£000	£000
Scheme Liability at 1 April	(6,824,385)	(10,115,695)
Current Service Cost	-	(10)
Past Service Gain/(Cost)	120	(148,530)
Pension Financing Cost	<u>(276,740)</u>	<u>(155,670)</u>
	<u>(276,620)</u>	<u>(304,210)</u>
Benefit payments (see note 12.5)	315,040	294,550
Payments to and on account of leavers (see note 12.6)	-	-
Actuarial gain/(loss) (see note 12.7)	<u>401,100</u>	<u>3,300,970</u>
Scheme Liability at 31 March	<u>(6,384,865)</u>	<u>(6,824,385)</u>

Notes to the Accounts (Continued)**12.3 Analysis of movement in the New Pension Scheme liability**

	2023-24	2022-23
	£000	£000
Scheme Liability at 1 April	(314,531)	(616,131)
Current Service Cost	(10)	(80)
Past Service Gain/(Cost)	20	(22,110)
Pension Financing Cost	<u>(13,040)</u>	<u>(9,720)</u>
	(13,030)	(31,910)
Benefit Payments (see note 12.5)	730	610
Payments to and on account of leavers (see note 12.6)	-	-
Actuarial gain (see note 12.7)	<u>40,700</u>	<u>332,900</u>
Scheme Liability at 31 March	<u>(286,131)</u>	<u>(314,531)</u>

Notes to the Accounts (Continued)**12.4 Analysis of movement in the CARE Pension Scheme liability**

	2023-24 £000	2022-23 £000
Scheme Liability at 1 April	(567,188)	(1,352,888)
Current Service Cost	(94,590)	(256,200)
Past Service Gain/(Cost)	-	170,640
Pension Financing Cost	<u>(25,420)</u> <u>(120,010)</u>	<u>(21,620)</u> <u>(107,180)</u>
Transfers In (see note 6)	(790)	(1,550)
Benefit Payments (see note 12.5)	3,340	2,690
Payments to and on account of leavers (see note 12.6)	480	230
Actuarial gain/(loss) (see note 12.7)	<u>140,840</u>	<u>(891,510)</u>
Scheme Liability at 31 March	<u>(543,328)</u>	<u>(567,188)</u>

During the year ended 31 March 2024, employee contributions represented an average of 13.4% (13.3% 2022-23) of pensionable pay. Employer contributions represented an average of 35.0% (35.0% 2022-23) of pensionable pay and will increase to 46.6% from 1 April 2024 as directed by Government and DoF through DOJ.

Notes to the Accounts (Continued)**12.5 Analysis of benefits paid**

	2023-24	2022-23
	£000	£000
Closed Scheme:		
Pension Payments	272,780	246,570
Gratuities/Commutations	<u>42,260</u>	<u>47,980</u>
Total benefits paid	<u>315,040</u>	<u>294,550</u>
New Scheme:		
Pension Payments	330	220
Gratuities/Commutations	<u>400</u>	<u>390</u>
Total benefits paid	<u>730</u>	<u>610</u>
CARE Scheme:		
Pension Payments	880	550
Gratuities/Commutations	<u>2,460</u>	<u>2,140</u>
Total benefits paid	<u>3,340</u>	<u>2,690</u>

Notes to the Accounts (Continued)**12.6 Analysis of payments to and on account of leavers**

	2023-24	2022-23
	£000	£000
Closed Scheme:		
Refunds to members leaving service	-	-
Individual transfers to other Schemes	=	=
Payments to and on account of leavers	=	=
New Scheme:		
Individual transfers to other Schemes	=	=
Payments to and on account of leavers	=	=
CARE Scheme:		
Refunds to members leaving service	90	110
Individual transfers to other Schemes	<u>390</u>	<u>120</u>
Payments to and on account of leavers	<u>480</u>	<u>230</u>

Notes to the Accounts (Continued)**12.7 Analysis of actuarial gain / (loss)**

	2023-24	2022-23
	£000	£000
Closed Scheme:		
Experience (losses) arising on the Scheme liabilities	(285,920)	(751,750)
Changes in demographic assumptions underlying the present value of the scheme liabilities	-	88,930
Changes in financial assumptions underlying the present value of the scheme liabilities	<u>687,020</u>	<u>3,963,790</u>
	<u>401,100</u>	<u>3,300,970</u>
New Scheme:		
Experience (losses) arising on the Scheme liabilities	(13,340)	(55,220)
Changes in demographic assumptions underlying the present value of the scheme liabilities	-	4,480
Changes in financial assumptions underlying the present value of the scheme liabilities	<u>54,040</u>	<u>383,640</u>
	<u>40,700</u>	<u>332,900</u>
CARE Scheme:		
Experience (losses) arising on the Scheme liabilities	(3,680)	(145,200)
Changes in demographic assumptions underlying the present value of the scheme liabilities	-	46,120
Changes in financial assumptions underlying the present value of the scheme liabilities	<u>144,520</u>	<u>990,590</u>
	<u>140,840</u>	<u>891,510</u>
Total actuarial gain	<u>582,640</u>	<u>4,525,380</u>

Notes to the Accounts (Continued)

12.8 History of experience gain / (loss)

	2024 £m	2023 £m	2022 £m	2021 £m	2020 £m
Closed Scheme					
Experience loss/(gain) on the scheme liabilities:					
Amount (£m)	(285.92)	(751.75)	179.13	155.24	(167.1)
Percentage of the present value of the scheme liabilities	4.48%	(11.02%)	1.77%	1.66%	(1.8%)
Total amount recognised in statement of changes in Taxpayers Equity					
Amount (£m)	401.10	3,300.97	(382.55)	(519.46)	(1,224.4)
Percentage of the present value of the scheme liabilities	6.28%	48.37%	(3.78%)	(5.55%)	(13%)
New Scheme					
Experience loss/(gain) on the scheme liabilities:					
Amount (£m)	(13.34)	(55.22)	(55.37)	7.87	(1.08)
Percentage of the present value of the scheme liabilities	(4.66%)	(17.55%)	(8.99%)	1.55%	(0.24%)
Total amount recognised in statement of changes in Taxpayers Equity					
Amount (£m)	40.70	332.9	(99.68)	(50.20)	(126.11)
Percentage of the present value of the scheme liabilities	14.2%	105.84%	(16.2%)	(9.86%)	(28%)
CARE Scheme					
Experience loss/(gain) on the scheme liabilities:					
Amount (£m)	(3.68)	(145.2)	134.84	(6.60)	43.99
Percentage of the present value of the scheme liabilities	(0.68%)	(25.60%)	9.97%	(0.63%)	6.41%
Total amount recognised in statement of changes in Taxpayers Equity					
Amount (£m)	140.84	891.51	(14.23)	(138.08)	(112)
Percentage of the present value of the scheme liabilities	25.92%	(157.18%)	(1.05%)	(13.16%)	(16.30%)

13. Financial instruments

Accounting standards require disclosure of the role which financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Because of the non-trading nature of its activities and the way in which PSNI is funded from the Department of Justice, the PSNI Police Pension Accounts are not exposed to the degree of financial risk faced by business entities. Moreover, financial instruments play a more limited role in creating or changing risk than would be typical of listed companies.

The PSNI Pension Account relies primarily on departmental funding and is therefore not exposed to liquidity risks. It also has no material deposits, and all assets and liabilities are determined in sterling, so it is not exposed to interest rate or currency risk.

Notes to the Accounts (Continued)

14. Contingent Liabilities disclosed under IAS 37

The Chief Constable of PSNI and the DOJ, along with other Police Forces currently have a number of claims lodged against them with the Employment Tribunal. The claims are in respect of alleged unlawful discrimination arising from the Transitional Provisions in the Police Pension Regulations 2015.

GMP equalisation and indexation

The Government published consultations on indexation and equalisation of Guaranteed Minimum Pensions (GMP), with the proposal being to extend the “interim solution” to those members who reach State Pension Age after 5 April 2021 (7 October 2020). A past service cost was recognised in 2019-20 for extending the equalisation to all future retirees. There was also a further court ruling on 20 November 2020 regarding GMP equalisation. The court ruled that scheme trustees are required to revisit past Cash Equivalent Transfer Values (CETVs) to ensure GMP equalisation. This may result in additional top-ups where GMP Police Pension Scheme and related schemes equalisation means that members did not receive their full entitlement. For public service pension schemes, it is expected that this ruling will be taken forward on a cross scheme basis and will require legal input. This may require revisiting past CETV cases for members with State Pension age after 5 April 2016 and who took a CETV from the scheme before CETVs were equalised.

The scope of any liability is yet to be determined as there is currently insufficient data on historic CETVs to estimate the potential impact, however it is anticipated to be a relatively small uplift for a relatively small subset of members (i.e. those who took a CETV and are in scope for a top up).

No additional costs were recognised for GMP equalisation and indexation in 2023-24 (2022-23: nil).

Other Cases

There are also a number of other legal cases lodged against public sector schemes which may have implications for the PSNI Pension Schemes. Given the nature of these cases and current status of proceedings, it is not possible to quantify the potential financial impact on the PSNI Pension Schemes at this time.

Notes to the Accounts (Continued)**15. Related party transactions**

PSNI is a body of constables (as set out in the Police Act 2000), funded through the Northern Ireland Policing Board which is a Non-Departmental Public Body of the Department of Justice.

The Department of Justice is regarded as a related party. During the year the PSNI Pension Account has had a number of material transactions with the Department of Justice and other government Departments, namely the Department of Finance. These transactions relate to the funding provided to cover the shortfall of scheme payments over contributions, as shown in the statement of cash flows.

None of the Managers of the Schemes, key managerial staff or other related parties have undertaken any material transactions with any Scheme during the year.

16. Events occurring after the reporting period

There have been no events after the reporting period.

The Annual Report and accounts were authorised by the Chief Constable to be issued on the 4 July 2024.

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