

**The Office of the  
Police & Crime Commissioner  
for Leicestershire (OPCC)**

**Annual Financial Report  
(Group & Single Entity)**

**2022/23**

	Page
<b>Statement of Accounts</b>	
<i>Core financial statements</i>	
• Comprehensive Income & Expenditure Statement (Group)	11
• Comprehensive Income & Expenditure Statement (OPCC)	12
• Balance Sheet (Group)	13
• Balance Sheet (OPCC)	14
• Statement of Movement in Reserves (Group)	15
• Statement of Movement in Reserves (OPCC)	17
• Cash flow Statement (Group)	19
• Cash flow Statement (OPCC)	20
Notes to the core financial statements	21
<i>Supplementary financial statements</i>	
• Pension fund account	79
<b>Non audited information documents</b>	
Narrative Report by the Chief Finance Officer	1
Statement of responsibilities	10
Annual governance statement	81
Audit opinion	92
Glossary of terms	95

# Narrative Report by the Chief Finance Officer

These accounts set out the overall financial position of Leicestershire Police for the year ended 31 March 2023.

The Police Reform and Social Responsibility Act 2011 introduced Police and Crime Commissioners and created two corporation soles, the Police and Crime Commissioner (PCC) for Leicestershire and the Chief Constable (CC).

The PCC is responsible for securing an efficient and effective police force whilst the Chief Constable is responsible for delivering operational policing under the Police Act 1996 and has operational direction and control over the force's officers and staff.

This structural change created a 'Group' in accounting terms, referred to as the "Office of the Police and Crime Commissioner for Leicestershire Group" (OPCC Group or simply, 'the Group') and the two bodies within that group as "Office of the Police and Crime Commissioner for Leicestershire" (OPCC) and "Office of the Chief Constable for Leicestershire" (OCC) respectively.

The accounts for 2022/23 are presented in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code) which specifies the principles and practices of accounting required to give a 'true and fair' view of the financial position and transactions of a local authority. This Code of Practice has been developed by the CIPFA/LASAAC Code Board under the oversight of the Financial Reporting Advisory Board.

## Budget 2022/23

The financial year 2022/23 was the first budget set by the new Police and Crime Commissioner for Leicestershire, Mr Rupert Matthews, who was elected in May 2021. The PCC developed his Police and Crime Plan to shape his term in office and set his budget and precept for 2022/23 in February 2022 to support its delivery.

In delivering his Plan, Mr Mathews undertook extensive consultation in Leicester, Leicestershire and Rutland on his priorities to inform both the plan and in setting the 2022/23 precept. Due to the fact that the 2020 Police and Crime Commissioner elections were delayed for a year, Mr Mathews term in office will only be three years instead of the usual four. The short term priorities in the plan are:

### Short-term priorities are as follows:

- I will ask the Chief Constable to create a larger force of Special Constables recruited from our local communities, dedicated to local communities, working within local communities and seen as being part of communities
- I will work with the Chief Constable to ensure that we place no barriers in the way of ensuring that our recruits are the very best of our diverse population and representative of the varied communities of Leicester, Leicestershire and Rutland
- I will ask the Chief Constable to ensure the Force is structured to provide an outstanding response in Leicestershire and Rutland to rural criminality, wildlife crime and heritage crime
- I will ask the Chief Constable to dedicate rural crime teams in each of the Neighbourhood Policing Areas outside of the City; I will ask the Chief Constable to develop a team of specials to be dedicated to policing rural areas to work alongside rural crime teams who will be specifically dedicated to Leicestershire and Rutland
- I will ask the Chief Constable to continue to develop a plan that will build upon your community's safety in relation to: business crime and rural crime
- I will ask the Chief Constable to develop a role of dedicated business crime leads to build better relationships with businesses for each area of the Force
- We aim to drive down violent crime, including knife crime, to save lives and stop the pain suffered by bereaved families. We recognise that action taken to tackle knife crime can sometimes lead to an increase in the recording of knife crime, but this is a necessary part of the drive to stop the murder of our young people on our streets
- I will ask the Chief Constable to develop tactics to guarantee a quality of service to tackle domestic abuse including more use of body worn cameras, domestic violence protection orders/notices and perpetrators programmes designed to change offender behaviours
- I will ask the Chief Constable to further develop a night-time economy strategy which drives down violence and makes our streets and premises safer
- As Victims' Champion I will work to ensure that the police and other branches of the criminal justice system respond positively to victims and consider the trauma and upset that is caused by becoming a victim of crime

The Police Grant Final Settlement was announced on 2<sup>nd</sup> February 2022 and confirmed a £6.7m increase in revenue grant funding. The additional funding made available was to meet the year three salary and infrastructure costs of the Government's 20,000 police officer uplift programme 2020 to 2023. The precept referendum threshold was confirmed at £10 for a Band D property.

# Narrative Report by the Chief Finance Officer

2022/23 was the third and final year of the Government's 20,000 officer uplift programme and funding was provided for the remaining 119 officers (6 officers are to be recruited into the Regional Organised Crime Unit). As the Force was ahead of this target the establishment was not increased beyond the forecast of 2,242 by March 2023. The national uplift programme alone has not restored officer numbers to pre-austerity levels of around 2,317 FTEs.

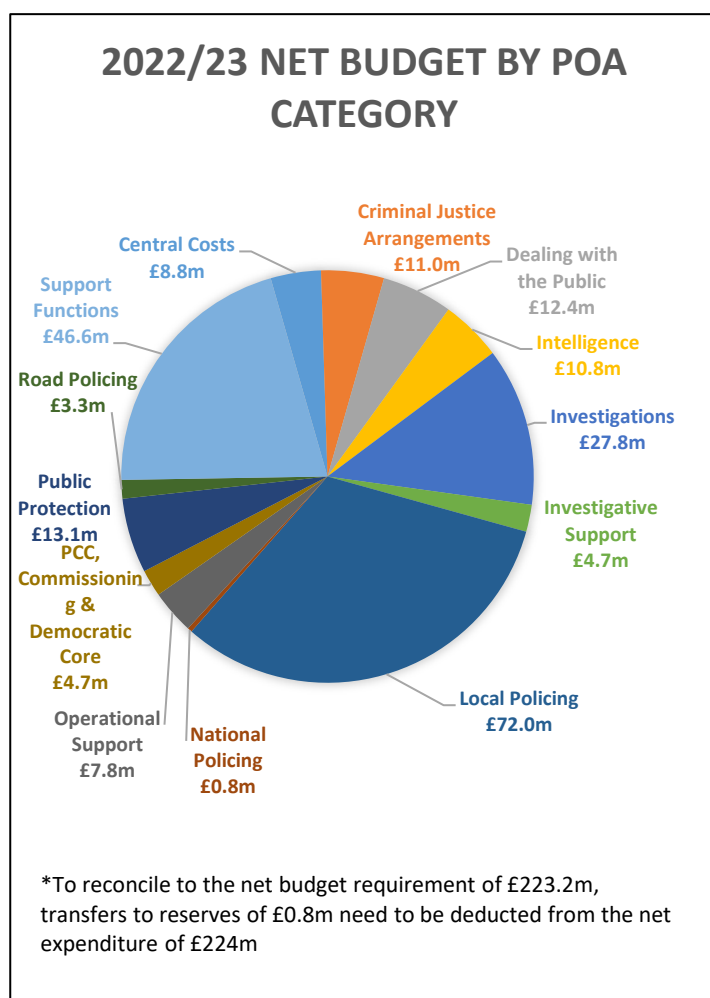
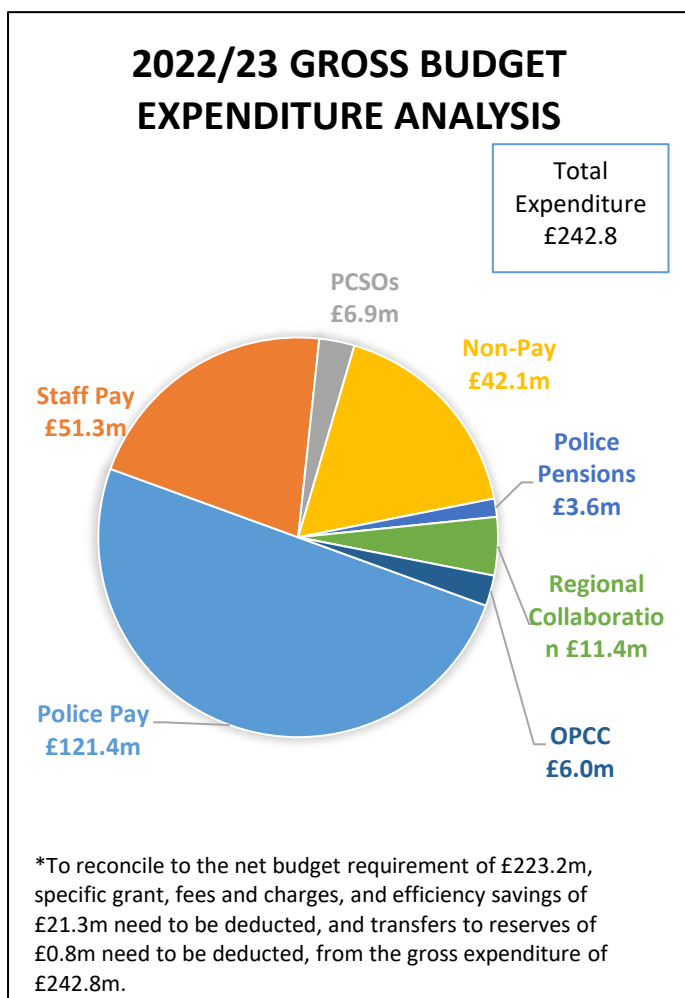
The PCC also invested in other items totalling £1.85m these included additional police staff posts and supporting organisational infrastructure, deemed essential to deliver both service transformation and to support the growth in officer numbers.

In 2022/23, the Office of the Police and Crime Commissioner for Leicestershire's budget was managed and closely monitored in conjunction with the Force. As a result, the final outturn was a balanced position on a budget of £223.3m.

## Performance and Financial Position

A net annual revenue budget for 2022/23 of £223.3m was set for the service as a whole, an increase of 5.1% over 2021/22. £218.6m was managed by the CC with the remaining £4.7m (net of grants and transfers from reserves) relating to the costs of the OPCC (£1.5m) and commissioning activities (£3.2m). The majority of the funding is provided by Government, with 39% met through the Council Tax.

The graphs below demonstrate how the budget was allocated to Police Operational Activities (POA) and by type of expenditure.



# Narrative Report by the Chief Finance Officer

## Performance against budget

As described above, the OPCC (Group) balanced its 2022/23 budget, after the transfer of funds to earmarked reserves, including £2.8m to meet future commitments in 2023/24. This was attributable to:

### The Office of the Chief Constable for Leicestershire – Balanced Budget

- An overspend on police pay and allowances of £0.005m. The Force successfully achieved the recruitment targets for 2022/23 and ended the year with 2,251 FTE against an authorised establishment of 2,242 FTE. In addition to the 119 officers in the Force's baseline uplift figures the Force secured funding for an additional 35 officers. Due to investment in officers in prior years the additional uplift targets could be accommodated within the establishment of 2,242 FTE. Whilst increased expenditure on unsocial allowances and changes to the rank structure were incurred this was offset by additional grant income and over recovery of seconded officer income.
- An overspend on corporate budgets of £0.368m attributable to the part funded 2022 pay award, whilst an additional one off grant was received towards the cost of the police officers pay award this did not cover the total cost and no additional central funding was made available to fund the additional costs of the police staff pay award, an overspend on the Force fuel budget reflecting the higher pump prices, the cost of the additional Bank Holiday for the Queen's funeral and increased legal expenditure. Offset by an underspend on PCSOs due to higher attrition and the difficulties in the recruitment market, Ill health retirements costs below the budget due to a lower level of retirements, the over achievement of investment income following the rise in interest rates, an over recovery of special police services income and mutual aid income from policing the commonwealth games and other operations and delays in the implementation of investment proposals and projects.
- An underspend of £0.009m on policing functions provided regionally.
- A net underspend of £0.541m in the delegated budgets as a result of a higher level police staff vacancies reflecting the general job market conditions, over recovery of income offset by increased police overtime costs to meet demand.
- During the year significant costs were incurred by the Force following the disturbance in East Leicester over a number of weeks. The criminal investigation into the incident continues. The PCC was successful in his application to the Home Office for special grant (£1.28m) which minimised the cost to the Force and taxpayers to £0.055m

During the year, the Chief Constable received specific grant from the Home Office to tackle serious violence crime (£0.7m).

### The Office of the Police and Crime Commissioner for Leicestershire – balanced budget

- The Office of the Police and Crime Commissioner underspend of £0.134m has been transferred to an earmarked reserve at year end, to balance the budget.

During the year, the Police and Crime Commissioner received specific grant from the Home Office to tackle serious violence crime (£1.9m).

## Reserves

The Police Fund (General Reserve) has been maintained at £5.0m. The total earmarked reserves have remained at £27.1m (including both a share of regional jointly controlled reserves as well as reserves held on behalf of partners).

## Retirement Benefits

The OPCC/Force is a member of 2 pension schemes:

**The Local Government Pension Scheme (LGPS)** for police staff is administered by Leicestershire County Council – this is a funded defined benefit scheme, meaning that the OPCC/Group and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.

**The Police Pension Scheme** for police officers is an unfunded single employer defined benefit scheme. This means that there are no investment assets built up to meet the pensions liabilities and cash has to be generated to meet actual pensions payments as they fall due.

# Narrative Report by the Chief Finance Officer

As the Police Pension Scheme is unfunded it results in a significant liability being carried on the balance sheet. In common with other Forces and Local Government bodies the OPCC/Force usually reports a deficit in relation the LGPS scheme too. This represents the difference between the Assets and Liabilities of the scheme.

However, for 2022/23 the LGPS has a net asset, this is primarily due to changes in the financial assumptions and in particular the increase in the discount rate used. In accordance, with the accounting requirements neither an asset of liability has been disclosed as at the 31<sup>st</sup> March 2023. This is explained further in Note 26 to the accounts.

Variations in the pension fund balance do occur between years due the changes in the financial and demographic assumptions and rates of return on investments used by the Fund actuaries, when valuing the scheme assets and liabilities.

Accounting for Retirement Benefits in the 2022/23 Statement of Accounts has therefore resulted in an overall pension liability of £1,744m, all of which relates to the Police scheme.

The pension liability includes provision for the potential impact of:

- The McCloud / Sargeant judgement
- Changes to how 'Guaranteed Minimum Pension' (GMP) is treated within the pension scheme.

The [Public Service Pensions and Judicial Offices Act 2022](#) (PSPJOA 2022) legislates for how the government will remove the discrimination identified by the courts in the way that the 2015 reforms were introduced for some members.

The main elements of the Act are:

- Changes implemented across all the main public service pension schemes in response to the Court of Appeal judgment in the McCloud and Sargeant cases:
- Eligible members of the main unfunded pension schemes have a choice of the benefits they wish to take for the "remedy period" of April 2015 to 31 March 2022.
- From 1 April 2022, when the remedy period ends, all those in service in main unfunded schemes will be members of the reformed pension schemes, ensuring equal treatment from that point on.
- Ensures there are no reductions to member benefits as a result of the 2016 cost control valuations.

The liabilities show the underlying commitments that the Group has to pay retirement benefits. However, the statutory arrangements for the funding of the deficit mean that the financial position of the OPCC/Group remains stable.

## Capital spending

A total of £7.2m was spent on improving the estate, investing in information technology and the vehicle fleet. This was funded by a combination of borrowing, grant, third party income including S106 and revenue contributions. This capital spending resulted in non-current asset additions of £7.1m with £0.1m being charged to the Comprehensive Income and Expenditure Statement as 'Revenue Expenditure Financed from Capital resources Under Statute' (REFCUS – see Note 14).

During the year two new PWLB loans were taken out totalling £5m and two loans repaid totalling £1.1m. Outstanding external debt at the year-end was £14.6m (excluding accruals for interest payable).

The 'Estates' projects undertaken include:

- purchase of the land at Coalville to create additional parking
- completion of the Melton Locker Room and refurbishment of the Keyham Lane Annex
- Purchase of Lighthouse (Child referral centre)
- The creation of a Front Enquiry Office at Oakham Police Station

During the year the IT Department continued to experience delays in the delivery of the programme due to the capacity of the internal IT resources and suppliers struggling to source components. However, the following projects were progressed during the year:

# Narrative Report by the Chief Finance Officer

- Investment in the data network and storage to ensure network performance and support new services.
- Completion of the smartphone fleet to facilitate the on-going use of agile services and replacement of airwave terminals to extend their use until the emergency services network goes live.
- Provision for the on-going development of Pronto.
- The continuation of investment in the personal computer estate to support agile working.
- A range of upgrades / enhancements on the force's Contact Management and Telephony solution.

During 2022/23, the Transport Unit purchased a total of 156 Vehicles including 9 additional IRVs. All the vehicles that were delayed due to supply issues in prior years have now been replaced. Capital expenditure on vehicles and commissioning was £3.4m.

No properties were disposed of during 2022/23.

## Looking Forward - Budget 2023/24 and beyond

In December 2022, the Policing Minister announced that the local precept could be increased by £15 per annum for a Band D property, the expectation from Government being that the full increase would be implemented by Police and Crime Commissioners.

The Commissioner welcomed the additional revenue grant funding of £0.3m and uplift grant of £2m provided to maintain the increase in police officer numbers as part of the Government's national Police Uplift Programme.

The Commissioner has been briefed on the current financial landscape, which has become a challenging one for policing. A nationally-set pay agreement for all Police officers and Police Staff, higher inflation, increasing energy and fuel costs and other inflationary pressures have put significant pressure on the Force's budget in 2023/24 and beyond.

Investment items totalling £2.239m are contained within the budget proposals for 2023/24 and beyond. This is to support organisational infrastructure and investment in digital transformation, deemed essential to deliver both service efficiency and to support the growth in officer numbers.

As part of the budget process, the Commissioner reviewed the adequacy and level of Reserves and is planning to use reserves to support the medium-term financial plan during a period of transition to a sustainable position. During 2023/24 it is planned that £3.4m of reserves will be utilised to fund in year expenditure of this £1m is of an ongoing nature.

In considering the proposed level of precept, the Commissioner was keen to consult with local residents regarding both their policing priorities and the level of precept they were prepared to pay. To this end he offered all residents of Leicester, Leicestershire and Rutland the opportunity to give their views. The Commissioner informed respondents that, due to the challenges faced by the Force, if current service levels were to be protected the only option available to him is to levy a precept increase for local tax payers.

The survey asked if residents of LLR were prepared to pay an additional £10, £12 or £15 (on a Band D property) per year for policing services. There were 2,172 responses to the survey. Of these, 15% responses lived in Leicester, 73.8% lived in Leicestershire and 11.2% lived in Rutland. Overall, 50.3 % of respondents were supportive of a £15.00 Band D precept increase.

Rupert Mathew's Budget and Precept for 2023/24 is focussed upon the Commissioner's priorities as contained within the Police and Crime Plan and the Strategic Policing Requirement, and ensures there are strong links with the Force Operating Model. The proposals did include an increase of £15 per year for a Band D property to ensure the continued sustainability of the budget across the Medium Term Financial Plan and to fund the investments referred to earlier, but also requires £3.9m of efficiency savings to be found during the year. The proposals recommended a total revenue net budget for 2023/24 of £230m alongside a capital programme of £11m which was considered by the Police and Crime Panel in February 2023 and were unanimously supported.

The Commissioner has worked closely with PCCs across the region to deliver policing and support services collaboratively where it makes sense to do so, to provide more efficient working practices and greater resilience for each force area.

The PCC is required to issue a separate Annual Report which details the activities undertaken during the year, together with an update on priorities and statutory requirements. This report was considered by the Police and Crime Panel on 9<sup>th</sup> October 2023.

# Narrative Report by the Chief Finance Officer

Whilst the funding made available to the Police and Crime Commissioner increased during 2022/23 and 2023/24 the outcome of the 2021 comprehensive spending review (SR2021) only provided a high level indication of the increase in overall grant funding for 2023/24 and 2024/25 therefore a degree of uncertainty regarding future levels of funding for the Group continues.

In conclusion, the financial arrangements of the Office of the Police and Crime Commissioner and the Office of the Chief Constable are in a sound position although it is recognised that future funding challenges remain.

Both organisations have a good reputation for managing expenditure within the resources available alongside a clear focus on a change programme to manage future challenges, supported by an adequate level of reserves that will help the force through the change process. Discussions continue to ensure that there is an appropriate balance between the change programme and its implications, and the resources available in order to deliver the priorities of the Police and Crime Plan as identified to the Commissioner by the public and partners within Leicester, Leicestershire and Rutland.

## Organisational Risks

When the budget for 2023/24 was set a number of risks were highlighted in relation to the following that could impact upon the budget plans:

- Pay inflation
- Changes to business rate bills from the 1<sup>st</sup> April 2023
- Police Staff job evaluation
- Employment claims in respect of unlawful discrimination arising from the transitional provisions in the Police Pension Regulations 2015.
- The Emergency Services network
- Digital transformation and cloud migration.

More details against each of these risks can be found at the following link to the budget and precept meeting report:

<https://www.leics.pcc.police.uk/Planning-and-Money/Finance/Budget-Information/Budget-2023-2024.aspx>

In addition to these the latest information reported to JARAP regarding the highest risks currently being faced include:

- The Financial Challenge - 2022/23 – 2025/26
- Capacity within I.T. to support and enable digital transformation
- Risk to network storage
- Inability to meet regional Occupational Health demand
- Churn of staff and ongoing establishment pressure
- Current JES non-equalities compliant and the implementation of new JES scheme carries risk
- Estates Department not being able to support essential building services
- Loss of IT functionality due to overheating at Euston Street
- Risk of cyber attack
- Removal, retention and deletion of data in Digital Hub
- Lack of PIP 2 detectives
- Complying with Home Office Counting Rules & ensuring high levels of crime data integrity
- Risk associated with the transition to an alternatively fuelled fleet

A report was also presented to JARAP regarding the OPCC's highest risks currently faced which include:

- Failure to meet the General Data Protection Regulations (GDPR)
- Economic impact of the current foreign political unrest
- The Financial Challenge - 2022/23 – 2025/26
- Failure to follow leavers process
- Delays in service provision due to pressures on the Commissioning and Procurement teams leading to delays in the tendering process, reputational issues
- Risk of Cyber Attack
- Partnership Relationships deteriorate as a result of a change in strategic direction
- Impairment of the wellbeing of staff caused by external factors
- Police and Crime Plan commitments not delivered



# Narrative Report by the Chief Finance Officer

- Insufficient funding to maintain Programme Sustainability
- Impact on public trust and confidence arising from national negative national coverage
- Delayed recruitment of OPCC Staff
- Provider failure or poor performance

## Explanation of the financial report

The Financial Statements set out the income and expenditure and the financial position of the 'Group' and the PCC for Leicestershire for the year ending 31<sup>st</sup> March 2023.

The accounts for 2022/23 are presented in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code) which specifies the principles and practices of accounting required to give a 'true and fair' view of the financial position and transactions of a local authority.

The way in which the Group operates both in consolidation and as individual bodies is described and controlled by the locally agreed Corporate Governance Framework (this includes both the Financial Regulations and Scheme of Delegation). The Framework sets out the overriding principle of the PCC having ownership of the assets and liabilities whilst being the contracting body that is legally responsible for all income and expenditure.

However in referring directly to both the Chief Constable's operational independence and "direction and control" of the Force it recognises that the Chief will have to consume resources in order to deliver the aims of the Policing Plan.

In producing these accounts, the 'substance over form' principle has been used to ensure that they best represent the reality of how the two corporations sole conduct their activities. In applying group accounting principles, transactions and balances are considered on merit and placed within the most appropriate set of single entity primary statements (i.e. the OPCC or the OCC). The Group (or consolidated) position is produced first, followed by a process of disaggregation that results in an intra-group balance within both single entity balance sheets.

The major headlines regarding the split of transaction and balances between both corporations sole are as follows:

- The 'Cost of Policing' is charged to the OCC together with a credit for the corresponding income that was received by the PCC.
- All usable reserves remain on the OPCC's balance sheet.
- All bank/investment balances together with outstanding debt remain on the OPCC's balance sheet.
- All transactions related to the Police Officer and Police Staff pension schemes (i.e. IAS 19) are transferred to the Chief Constable when disaggregating the Group accounts.
- The receipt (and closing debtor) of the Pension Fund top-up grant payable by the Home Office in support of the Police Officer pension scheme(s) is accounted for in the OPCC's account and transferred to the CC via the inter-group transfer.
- The actual share (in effect the majority) of the accrual for employee benefits at the balance sheet date (including annual leave, rest day and time-off in lieu) has been transferred to the Chief Constable in recognition of its inherent link to the employment of staff and the responsibility to bear costs.
- All debtor and creditor accounts (i.e. PAYE or net pay accounts) that are directly attributable to the employment of either police officers or staff have been transferred in full to the Chief Constable's balance sheet.

On each single entity balance sheet an entry has been made to reflect an intra-group account that balances working capital for the Chief Constable. This is in recognition of the fact that the Chief Constable does not hold cash resources of his own and that any liabilities are paid by the PCC together with any cash receipts related to debtors.

## The core financial statements (two provided, one for the Group and one for the OPCC):

The presentation of the 2022/23 Financial Statements reflects the reporting formats introduced by the 'Code' in 2016/17. An 'Expenditure and Funding Analysis' is now included in the notes. Proper accounting practices measure the resources that have been generated and consumed in the year including such things as the use of property (depreciation) and the value of pension benefits earned by employees. However, statutory provisions determine how much of the authority's expenditure needs to be met from council tax each year.

The Expenditure and Funding Analysis aims to demonstrate to council tax payers how the funding available to the Group (i.e. government grants, council tax) for the year has been used in providing services in comparison with

# Narrative Report by the Chief Finance Officer

those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows the movement on the cash backed reserves that are available to the Group.

The services that are shown on both the Comprehensive Income and Expenditure Statement and Expenditure and Funding Analysis are determined by the performance framework and internal financial monitoring arrangements of the OPCC and CC.

## Movement in Reserves Statement

The movement in the year on the different reserves held by the OPCC/Group is shown in this statement. This is analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The 'surplus or (deficit) on the provision of services' line shows the true economic cost of providing the OPCC's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for council tax setting purposes. The 'Net increase/(decrease) before transfers (to)/from earmarked reserves' line shows the statutory general fund balance before any discretionary transfers to or from earmarked reserves are undertaken by the OPCC/Group.

## Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with International Financial Reporting Standards, rather than the amount to be funded from taxation. The Police and Crime Commissioner raises taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

The core difference between the OPCC version and the consolidated Group position is that the OPCC Comprehensive Income and Expenditure Statement demonstrates the intra-group transfer to the OCC of the costs of providing policing services whilst retaining recognition of all income. The Group Comprehensive Income and Expenditure Statement is the consolidation position of both the OPCC and the OCC, it therefore shows the net costs of providing policing services.

## Balance Sheet

The value at the end of the reporting period (31st March) of the assets and liabilities recognised by the OPCC/Group are shown on the balance sheet. The net assets of the OPCC/Group (assets less liabilities) are matched by the reserves held by the OPCC/Group. Reserves are reported in two categories:

- Usable reserves - those reserves that the OPCC/Group may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the capital receipts reserve that may only be used to fund capital expenditure or repay debt). These include reserves that are earmarked for a specific purpose.
- Unusable reserves - those that the OPCC/Group is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the revaluation reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line "Adjustments between accounting basis and funding basis under regulations".

## Cash Flow Statement

This statement shows the movement in cash and cash equivalents of the OPCC/Group during the reporting period. The statement shows how the OPCC/Group generates and uses cash and cash equivalents by classifying cash flows as; operating, investing and financing activities. The net cash flow arising from operating activities is a key indicator of the extent to which the operations of the OPCC/Group are funded by way of taxation and grant income or from the recipients of services provided by the OPCC/Group. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the OPCC/Group's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (borrowing) to the OPCC/Group.

## **Notes to the core financial statements**

The notes provide support to the financial statements, inform the reader and give sufficient information to present a good understanding of the OPCC/Group's activities.

# **Narrative Report by the Chief Finance Officer**

---

There are no Accounting Standards that have been issued but not yet adopted that will impact on the financial statements or any material items that have been incurred that require, separate disclosure.

## **The supplementary financial statements:**

### Pension Fund Account

The police pension schemes are unfunded and hold no assets. The purpose of this account is to demonstrate the cash-based transactions taking place over the year and to identify the arrangements needed to balance the account. The Chief Constable for Leicestershire (OCC) administers the Pension Fund Account on behalf of the group with resources provided by the OPCC/Group.

## **Non-audited supplementary documents**

### Narrative Report

The purpose of the Narrative Report is to offer interested parties a more understandable guide to the most significant matters reported in the accounts. It provides an explanation in overall terms of the OPCC/Group's financial position.

### Statement of responsibilities

The purpose of the Statement of Responsibilities for the Chief Finance Officer to sign a statement that the accounts present a true and fair view of the financial position of the OPCC/Group at the accounting date and of its income and expenditure for the year then ended.

### Annual governance statement

Regulations require English authorities to conduct a review at least once a year of the effectiveness of its system of internal control and include a statement reporting on this review with any Statement of Accounts.



**Kira Knott**  
**Chief Finance Officer**  
**13<sup>th</sup> December 2024**

## ***The OPCC's responsibilities***

The OPCC is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this OPCC, that officer is the Chief Finance Officer
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- approve the statement of accounts

## ***OPCC's approval***

The Statement of Accounts for the year to 31<sup>st</sup> March 2023 has been prepared and were approved at the Joint Audit, Risk Assurance Panel (JARAP) on 9<sup>th</sup> December 2024.

## ***The Chief Finance Officer's responsibilities***

The Chief Finance Officer (CFO) is responsible for the preparation of the OPCC's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC *Code of Practice on Local Authority Accounting in the United Kingdom* (the Code).

In preparing this Statement of Accounts the CFO, has:

- selected suitable accounting policies and then applied them consistently
- made judgements and estimates that were reasonable and prudent
- complied with the Local Authority Code.

The Chief Finance Officer has also:

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

## ***Chief Finance Officer's certification***

I certify that the Statement of Accounts presents a true and fair view of the financial position of the OPCC/Group at the reporting date and of its income and expenditure for the year ended 31<sup>st</sup> March 2023.



**Kira Knott**  
**Chief Finance Officer**  
**13<sup>th</sup> December 2024**

## Comprehensive Income & Expenditure Statement (Group)

This statement shows the accounting cost in the year of providing police services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. The Group raises taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Statement of Movement in Reserves and Expenditure Funding Analysis. This statement represents the consolidated position of both the OPCC and OCC.

2021/22				2022/23			
Gross expenditure £000	Gross income £000	Net expenditure £000		Note	Gross expenditure £000	Gross income £000	Net expenditure £000
281,079	(27,330)	253,749	Policing Services		295,310	(31,187)	264,123
1,494	(91)	1,403	Corporate & Democratic Core		1,932	(105)	1,827
7,882	(5,222)	2,660	Commissioning		6,926	(4,019)	2,907
130	-	130	Non-Distributed Costs	26	-	-	-
<b>290,585</b>	<b>(32,643)</b>	<b>257,942</b>	<b>Cost of services</b>		<b>304,168</b>	<b>(35,311)</b>	<b>268,857</b>
129	-	129	Other operating expenditure	3	169	-	169
59,785	(37)	59,748	Financing and investment income & expenditure	4	76,115	(491)	75,624
	(214,407)	(214,407)	Taxation & non-specific grant income	5		(223,654)	(223,654)
	(24,690)	(24,690)	Grant received from the Home Office in respect of the pension fund account	26		(26,869)	(26,869)
<b>350,499</b>	<b>(271,777)</b>	<b>78,722</b>	<b>(Surplus) or deficit on provision of services</b>		<b>380,452</b>	<b>(286,325)</b>	<b>94,127</b>
		(2,470)	(Surplus) / deficit on revaluation of non-current assets	28			(1,771)
		(85,422)	Actuarial (gains) / losses on pension assets/liabilities	25			(1,074,863)
		<b>(87,892)</b>	<b>Other comprehensive income &amp; expenditure</b>				<b>(1,076,634)</b>
		<b>(9,170)</b>	<b>Total comprehensive income &amp; expenditure</b>				<b>(982,507)</b>

## Comprehensive Income & Expenditure Statement (OPCC)

This statement shows the accounting cost in the year of providing police services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. The OPCC raises taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Statement of Movement in Reserves. This statement differs from the Group statement in that it shows the intra-group transfer between the OPCC and the OCC. This transfer represents a recharge of the costs of providing policing services to the OCC who has consumed the resources.

2021/22				2022/23			
Gross expenditure £000	Gross income £000	Net expenditure £000		Note	Gross expenditure £000	Gross income £000	Net expenditure £000
1,340	(97)	1,243	Corporate & Democratic Core		1,787	(105)	1,682
7,882	(5,222)	2,660	Commissioning		6,926	(4,019)	2,907
<b>9,222</b>	<b>(5,319)</b>	<b>3,903</b>	<b>Cost of services</b>		<b>8,713</b>	<b>(4,124)</b>	<b>4,589</b>
229,051		229,051	Intra-group Transfer		241,913	-	241,913
129	-	129	Other operating expenditure	3	169	-	169
518	(37)	481	Financing and investment income & expenditure	4	561	(491)	70
	(214,407)	(214,407)	Taxation & non-specific grant income	5		(223,654)	(223,654)
	(24,690)	(24,690)	Grant received from the Home Office in respect of the pension fund account	26		(26,869)	(26,869)
<b>238,920</b>	<b>(244,453)</b>	<b>(5,533)</b>	<b>(Surplus) or deficit on provision of services</b>		<b>251,356</b>	<b>(255,138)</b>	<b>(3,782)</b>
		(2,470)	(Surplus) / deficit on revaluation of non-current assets	28			(1,771)
		-	Actuarial (gains) / losses on pension assets/liabilities	25			-
		<b>(2,470)</b>	<b>Other comprehensive income &amp; expenditure</b>				<b>(1,771)</b>
		<b>(8,003)</b>	<b>Total comprehensive income &amp; expenditure</b>				<b>(5,553)</b>

## Balance Sheet (Group)

The Balance Sheet shows the value of the Group's assets and liabilities at the balance sheet date. The net assets or liabilities (shown below) are matched by the Group's reserves. Reserves are separated into *usable* (i.e. those amounts the Group may use to provide police services – subject to statutory limitations) and *unusable* (i.e. those reserves where unrealised gains/(losses) reside or where adjustments are made to reconcile between accounting requirements and taxation requirements).

31 <sup>st</sup> March 2022 £000		Note	31 <sup>st</sup> March 2023 £000
2,235	Intangible assets	12	2,304
75,291	Property, Plant & Equipment	13	80,385
-	Assets held for sale	15	-
236	Investment property		236
16	Long term debtors	16	10
<b>77,778</b>	<b>Total long term assets</b>		<b>82,935</b>
137	Inventories		209
27,227	Short term debtors	16	34,461
10	Short term investments		10
8,691	Cash & cash equivalents	17	14,804
<b>36,065</b>	<b>Current assets</b>		<b>49,484</b>
(29,592)	Short term creditors	18/31	(39,779)
(1,194)	Short term borrowing	19	(93)
(946)	Provisions	21	(1,229)
<b>(31,732)</b>	<b>Current liabilities</b>		<b>(41,101)</b>
<b>4,333</b>	<b>Net current assets</b>		<b>8,383</b>
(9,569)	Long term borrowing	19	(14,569)
(1,267)	Grants Receipts in Advance - Capital	11	(1,177)
(2,722,332)	Liability related to defined benefit pension schemes	26	(1,744,122)
<b>(2,733,168)</b>	<b>Long term liabilities</b>		<b>(1,759,868)</b>
<b>(2,651,057)</b>	<b>Net assets / (liabilities)</b>		<b>(1,668,550)</b>
(32,555)	Usable reserves*	22	(32,509)
2,683,612	Unusable reserves	23	1,701,059
<b>2,651,057</b>	<b>Total reserves</b>		<b>1,668,550</b>

\*This includes reserves that are earmarked for a specific purpose (Earmarked Reserves)

### Re-certification

The unaudited financial statements on pages 1 to 97 were issued on the 10<sup>th</sup> July 2023 and the audited financial statements were authorised for issue on xx December 2024.



**Kira Knott**  
Chief Finance Officer  
13<sup>th</sup> December 2024

## Balance Sheet (OPCC)

The Balance Sheet shows the value of the OPCC's assets and liabilities at the balance sheet date. The net assets or liabilities (shown below) are matched by the OPCC's reserves. Reserves are separated into *usable* (i.e. those amounts the OPCC may use to provide police services – subject to statutory limitations) and *unusable* (i.e. those reserves where unrealised gains/(losses) reside or where adjustments are made to reconcile between accounting requirements and taxation requirements).

31 <sup>st</sup> March 2022 £000		Note	31 <sup>st</sup> March 2023 £000
2,235	Intangible assets	12	2,304
75,291	Property, Plant & Equipment	13	80,385
-	Assets held for sale	15	-
236	Investment property		236
-	Long term debtors	16	-
<b>77,762</b>	<b>Total long term assets</b>		<b>82,925</b>
137	Inventories		209
27,096	Short term debtors	16	34,315
10	Short term investments		10
8,691	Cash & cash equivalents	17	14,804
<b>35,934</b>	<b>Current assets</b>		<b>49,338</b>
(20,343)	Short term creditors	18/31	(27,662)
(1,194)	Short term borrowing	19	(93)
(946)	Provisions	21	(1,229)
(3,731)	Inter – Group Creditor		(5,334)
<b>(26,214)</b>	<b>Current liabilities</b>		<b>(34,318)</b>
<b>9,720</b>	<b>Net current assets</b>		<b>15,020</b>
(9,569)	Long term borrowing	19	(14,569)
(1,267)	Grants Receipts in Advance - Capital	11	(1,177)
<b>(10,836)</b>	<b>Long term liabilities</b>		<b>(15,746)</b>
<b>76,646</b>	<b>Net assets / (liabilities)</b>		<b>82,199</b>
(32,555)	Usable reserves*	22	(32,509)
(44,091)	Unusable reserves	23	(49,690)
<b>(76,646)</b>	<b>Total reserves</b>		<b>(82,199)</b>

\*This includes reserves that are earmarked for a specific purpose (Earmarked Reserves)

### Re-certification

The unaudited financial statements on pages 1 to 97 were issued on the 10<sup>th</sup> July 2023 and the audited financial statements were authorised for issue on xx December 2024.



**Kira Knott**  
Chief Finance Officer  
13<sup>th</sup> December 2024



## Statement of Movement in Reserves (Group)

The movement in the year on the different reserves held by the Group is shown in this statement. This is analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The 'surplus or (deficit) on the provision of services' line shows the true economic cost of providing the Group's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the general fund balance for council tax setting purposes. The 'net increase/(decrease) before transfers (to)/from earmarked reserves' line shows the statutory general fund balance before any discretionary transfers to or from earmarked reserves undertaken by the Group.

Further details of the movements can be seen in the notes as referenced below.

2022/23	General Fund Balance	Earmarked General Fund Reserves	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
<i>Note</i>	22	22	22	22	23	
	£000	£000	£000	£000	£000	£000
<b>Balance at 31 March 2022</b>	<b>(5,000)</b>	<b>(27,072)</b>	<b>(483)</b>	<b>(32,555)</b>	<b>2,683,612</b>	<b>2,651,057</b>
<b>Movement in reserves during 2022/23</b>						
Surplus or deficit on the provision of services	94,127	-	-	<b>94,127</b>	-	<b>94,127</b>
Other Comprehensive Income and Expenditure	-	-	-	-	(1,076,634)	<b>(1,076,634)</b>
<b>Total Comprehensive Income and Expenditure</b>	<b>94,127</b>	<b>-</b>	<b>-</b>	<b>94,127</b>	<b>(1,076,634)</b>	<b>(982,507)</b>
Adjustments between accounting basis and funding basis under regulations (Note 1)	(94,144)	-	63	<b>(94,081)</b>	94,081	-
<b>Net Increase or Decrease before Transfers to Earmarked Reserves</b>	<b>(17)</b>	<b>-</b>	<b>63</b>	<b>46</b>	<b>(982,553)</b>	<b>(982,507)</b>
Transfers to/from Earmarked Reserves	17	(17)	-	-	-	-
<b>Increase or Decrease in 2022/23</b>	<b>-</b>	<b>(17)</b>	<b>63</b>	<b>46</b>	<b>(982,553)</b>	<b>(982,507)</b>
<b>Balance at 31 March 2023</b>	<b>(5,000)</b>	<b>(27,089)</b>	<b>(420)</b>	<b>(32,509)</b>	<b>1,701,059</b>	<b>1,668,550</b>

## Core financial statements

2021/22	General Fund Balance	Earmarked General Fund Reserves	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
<i>Note</i>	22	22	22	22	23	
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Balance at 31 March 2021</b>	<b>(5,000)</b>	<b>(24,889)</b>	<b>(486)</b>	<b>(30,375)</b>	<b>2,690,602</b>	<b>2,660,227</b>
<b>Movement in reserves during 2021/22</b>						
Surplus or deficit on the provision of services	78,722	-	-	<b>78,722</b>	-	<b>78,722</b>
Other Comprehensive Income and Expenditure		-	-	-	(87,892)	<b>(87,892)</b>
<b>Total Comprehensive Income and Expenditure</b>	<b>78,722</b>	<b>-</b>	<b>-</b>	<b>78,722</b>	<b>(87,892)</b>	<b>(9,170)</b>
Adjustments between accounting basis and funding basis under regulations	(80,905)	-	3	<b>(80,902)</b>	80,902	-
<b>Net Increase or Decrease before Transfers to Earmarked Reserves</b>	<b>(2,183)</b>	<b>-</b>	<b>3</b>	<b>(2,180)</b>	<b>(6,990)</b>	<b>(9,170)</b>
Transfers to/from Earmarked Reserves	2,183	(2,183)	-	-	-	-
<b>Increase or Decrease in 2021/22</b>	<b>-</b>	<b>(2,183)</b>	<b>3</b>	<b>(2,180)</b>	<b>(6,990)</b>	<b>(9,170)</b>
<b>Balance at 31 March 2022</b>	<b>(5,000)</b>	<b>(27,072)</b>	<b>(483)</b>	<b>(32,555)</b>	<b>2,683,612</b>	<b>2,651,057</b>

**Statement of Movement in Reserves (OPCC)**

2022/23	General Fund Balance	Earmarked General Fund Reserves	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
Note	22 £000	22 £000	22 £000	22 £000	23 £000	£000
<b>Balance at 31 March 2022</b>	<b>(5,000)</b>	<b>(27,072)</b>	<b>(483)</b>	<b>(32,555)</b>	<b>(44,091)</b>	<b>(76,646)</b>
<b>Movement in reserves during 2022/23</b>						
Surplus or deficit on the provision of services	(3,782)	-	-	(3,782)	-	(3,782)
Other Comprehensive Income and Expenditure	-	-	-	-	(1,771)	(1,771)
<b>Total Comprehensive Income and Expenditure</b>	<b>(3,782)</b>	<b>-</b>	<b>-</b>	<b>(3,782)</b>	<b>(1,771)</b>	<b>(5,553)</b>
Adjustments between accounting basis and funding basis under regulations (Note 1)	3,765	-	63	3,828	(3,828)	-
<b>Net Increase or Decrease before Transfers to Earmarked Reserves</b>	<b>(17)</b>	<b>-</b>	<b>63</b>	<b>46</b>	<b>(5,599)</b>	<b>(5,553)</b>
Transfers to/from Earmarked Reserves	17	(17)	-	-	-	-
<b>Increase or Decrease in 2022/23</b>	<b>-</b>	<b>(17)</b>	<b>63</b>	<b>46</b>	<b>(5,599)</b>	<b>(5,553)</b>
<b>Balance at 31 March 2023</b>	<b>(5,000)</b>	<b>(27,089)</b>	<b>(420)</b>	<b>(32,509)</b>	<b>(49,690)</b>	<b>(82,199)</b>

## Core financial statements

2021/22	General Fund Balance	Earmarked General Fund Reserves	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
<i>Note</i>	22	22	22	22	23	
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Balance at 31 March 2021</b>	<b>(5,000)</b>	<b>(24,889)</b>	<b>(486)</b>	<b>(30,375)</b>	<b>(38,268)</b>	<b>(68,643)</b>
<b>Movement in reserves during 2021/22</b>						
Surplus or deficit on the provision of services	(5,533)	-		<b>(5,533)</b>	-	<b>(5,533)</b>
Other Comprehensive Income and Expenditure		-		-	(2,470)	<b>(2,470)</b>
<b>Total Comprehensive Income and Expenditure</b>	<b>(5,533)</b>	<b>-</b>	<b>-</b>	<b>(5,533)</b>	<b>(2,470)</b>	<b>(8,003)</b>
Adjustments between accounting basis and funding basis under regulations	3,350	-	3	<b>3,353</b>	(3,353)	-
<b>Net Increase or Decrease before Transfers to Earmarked Reserves</b>	<b>(2,183)</b>	<b>-</b>	<b>3</b>	<b>(2,180)</b>	<b>(5,823)</b>	<b>(8,003)</b>
Transfers to/from Earmarked Reserves	2,183	(2,183)	-	-	-	-
<b>Increase or Decrease in 2021/22</b>	<b>-</b>	<b>(2,183)</b>	<b>3</b>	<b>(2,180)</b>	<b>(5,823)</b>	<b>(8,003)</b>
<b>Balance at 31 March 2022</b>	<b>(5,000)</b>	<b>(27,072)</b>	<b>(483)</b>	<b>(32,555)</b>	<b>(44,091)</b>	<b>(76,646)</b>

## Cash Flow Statement (Group)

The Cash Flow Statement shows the changes in cash and cash equivalents of the Group during the reporting period. The statement shows how the Group generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Group are funded by way of taxation and grant income or from the recipients of services provided by the Group.

*Investing* activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Group's future service delivery.

Cash flows arising from *financing* activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Group.

2021/22 £000		Note	2022/23 £000
78,722	<b>Net (surplus) or deficit on the provision of services</b>		<b>94,127</b>
(81,186)	Adjustments to net (surplus) or deficit on the provision of services for non-cash movements	33.1	(104,006)
635	Adjustments for items included in the net (surplus) or deficit on the provision of services that are investing and financing activities	33.2	238
<b>(1,829)</b>	<b>Net cash flows from operating activities</b>		<b>(9,641)</b>
4,275	Investing activities	34	7,421
-	Financing activities	35	(3,893)
<b>2,446</b>	<b>Net (increase) or decrease in cash and cash equivalents</b>		<b>(6,113)</b>
(11,137)	Cash and cash equivalents at the beginning of the reporting period	17	(8,691)
<b>(8,691)</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	17	<b>(14,804)</b>

## Cash Flow Statement (OPCC)

The Cash Flow Statement shows the changes in cash and cash equivalents of the OPCC during the reporting period. The statement shows how the OPCC generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the OPCC are funded by way of taxation and grant income or from the recipients of services provided by the OPCC.

*Investing* activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the OPCC's future service delivery.

Cash flows arising from *financing* activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the OPCC.

2021/22 £000		Note	2022/23 £000
(5,533)	<b>Net (surplus) or deficit on the provision of services</b>		<b>(3,782)</b>
(3,069)	Adjustments to net (surplus) or deficit on the provision of services for non-cash movements	33.1	(6,097)
635	Adjustments for items included in the net (surplus) or deficit on the provision of services that are investing and financing activities	33.2	238
<b>(1,829)</b>	<b>Net cash flows from operating activities</b>		<b>(9,641)</b>
4,275	Investing activities	34	7,421
-	Financing activities	35	(3,893)
<b>2,446</b>	<b>Net (increase) or decrease in cash and cash equivalents</b>		<b>(6,113)</b>
(11,137)	Cash and cash equivalents at the beginning of the reporting period	17	(8,691)
<b>(8,691)</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	17	<b>(14,804)</b>

### 1. Adjustments between accounting basis and funding basis under regulations (Group & OPCC)

This note details the adjustments that are made to the Comprehensive Income & Expenditure recognised by the OPCC/Group in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the OPCC/Group to meet future capital and revenue expenditure.

GROUP 2022/23	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000	£000
<b>Adjustments to the Revenue Resources</b>				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:				
Pension cost (transferred to (or from) the Pensions Reserve)	(96,653)	-	-	96,653
Council tax and NDR (transfers to or from the Collection Fund)	172	-	-	(172)
Holiday pay (transferred to the Accumulated Absences reserve)	(1,257)	-	-	1,257
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(3,638)	-	(43)	3,681
<b>Total Adjustments to Revenue Resources</b>	<b>(101,376)</b>	<b>-</b>	<b>(43)</b>	<b>101,419</b>
<b>Adjustments between Revenue and Capital Resources</b>				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	14	(14)	-	-
Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	3,495	-	-	(3,495)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	3,723	-	-	(3,723)
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>7,232</b>	<b>(14)</b>	<b>-</b>	<b>(7,218)</b>
<b>Adjustments to Capital Resources</b>				
Use of the Capital Receipts Reserve to finance capital expenditure	-	14	-	(14)
Application of capital grants to finance capital expenditure	-	-	106	(106)
<b>Total Adjustments to Capital Resources</b>	<b>-</b>	<b>14</b>	<b>106</b>	<b>(120)</b>
<b>Total Adjustments</b>	<b>(94,144)</b>	<b>-</b>	<b>63</b>	<b>94,081</b>

## Notes to the core financial statements

GROUP 2021/22	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000	£000
<b>Adjustments to the Revenue Resources</b>				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:				
Pension cost (transferred to (or from) the Pensions Reserve)	(83,697)	-	-	83,697
Council tax and NDR (transfers to or from the Collection Fund)	1,282			(1,282)
Holiday pay (transferred to the Accumulated Absences reserve)	(548)			548
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(2,284)		(279)	2,563
<b>Total Adjustments to Revenue Resources</b>	<b>(85,247)</b>	<b>-</b>	<b>(279)</b>	<b>85,526</b>
<b>Adjustments between Revenue and Capital Resources</b>				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	-	-	-	-
Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	3,070	-	-	(3,070)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	1,272	-	-	(1,272)
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>4,342</b>	<b>-</b>	<b>-</b>	<b>(4,342)</b>
<b>Adjustments to Capital Resources</b>				
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	-	-
Application of capital grants to finance capital expenditure	-	-	282	(282)
<b>Total Adjustments to Capital Resources</b>	<b>-</b>	<b>-</b>	<b>282</b>	<b>(282)</b>
<b>Total Adjustments</b>	<b>(80,905)</b>	<b>-</b>	<b>3</b>	<b>80,902</b>

OPCC 2022/23	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000	£000
<b>Adjustments to the Revenue Resources</b>				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:				
Council tax and NDR (transfers to or from the Collection Fund)	172	-	-	(172)
Holiday pay (transferred to the Accumulated Absences reserve)	(1)	-	-	1
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(3,638)	-	(43)	3,681
<b>Total Adjustments to Revenue Resources</b>	<b>(3,467)</b>	<b>-</b>	<b>(43)</b>	<b>3,510</b>
<b>Adjustments between Revenue and Capital Resources</b>				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	14	(14)	-	-
Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	3,495	-	-	(3,495)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	3,723	-	-	(3,723)
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>7,232</b>	<b>(14)</b>	<b>-</b>	<b>(7,218)</b>
<b>Adjustments to Capital Resources</b>				
Use of the Capital Receipts Reserve to finance capital expenditure	-	14	-	(14)
Application of capital grants to finance capital expenditure	-	-	106	(106)
<b>Total Adjustments to Capital Resources</b>	<b>-</b>	<b>14</b>	<b>106</b>	<b>(120)</b>
<b>Total Adjustments</b>	<b>3,765</b>	<b>-</b>	<b>63</b>	<b>(3,828)</b>



## Notes to the core financial statements

OPCC 2021/22	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000	£000
<b>Adjustments to the Revenue Resources</b>				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:				
Council tax and NDR (transfers to or from the Collection Fund)	1,282	-	-	(1,282)
Holiday pay (transferred to the Accumulated Absences reserve)	10	-	-	(10)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(2,284)	-	(279)	2,563
<b>Total Adjustments to Revenue Resources</b>	<b>(992)</b>	<b>-</b>	<b>(279)</b>	<b>1,271</b>
<b>Adjustments between Revenue and Capital Resources</b>				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	-	-	-	-
Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	3,070	-	-	(3,070)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	1,272	-	-	(1,272)
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>4,342</b>	<b>-</b>	<b>-</b>	<b>(4,342)</b>
<b>Adjustments to Capital Resources</b>				
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	-	-
Application of capital grants to finance capital expenditure	-	-	282	(282)
<b>Total Adjustments to Capital Resources</b>	<b>-</b>	<b>-</b>	<b>282</b>	<b>(282)</b>
<b>Total Adjustments</b>	<b>3,350</b>	<b>-</b>	<b>3</b>	<b>(3,353)</b>

## Notes to the core financial statements

### 2. Expenditure and Funding Analysis

The objective of the Expenditure and Funding Analysis is to demonstrate to council tax payers how the funding available to the authority (i.e. government grants, council tax) for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. The Expenditure and Funding analysis also shows how this expenditure is allocated for decision making purposes between the Group/OPCC's services.

2021/22		
Net Expenditure Chargeable to the General Fund	Adjustments	Net Expenditure in the Comprehensive Income and Expenditure Statement
£000	£000	£000
205,752	47,997	253,749
1,412	(9)	1,403
2,660	-	2,660
-	130	130
<b>209,824</b>	<b>48,118</b>	<b>257,942</b>
(212,007)	32,787	(179,220)
<b>(2,183)</b>	<b>80,905</b>	<b>78,722</b>
(29,889)		
(2,183)		
<b>(32,072)</b>		

<b>GROUP</b>	2022/23		
	Net Expenditure Chargeable to the General Fund	Adjustments	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£000	£000	£000
<i>Note</i>		<i>2.1</i>	
Policing Services	218,439	45,684	264,123
Corporate & Democratic Core	1,826	1	1,827
Commissioning	2,907	-	2,907
Non-Distributed Costs	-	-	-
<b>Net Cost of Services</b>	<b>223,172</b>	<b>45,685</b>	<b>268,857</b>
Other Income and Expenditure	(223,189)	48,459	(174,730)
<b>Surplus or Deficit on Provision of Services</b>	<b>(17)</b>	<b>94,144</b>	<b>94,127</b>
Opening Combined General Fund Balance	(32,072)		
Plus / less Surplus or Deficit on the General Fund for the Year (Statutory basis)	(17)		
<b>Closing Combined General Fund Balance</b>	<b>(32,089)</b>		

## Notes to the core financial statements

2021/22			2022/23			
Net Expenditure Chargeable to the General Fund	Adjustments	Net Expenditure in the Comprehensive Income and Expenditure Statement	<b>OPCC</b>	Net Expenditure Chargeable to the General Fund	Adjustments	Net Expenditure in the Comprehensive Income and Expenditure Statement
			<i>Note</i>		<i>2.1</i>	
£000	£000	£000		£000	£000	£000
1,252	(9)	1,243		1,681	1	1,682
2,660	-	2,660	Corporate & Democratic Core Commissioning	2,907	-	2,907
-	-	-	Non-Distributed Costs	-	-	-
<b>3,912</b>	<b>(9)</b>	<b>3,903</b>	<b>Net Cost of Services</b>	<b>4,588</b>	<b>1</b>	<b>4,589</b>
(6,095)	<b>(3,341)</b>	(9,436)	Other Income and Expenditure	(4,605)	(3,766)	(8,371)
<b>(2,183)</b>	<b>(3,350)</b>	<b>(5,533)</b>	<b>Surplus or Deficit on Provision of Services</b>	<b>(17)</b>	<b>(3,765)</b>	<b>(3,782)</b>
(29,889)			Opening Combined General Fund Balance	(32,072)		
(2,183)			Plus / less Surplus or Deficit on the General Fund for the Year (Statutory basis)	(17)		
<b>(32,072)</b>			<b>Closing Combined General Fund Balance</b>	<b>(32,089)</b>		

### 2.1 Note to Expenditure and Funding Analysis

GROUP	2022/23				
	Net Capital Statutory Adjustments	Net Pensions Statutory Adjustments	Other Statutory Adjustments	Other Differences	Total Adjustments
	£000	£000	£000	£000	£000
Policing Services	(41)	47,968	(2,243)	-	45,684
Corporate & Democratic Core Commissioning	-	-	1	-	1
Non-Distributed Costs	-	-	-	-	-
<b>Net Cost of Services</b>	<b>(41)</b>	<b>47,968</b>	<b>(2,242)</b>	<b>-</b>	<b>45,685</b>
Other Income and Expenditure	(54)	48,685	(172)	-	48,459
<b>Difference between the Statutory Charge and the Surplus or Deficit in the Comprehensive Income and Expenditure Statement</b>	<b>(95)</b>	<b>96,653</b>	<b>(2,414)</b>	<b>-</b>	<b>94,144</b>

## Notes to the core financial statements

GROUP	2021/22				
	Net Capital Statutory Adjustments	Net Pensions Statutory Adjustments	Other Statutory Adjustments	Other Differences	Total Adjustments
	£000	£000	£000	£000	£000
Policing Services	1,519	48,987	(2,512)	-	47,994
Corporate & Democratic Core	-	-	(9)	-	(9)
Commissioning	-	-	-	-	-
Non-Distributed Costs	-	130	-	-	130
<b>Net Cost of Services</b>	<b>1,519</b>	<b>49,117</b>	<b>(2,521)</b>	<b>-</b>	<b>48,115</b>
Other Income and Expenditure	(506)	34,580	(1,284)	-	32,790
<b>Difference between the Statutory Charge and the Surplus or Deficit in the Comprehensive Income and Expenditure Statement</b>	<b>1,013</b>	<b>83,697</b>	<b>(3,805)</b>	<b>-</b>	<b>80,905</b>

OPCC	2022/23				
	Net Capital Statutory Adjustments	Net Pensions Statutory Adjustments	Other Statutory Adjustments	Other Differences	Total Adjustments
	£000	£000	£000	£000	£000
Corporate & Democratic Core	-	-	1	-	1
Commissioning	-	-	-	-	-
Non-Distributed Costs	-	-	-	-	-
<b>Net Cost of Services</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>1</b>
Other Income and Expenditure	(97)	-	(3,669)	-	(3,765)
<b>Difference between the Statutory Charge and the Surplus or Deficit in the Comprehensive Income and Expenditure Statement</b>	<b>(97)</b>	<b>-</b>	<b>(3,668)</b>	<b>-</b>	<b>(3,765)</b>

OPCC	2021/22				
	Net Capital Statutory Adjustments	Net Pensions Statutory Adjustments	Other Statutory Adjustments	Other Differences	Total Adjustments
	£000	£000	£000	£000	£000
Corporate & Democratic Core	-	-	(9)	-	(9)
Commissioning	-	-	-	-	-
Non-Distributed Costs	-	-	-	-	-
<b>Net Cost of Services</b>	<b>-</b>	<b>-</b>	<b>(9)</b>	<b>-</b>	<b>(9)</b>
Other Income and Expenditure	1,013	-	(4,354)	-	(3,341)
<b>Difference between the Statutory Charge and the Surplus or Deficit in the Comprehensive Income and Expenditure Statement</b>	<b>1,013</b>	<b>-</b>	<b>(4,363)</b>	<b>-</b>	<b>(3,350)</b>

### 2.2 Expenditure and Income Analysed by Nature (Group)

This note provides an alternative breakdown of the Group's *cost of services* using descriptions used in the Group's internal management reporting. It is provided to allow the reader of these financial statements an opportunity to see what the major areas of expenditure and income are for the Group.

It should be noted that this analysis includes some items within *cost of services* that are not required to be charged against the general fund for council tax purposes – this analysis does not therefore constitute the revenue budget of the Group.

2021/22 £000	Nature of Expenditure or Income	Note	2022/23 £000
123,114	Police officer pay and allowances		131,076
61,833	Police staff pay and allowances		64,944
3,648	Police pensions		3,262
48,987	IAS 19 Current Cost Adjustment (pensions)	26	47,968
1,774	Other employees expenses		1,734
5,417	Premises		6,845
3,770	Transport		4,290
19,426	Supplies and services		21,396
6,605	Agency and contracted services		7,581
1,494	The Office of the Police and Crime Commissioner		1,932
7,882	Commissioning Activities by the PCC		6,926
146	Revenue expenditure financed from capital resources (REFCUS)	14/29	136
6,359	Depreciation & amortisation charges	12/13	6,078
(3770)	(Surplus) / deficit on revaluation of non-current assets (not covered by accumulated revaluation gains)	13	(2,683)
130	Non-distributed costs regarding pensions	26	-
<b>286,815</b>	<b>Gross operating expenditure</b>		<b>301,485</b>
(10,010)	Income from government grants	11	(14,616)
(11,256)	Income from fees and charges		(11,666)
(2,294)	Contributions from other local authorities		(2,222)
(91)	The Office of the Police and Crime Commissioner		(105)
(5,222)	Commissioning grant and other income		(4,019)
<b>257,942</b>	<b>Cost of services</b>		<b>268,857</b>
129	Other operating expenditure	3	169
59,748	Financing and investment income & expenditure	4	75,624
(214,407)	Taxation & non-specific grant income	5	(223,654)
(24,690)	Grant received from the Home Office in respect of the pension fund account	27	(26,869)
<b>78,722</b>	<b>(Surplus) or deficit on provision of services</b>		<b>94,127</b>
(2,470)	(Surplus) / deficit on revaluation of non-current assets	29	(1,771)
(85,422)	Actuarial (gains) / losses on pension assets/liabilities	26	(1,074,863)
<b>(87,892)</b>	<b>Other comprehensive income &amp; expenditure</b>		<b>(1,076,634)</b>
<b>(9,170)</b>	<b>Total comprehensive income &amp; expenditure</b>		<b>(982,507)</b>

### 3. Other operating expenditure (Group & OPCC)

This line on the Comprehensive Income & Expenditure Statement includes the following items:

2021/22 Outturn £000		Note	2022/23 Outturn £000
129	(Gains)/losses on the disposal of non-current assets	12/13	169
<b>129</b>			<b>169</b>

### 4. Financing and investment income & expenditure (Group & OPCC)

This line on the Comprehensive Income & Expenditure Statement includes the following items:

2021/22 OPCC £000	2021/22 Group £000		Note	2022/23 OPCC £000	2022/23 Group £000
518	518	Interest payable and similar charges		561	561
-	59,267	Pensions net interest cost	26	-	75,554
(10)	(10)	Interest receivable and similar income		(464)	(464)
(27)	(27)	Income and expenditure in relation to investment properties		(27)	(27)
-	-	Changes in the market value of investment properties		-	-
<b>481</b>	<b>59,748</b>			<b>70</b>	<b>75,624</b>

### 5. Taxation and non-specific grant income (Group & OPCC)

This line on the Comprehensive Income & Expenditure Statement includes the following items:

2021/22 Outturn £000		Note	2022/23 Outturn £000
(82,503)	Council tax income	8	(87,161)
(86,359)	Police grant		(88,699)
(44,907)	Ex-CLG grant		(47,570)
(638)	Capital grants and contributions		(224)
<b>(214,407)</b>			<b>(223,654)</b>

Council tax income is presented on an accruals basis whilst the police and Ex Communities and Local Government grants are on a cash basis – the full amount having been received in the year. Further explanation regarding the accounting treatment for council tax can be seen in accounting policy A7.

A breakdown of the amounts received from each billing authority can be seen in note 8 – Related parties (on an accruals basis)

6. Officers' remuneration (Group & OPCC)

The remuneration paid to the OPCC/Group's senior officers and relevant police officers is as follows:

2022/23	Notes	Salary	Benefits in kind	Other payments	Expense allowances	Compensation for loss of office	Pension contributions	Total
		£	£	£	£	£	£	£
				Note 1	Note 2			
<b>The Office of the CC</b>								
Chief Constable –Mr R Nixon		157,802		3,376	8,500		48,919	218,597
Deputy Chief Constable (Until 12/06/2022)	4	25,464		675	1,005		7,392	34,536
Deputy Chief Constable (Commenced 30/05/2022)		109,524	6,268		419		32,639	148,850
<i>Assistant Chief Constables</i>								
Senior Police Officer O (Until 29/05/2022)	5	19,229			81		5,961	25,271
Senior Police Officer P (Commenced 16/05/2022)	6	101,831		2,307	4,673		31,568	140,379
Senior Police Officer Q		107,580			5,800		28,786	142,166
<i>Assistant Chief Officers</i>								
Finance & Resources		105,375			5,542		26,133	137,050
ACO Human Resources		91,197			5,527		22,617	119,341
		718,002	6,268	7,358	31,547	-	204,015	966,190
<b>Office of the PCC</b>								
Interim Chief Executive C (23/04/2022 to 02/12/2022)	7	59,271					14,683	73,954
Chief Executive D (01/01/2022 to 26/04/2022)		8,335			89	22,640	2,055	33,119
Interim Chief Executive E (03/12/2022 to 01/02/2023)				15,476				15,476
Interim Chief Executive F (01/02/2023)				16,562				16,562
Interim Chief Finance Officer (from 01/02/2023)		66,846					16,079	82,925
		134,452	-	32,038	89	22,640	32,817	222,036
<b>Group</b>		<b>852,454</b>	<b>6,268</b>	<b>38,396</b>	<b>31,636</b>	<b>22,640</b>	<b>236,832</b>	<b>1,188,226</b>

**Note 1** – Rent allowance is paid under Police Regulations 1987 as amended by the Police Regulations 1990 and 1994. Housing allowance is the alternative to rent allowance (dependant upon when the officer joined the Force). Other payments include fees for 2 Interim Chief Executive Officers engaged through consultancy services.

**Note 2** - Expense allowances include car allowances for employees who provide their own vehicles and private health care.

**Note 3** – All chief officers have forgone their eligibility to be considered for an annual performance related bonus payment.

**Note 4** – The Deputy Chief Constable held the post until the 12/06/2022 on an annualised salary of £129,264. This officer then transferred to another Force

**Note 5** – Senior Police Officer O held the post of Leicestershire ACC until the 29/05/2022 on an annualised salary of £119,220. On the 19/03/2022 this officer was temporary promoted to Deputy Chief Constable on an annualised salary of £129,264 and was subsequently confirmed in post on the 20/01/2023.

**Note 6** – Senior Police Officer P was temporary promoted to the rank of Assistant Chief Constable on the 16/05/2022 on an annualised salary of £112,404. This is a second period of temporary promotion

**Note 7** - The Chief Executive role has been held by 4 individuals during the year. The substantive postholder (D) left the organisation by voluntary agreement on the 26/04/2022 on annualised salary £92,250. The post was then covered by Interim Chief Executive C who has previously covered the role on a temporary basis during 2021/22. Interim Chief Executive C stepped down from the position on 02/12/2023 and a consultant, Interim Chief Executive E was contracted to carry out the position. The contract for Interim Chief Executive E was terminated on 01/02/2023. The services of Interim Chief Executive F were engaged as a consultant CEO from 01/02/2023 until the permanent appoint of a new Chief Executive Officer.



2021/22	Notes	Salary	Benefits in kind	Other payments	Expense allowances	Compensation for loss of office	Pension contributions	Total
		£	£	£	£		£	£
				Note 1	Note 2			
<b>The Office of the CC</b>								
Chief Constable –Mr Simon Cole (Retired 21/03/2022)		159,413		4,418	8,675			172,506
Chief Constable (Commenced 19/03/2022)		5,476		118	297		1,697	7,588
Deputy Chief Constable (Until 18/03/2022)	4	124,747		3,258	4,851		38,671	171,527
Deputy Chief Constable (commenced 19/03/2022)		4,517		118	175		1,292	6,102
<i>Assistant Chief Constables</i>								
Senior Police Officer N (Until 18/03/2022)	5	115,054		3,258	4,851		35,667	158,830
Senior Police Officer O		119,220	5,321		750		36,958	162,249
Senior Police Officer P (Until 31/05/2021)	6	18,734		439	838		4,740	24,751
Senior Police Officer Q (Commenced 14/02/2022)	7	13,524			159		3,643	17,326
<i>Assistant Chief Officers</i>								
Finance & Resources	8	106,939			5,542		25,451	137,932
ACO Human Resources		89,319			5,527		21,258	116,104
		756,943	5,321	11,609	31,665	-	169,377	974,915
<b>Office of the PCC</b>								
Chief Executive A (Ceased 16/07/21)	9	31,696				78,718	22,939	133,353
Chief Executive B (16/07/2021 to 17/10/2021)		17,760					4,227	21,987
Chief Executive C (18/10/2021 to 04/01/2022)		18,204					4,332	22,536
Chief Executive D (Commenced 01/01/2022)		22,330			310		5,314	27,954
Interim Chief Finance Officer (Commenced 15/11/2021)	10	22,899					5,450	28,349
		112,889	-	-	310	78,718	42,262	234,179
<b>Group</b>	-	<b>869,832</b>	<b>5,321</b>	<b>11,609</b>	<b>31,975</b>	<b>78,718</b>	<b>211,639</b>	<b>1,209,094</b>

**Note 1** – Rent allowance is paid under Police Regulations 1987 as amended by the Police Regulations 1990 and 1994. Housing allowance is the alternative to rent allowance (dependant upon when the officer joined the Force).

**Note 2** - Expense allowances include car allowances for employees who provide their own vehicles and private health care.

**Note 3** – All chief officers have forgone their eligibility to be considered for an annual performance related bonus payment.

**Note 4** – The Deputy Chief Constable held the post until the 18/03/2022 on an annualised salary of £129,264. On the 19/03/2022 this officer was temporary promoted to Chief Constable on an annualised salary of £156,693.

**Note 5** – Senior Police Officer N held the post of Leicestershire ACC until the 18/03/2022 on an annualised salary of £119,220. On the 19/03/2022 this officer was temporary promoted to Deputy Chief Constable on an annualised salary of £129,264.

**Note 6** – Senior Police Officer P ceased holding the rank of Assistant Chief Constable on the 31/05/2022 on an annualised salary of £112,404.

**Note 7** - Senior Officer Q (ACC rank) commenced on the 14/02/2022 on an annualised salary of £105,600.

**Note 8** - Until the 14/11/2021 The Assistant Chief Officer (Finance & Resources) for Leicestershire was the Chief Finance Officer for both the Chief Constable and Police and Crime Commissioner. The senior officer remuneration in respect of the CFO role is disclosed in the Statement of Accounts for the Chief Constable and Police and Crime Commissioner Group financial statements. For 2021/22 the OPCC contributed £3.7k towards these costs. From the 15/11/2021 the Assistant Chief Officer (Finance and Resources) returned to his role as CFO for the Chief Constable.

**Note 9** - The Chief Executive role has been held by 4 individuals during the year. The substantive postholder (A) left the organisation by voluntary agreement on the 16/07/21 on annualised salary £92,250. The post was then covered by 2 interim postholders (B and C) until a permanent appointment (D) was made on the 01/01/2022 on an annualised salary of £89,319. Chief Executive D subsequently left the organisation on the 26/04/2022.

**Note 10** - On the 15/11/2021 – An Interim Chief Finance Officer was appointed by the PCC on an annualised salary of £61,875..

## Notes to the core financial statements

The number of employees whose remuneration, excluding employer's pension contributions, was £50,000 or more in bands of £5,000 were:

### Group

Remuneration band £	2021/22	2022/23
	number of employees	number of employees
50,000 to 54,999	35	36
55,000 to 59,999	9	12
60,000 to 64,999	4	5
65,000 to 69,999	1	5
70,000 to 74,999	8	5
75,000 to 79,999	2	2
80,000 to 84,999	2	1
85,000 to 89,999	2	-
90,000 to 94,999	-	2
95,000 to 99,999	1	1
120,000 to 124,999	-	-

- The bandings only include the remuneration of employees and senior police officers who have not been disclosed individually; i.e. above the rank of Superintendent.
- Two of the above posts are National / seconded positions for which the Force receives external funding.
- Leicestershire OPCC is the lead employer for the following regional teams; East Midlands Special Operations Unit, East Midlands Collaborative Human Resources Service (EMCHRS) Learning & Development and Occupational Health, and Emergency Services Network Collaboration, 13 of the police staff employees included in the table above work in the regional teams. Leicestershire only meets its share of their costs with the remainder being funded by the other regional forces.

The numbers of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below:

### Group

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band £	
	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23
£0 - £20,000	1	3	-	-	1	3	18,031	16,127
£20,001 - £40,000	-	-	1	1	1	1	27,931	22,563
£40,001 - £60,000	-	-	1	1	1	1	42,036	60,000
£60,001 - £80,000	-	-	1	-	1	-	77,085	-
£80,001 - £100,000	-	-	-	-	-	-	-	-
£100,001 - £150,000	1	-	-	-	1	-	110,116	-
<b>total</b>	<b>2</b>	<b>3</b>	<b>3</b>	<b>2</b>	<b>5</b>	<b>5</b>	<b>275,199</b>	<b>98,690</b>

The table above only includes the exit packages for employees who have not been disclosed individually.

The OPCC/Group terminated the contracts of a number of employees in 2022/23, incurring liabilities of £99k (£275k in 2021/22).

## Notes to the core financial statements

### 7. Jointly Controlled Operations (Group)

The Group participates in collaborative arrangements with other East Midlands Forces. The police officers involved are seconded from the individual forces and all costs are borne in agreed proportions. Details of the member forces are set out in the table below (where reference is made to 'all 5 forces' this refers to Leicestershire, Derbyshire, Nottinghamshire, Northamptonshire and Lincolnshire). During the year the functions of EM Criminal Justice and Specialist Operations Training transferred back to forces and the units disbanded.

#### East Midlands (EM) Jointly Controlled Operations

Jointly Controlled Operation	Member Forces	Ownership %	Lead Force
EM Special Operations Unit <i>(inc Technical Support Unit)</i>	All 5 Forces	22.90 %	Leicestershire
EM Major Crime	All 5 Forces	22.90 %	Leicestershire
EM Forensics	All 5 Forces	22.90 %	Derbyshire
EM Criminal Justice <i>(ceased 31<sup>st</sup> August 2022)</i>	Leicestershire, Nottinghamshire, Northamptonshire and Lincolnshire	29.30 %	Lincolnshire
Specialist Operations Training <i>(ceased 31<sup>st</sup> October 2022)</i>	Leicestershire, Northamptonshire and Lincolnshire	44.90%	Leicestershire
EM Legal Services	All 5 Forces	22.90 %	Derbyshire
EM Occupational Health	All 5 Forces	22.90 %	Leicestershire
EM Learning & Development	Leicestershire, Nottinghamshire, Northamptonshire and Derbyshire	26.36 %	Leicestershire
EM HR Shared Service Centre	Leicestershire & Derbyshire	50.00 %	Derbyshire
EM ESN Programme Team	All 5 Forces	22.60 %	Leicestershire
ASU (Hangar Only)	Leicestershire, Northamptonshire and Warwickshire	33.33 %	Leicestershire

The following tables relate to Leicestershire's share only.

#### 7.1 Comprehensive Income & Expenditure Statement Jointly Controlled Operations

2021/22 £000		2022/23 £000
2,805	Police pay & allowances	2,847
5,939	Police Staff pay & allowances	5,970
234	Other employees expenses	653
129	Premises	163
159	Transport	189
1,268	Supplies & services	1,288
(1,116)	Income from Government Grants	(1,750)
(313)	Income from Fees & charges	(286)
(9,299)	Funding provided to the pooled budget	(9,328)
419	Depreciation & Amortisation	231
-	(Surplus) / Deficit on revaluation of non-current assets (not covered by accumulated revaluation gains)	40
<b>225</b>	<b>Cost of Services</b>	<b>17</b>
(4)	Gains / Losses on disposal of non-current assets	(7)
(81)	Capital Grants & Contributions	(43)
<b>140</b>	<b>(Surplus) / Deficit on Provision of Services</b>	<b>(33)</b>
(9)	(Surplus) / Deficit on revaluation on non-current assets (covered by accumulated revaluation gains)	(28)
<b>131</b>	<b>Total Comprehensive Income &amp; Expenditure</b>	<b>(61)</b>

7.2 Balance Sheet Jointly Controlled Operations

2021/22 £000		2022/23 £000
12	Intangible Fixed Assets	7
2,398	Land & Buildings	1,889
198	Vehicles & equipment	682
6	Assets Under Construction	4
<b>2,614</b>	<b>Total Long Term Assets</b>	<b>2,582</b>
963	Short-term Debtors	625
-	Assets held for sale	
1,129	Cash & Cash Equivalents	911
<b>2,092</b>	<b>Current Assets</b>	<b>1,536</b>
(1,390)	Short-term Creditors	(739)
<b>(1,390)</b>	<b>Current Liabilities</b>	<b>(739)</b>
<b>702</b>	<b>Net Current Liabilities</b>	<b>797</b>
<b>3,316</b>	<b>Net Assets</b>	<b>3,379</b>
(864)	Earmarked Reserves	(952)
<b>(864)</b>	<b>Usable Reserves</b>	<b>(952)</b>
(2,513)	Capital Adjustment Account	(2,454)
(99)	Revaluation Reserve	(126)
160	Accumulated Absences Account	155
<b>(2,452)</b>	<b>Unusable Reserves</b>	<b>(2,425)</b>
<b>(3,316)</b>	<b>Total Reserves</b>	<b>(3,377)</b>

7.3 Movement in Reserves Jointly Controlled Operations

2021/22	2022/23				
Total all JCO Reserves £000		Total General Fund £000	Earmarked Reserves £000	Total Unusable Reserves £000	Total all JCO Reserves £000
(3,447)	<b>Balance Brought Forward</b>	-	(863)	(2,453)	(3,316)
140	(Surplus) or deficit on the provision of services	(33)			(33)
(9)	Other comprehensive income & expenditure	(28)			(28)
<b>131</b>	<b>Total comprehensive income &amp; expenditure</b>	<b>(61)</b>	<b>-</b>	<b>-</b>	<b>(61)</b>
	Adjustments between accounting basis & funding basis under regulations				
	Depreciation / amortisation	(231)		231	
	Disposal of non-current assets	(7)		7	
	Revaluation of non-current assets	(40)		40	
	Revaluation of non-current assets held for sale			-	
	Capital grants / contributions applied to capital expenditure	43		(43)	
	Revenue Expenditure Funded From Capital (REFCUS)			-	
	Charges for Employee Benefits	5		(5)	
	Capital grants / contributions unapplied credited / debited to CIES			-	
	<b>Insertion of items not debited or credited to the CIES</b>				
	Capital expenditure charged against the General Fund	172		(172)	
	Revaluation of non-current assets not charged to CIES	28		(28)	
<b>131</b>	<b>Net (increase)/decrease before transfers to/(from) earmarked reserves</b>	<b>(89)</b>	<b>-</b>	<b>28</b>	<b>(61)</b>
	Transfers to/(from) earmarked reserves	89	(89)		
<b>131</b>	<b>(Increase)/decrease in 2022/23</b>	<b>-</b>	<b>(89)</b>	<b>28</b>	<b>(61)</b>
<b>(3,316)</b>	<b>Balance at end of year</b>	<b>-</b>	<b>(952)</b>	<b>(2,425)</b>	<b>(3,377)</b>

8. Related parties (Group & OPCC)

The OPCC/Group is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the OPCC/Group or to be controlled or influenced by the OPCC/Group. Disclosure of these transactions allows readers to assess the extent to which the OPCC/Group might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the OPCC/Group.

UK government has significant control over the general operations of the OPCC/Group. It is responsible for providing the statutory framework within which the OPCC/Group operates, and provides the majority of funding in the form of general or specific grants.

Senior officers of the OPCC have direct control or influence over the OPCC/Group's financial and operating policies. No material related party transactions have been identified following consultation with former members and relevant officers.

The OPCC/Group participated in 11 jointly controlled operations with other neighbouring police forces. See note 7 for further details.

In addition to the above, the OPCC/Group also had transactions during the year with other local authorities and public bodies. The transactions have been disclosed within the notes 16,19 and 30.

## Notes to the core financial statements

Precept funding was received from the following local authorities during the year:

2021/22 £000	Amounts are shown on an accruals basis	2022/23 £000
(8,406)	Blaby District Council	(8,827)
(14,495)	Charnwood Borough Council	(15,216)
(9,289)	Harborough District Council	(10,254)
(9,663)	Hinckley & Bosworth Borough Council	(10,081)
(18,876)	Leicester City Council	(19,783)
(4,768)	Melton Borough Council	(5,038)
(8,728)	North-West Leicestershire District Council	(9,287)
(4,369)	Oadby & Wigston Borough Council	(4,601)
(3,909)	Rutland County Council	(4,074)
<b>(82,503)</b>	<b>Total</b>	<b>(87,161)</b>

A further analysis of grants and contributions received can be seen in the grant income note (Note 11).

The Police & Crime Commissioner undertakes commissioning activities that result in payments made to a variety of large and small partner organisations (particularly in the public and voluntary/charitable sectors) to commission outcomes against his Police and Crime Plan. In the case of the smallest organisations, these funds may form a significant proportion of their total funding requirement.

### 9. External audit costs (Group & OPCC)

In 2022/23 the OPCC/Group incurred the following fees relating to external audit.

2021/22		Costs	2022/23	
OPCC	Group		OPCC	Group
£000	£000		£000	£000
25	37	Scale Fee	25	37
27	46	Additional Fees	39	69
(5)	(7)	Audit Rebate	-	-
<b>47</b>	<b>76</b>	<b>Total</b>	<b>64</b>	<b>106</b>

The Group received a grant of £17k during 2022/23, under Section 31 of the Local Government Act 2003 – Grant Determination. This was in response to the Redmond Review and relates to a Local Audit Fees Grant.

### 10. Leases (Group & OPCC)

#### 10.1 OPCC as lessee

##### Finance leases

The OPCC holds three finance leases in respect of the land at the Spinney Hill, two rooms at Market Bosworth and one for shared accommodation at Coalville Fire Station. In entering into the Spinney Hill lease in 2005, the OPCC made an initial lump sum payment which negated the need to make further payments to the landlord over the 99 years of the lease. The Market Bosworth lease was signed in April 2005, no initial payment was made but an annual peppercorn rent of £1 is payable for the duration of the 99 year lease. The long lease for accommodation at Coalville Fire Station was entered into in January 2018. In entering into the lease the OPCC made an initial lump sum payment towards the cost of the extension negating the need to make any future lease rental payments. The OPCC will only contribute towards the annual running costs of the building.

##### Operating leases

Future minimum lease payments due to be made by the OPCC in respect of non-cancellable operating leases are analysed as follows:

## Notes to the core financial statements

2021/22		2022/23				
Total £000		Property £000	Vehicles £000	Photo- copiers £000	Other Equipment £000	Total £000
465	Payments recognised as an expense	284	9	-	51	344
	<b>Minimum lease payments</b>					
	Payable:					
180	Not later than one year	1	-	-	50	51
40	Later than one year and not later than five years	78	18	171	5	272
2,973	Later than five years	2,717		131		2,848

A number of beat offices are used by the OPCC/Group to support its community policing commitments. Many of these offices are rooms or facilities that are owned by other local authorities or organisations that kindly provide use of them to the OPCC/Group. In the majority of cases these facilities are provided informally although some rooms/facilities are more formally documented. The OPCC/Group does not pay for the use of these facilities, take responsibility for repairs and upkeep nor has any intention to seek ownership (whether in full or in part) of these facilities.

### 10.2 OPCC as lessor (Group & OPCC)

#### Operating leases

The OPCC leases out office accommodation and space on radio masts under operating leases for the following purposes:

- Space on radio masts for telecommunication services

The future minimum lease payments receivable under non-cancellable leases in future years are:

2021/22 £000		2022/23 £000
	<b>Minimum lease receivables</b>	
	Receivable:	
46	Not later than one year	86
377	Later than one year and not later than five years	571
472	Later than five years	81



### 11. Grant income (Group & OPCC)

The OPCC/Group credited the following grants and contributions to the Comprehensive Income & Expenditure Statement during the year. The grants are included in the cost of services section and also shown separately in the subjective analysis note (note 2.2)

2021/22 £000		2022/23 £000
	<b>Credited to services: Force</b>	
(2,930)	Dedicated Security Grant	(4,400)
(637)	Proceeds of Crime Act/Incentivisation	(342)
(1,115)	EMSOU (22.9% Share)	(1,281)
(375)	Special Operations	(1,281)
(631)	Serious Violent Crime Initiatives	(691)
(1,903)	Police Pensions Grant	(1,903)
(1,621)	Police Uplift Programme Grant	(3,728)
(798)	Others	(990)
<b>(10,010)</b>	<b>Total</b>	<b>(14,616)</b>

2021/22 £000		2022/23 £000
	<b>Credited to services: OPCC</b>	
(2,091)	MOJ	(2,360)
(1,113)	Safer Streets	(252)
(1,565)	VRN – Violence Reduction Network	(1,925)
(192)	Other	(12)
<b>(4,961)</b>	<b>Total</b>	<b>(4,549)</b>

The OPCC/Group has received a number of grants and contributions related to capital expenditure that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the source of the funds if not met. These amounts are held within the capital grants receipts in advance account and are as follows:

2021/22 £000	<b>Capital grants receipts in advance</b>	2022/23 £000
(1,219)	S106 Developer Contributions	(1,177)
(48)	Road Safety Partnership Vehicle	-
<b>(1,267)</b>	<b>Total</b>	<b>(1,177)</b>

12. Intangible Assets (Group & OPCC)

2021/22 £000	Software Licenses	2022/23 £000
	<b>Balance at start of year</b>	
8,045	Gross carrying amounts	7,619
(5,429)	Accumulated amortisation	(5,384)
<b>2,616</b>	<b>Net carrying amount at start of year</b>	<b>2,235</b>
355	Additions	626
(781)	Disposals	(3,597)
-	Transfers	154
(726)	Amortisation for the period	(705)
771	Amortisation on disposals	3,591
<b>2,235</b>	<b>Net carrying amount at end of year</b>	<b>2,304</b>
	Comprising:	
7,619	Gross carrying amounts	4,802
(5,384)	Accumulated amortisation	(2,498)
<b>2,235</b>		<b>2,304</b>

*Amortisation*

The following useful lives have been used in the calculation of amortisation:

- 1 – 10 years

**13. Property, plant and equipment (Group & OPCC)**

Bruton Knowles Chartered Surveyors have continued to be engaged on behalf of the OPCC/Group to provide valuation services. A full revaluation of the PCC's estate was undertaken in 2018/19 in accordance with the 'code' to undertake a valuation at least every 5 years.

The valuation has been updated for the properties which are valued on the basis of 'depreciated replacement cost' (DRC) and 5 of the properties valued using 'open market value'. All of the properties were inspected and valued as at the 31<sup>st</sup> December 2022. The valuer subsequently confirmed that there had been no material change in these property values between 31<sup>st</sup> December 2022 and the 31<sup>st</sup> March 2023. The valuations of the land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

The properties valued during 2022/23 account for approximately 84% of the opening 'Land and Building' balance sheet value. The impact of any movement is contained within the figures below.

The land & buildings net carrying amount below includes £340k in respect of the land at Spinney Hill. The land is held under a finance lease. The figure also includes £17.6k in respect of two rooms at Market Bosworth and £255k in relation to the shared building with the Fire Service at Coalville, both of these are classed as Finance Leases.

	Land and buildings	Vehicles	Equipment	Assets under construction	Total PPE
2022/23	£000	£000	£000	£000	£000
<b>Cost or valuation</b>	64,237	10,256	25,023	1,001	100,517
At 1 April 2022					-
Additions	972	1,913	1,879	1,732	6,496
Revaluations / impairments recognised in the Revaluation Reserve	747			-	747
Revaluations / impairments recognised in the surplus/deficit on the provision of services	2,345			-	2,345
Disposals	-	(1,963)	(11,573)	-	(13,536)
Transfers	525	463	128	(1,271)	(155)
<b>At 31 March 2023</b>	<b>68,826</b>	<b>10,669</b>	<b>15,457</b>	<b>1,462</b>	<b>96,414</b>
<b>Accumulated depreciation and impairment</b>	(320)	(6,963)	(17,943)	-	(25,226)
At 1 April 2022					
Depreciation charge	(1,505)	(1,122)	(2,746)	-	(5,373)
Impairment Losses	-			-	-
Disposals	-	1,635	11,573	-	13,208
Adjustment due to revaluations – Depreciation written out to the Revaluation Reserve	1,024			-	1,024
Adjustment due to revaluations – Depreciation written out to the Comprehensive Income and Expenditure	338			-	338
<b>At 31 March 2023</b>	<b>(463)</b>	<b>(6,450)</b>	<b>(9,116)</b>	<b>-</b>	<b>(16,029)</b>
<b>Net book value</b>					
<b>at 31 March 2023</b>	<b>68,363</b>	<b>4,219</b>	<b>6,341</b>	<b>1,462</b>	<b>80,385</b>
at 31 March 2022	63,917	3,293	7,080	1,001	75,291

## Notes to the core financial statements

	Land and buildings	Vehicles	Equipment	Assets under construction	Total PPE
2021/22	£000	£000	£000	£000	£000
<b>Cost or valuation</b>	58,364	10,195	23,830	364	92,753
At 1 April 2021					-
Additions	1,002	373	3,102	1,029	5,506
Revaluations / impairments recognised in the Revaluation Reserve	1,782	-	-	-	1,782
Revaluations / impairments recognised in the surplus/deficit on the provision of services	3,089	-	-	-	3,089
Disposals	-	(591)	(2,022)	-	(2,613)
Transfers	-	279	113	(392)	-
<b>At 31 March 2022</b>	<b>64,237</b>	<b>10,256</b>	<b>25,023</b>	<b>1,001</b>	<b>100,517</b>
<b>Accumulated depreciation and impairment</b>	<b>(339)</b>	<b>(6,395)</b>	<b>(16,665)</b>	<b>-</b>	<b>(23,399)</b>
At 1 April 2021					
Depreciation charge	(1,349)	(1,069)	(3,215)	-	(5,633)
Disposals	-	501	1,937	-	2,438
Adjustment due to revaluations – Depreciation written out to the Revaluation Reserve	-	-	-	-	-
Adjustment due to revaluations – Depreciation written out to the Comprehensive Income and Expenditure	687	-	-	-	687
	681				681
<b>At 31 March 2022</b>	<b>(320)</b>	<b>(6,963)</b>	<b>(17,943)</b>	<b>-</b>	<b>(25,226)</b>
<b>Net book value</b>					
<b>at 31 March 2022</b>	<b>63,917</b>	<b>3,293</b>	<b>7,080</b>	<b>1,001</b>	<b>75,291</b>
at 31 March 2021	58,025	3,800	7,165	364	69,354

### *Transfers*

This heading represents both the transfer of *assets under construction* into the relevant asset heading when they come into use or the transfer of property assets to *assets held for sale* on the balance sheet. Both types of transfer occur regularly as the organisational capital programme delivers outputs and as the estate continues to be rationalised.

### *Depreciation*

The following useful lives have been used in the calculation of depreciation:

- Buildings – 8 – 94 years
- Land – not depreciated
- Vehicles – 5 years
- Equipment – 3 – 25 years
- Assets under construction – not depreciated

## Notes to the core financial statements

### Capital commitments

As at 31st March 2023, the OPCC had entered into a number of contracts for the construction or enhancement of property, plant and equipment to be completed in 2023/24 these are budgeted to cost £2.2 million.

### Revaluations

The figures shown in the tables above include both upward and downward revaluations of tangible non-current assets. These movements are captured in either the revaluation reserve (balance sheet) or the *other comprehensive income and expenditure* section of the comprehensive income and expenditure statement. Refer to accounting policy A18 (note 41) for further information.

### Assets under Construction

As at 31<sup>st</sup> March 2023 we had 68 vehicles classed as Assets Under Construction as these had not been commissioned for operational purposes, 2 Buildings where work had not been fully completed and 2 computer systems under development.

## 14. Capital expenditure and capital financing (Group & OPCC)

In accordance with the Code, capital expenditure is financed on an accruals basis.

2021/22 £000		2022/23 £000
32,890	<b>Opening capital financing requirement</b>	33,914
	<i>Capital investment</i>	
4,978	Operational assets	5,526
1,029	Non-operational assets	1,732
	<i>Sources of finance</i>	
-	Capital receipts	(14)
(638)	Government grants & other contributions	(225)
(3)	Use of Government Grant Reserve	(63)
(1,272)	Revenue contribution	(3,723)
(3,070)	Revenue provision (incl. MRP)	(3,495)
<b>33,914</b>	<b>Closing capital financing requirement</b>	<b>33,652</b>
	<b>Explanations of movements in year</b>	
-	Increase/ (decrease) in underlying need to borrow (supported by government financial assistance)	
1,024	Increase/ (decrease) in underlying need to borrow (unsupported by government financial assistance)	(262)
<b>1,024</b>	<b>Increase/(decrease) in capital financing requirement</b>	<b>(262)</b>

The figure shown above for capital expenditure during 2022/23 differs from the amounts shown as additions on (a) the intangible and (b) property, plant and equipment notes (notes 12 and 13 respectively). The figure can be reconciled as follows:

## Notes to the core financial statements

2021/22 £000		2022/23 £000
6,007	Capital expenditure for the year (as above)	7,258
(146)	<b>Less:</b> Revenue expenditure financed from capital resources under statute (REFCUS) in the year	(136)
<b>5,861</b>		<b>7,122</b>

There have been no capital receipts received in the year.

### 15. Assets held for sale (Group & OPCC)

No properties were sold in year or classified as an asset held for sale as at 31<sup>st</sup> March 2023.

### 16. Debtors (Group & OPCC)

#### 16.1 Long-Term Debtors

At the balance sheet date, five car loans to employees were outstanding (2020/21 - 5). The loans are made to employees who are in posts who are designated as 'essential car users', the interest rate applicable to each loan is fixed to the Bank of England base rate and is not variable during the life of the loan.

Long term sundry debtors includes IT spend for future years' maintenance and support.

#### 16.2 Short-Term Debtors

31st March 2022			31st March 2023	
OPCC £000	Group £000		OPCC £000	Group £000
		<b>Short-term debtors</b>		
12,849	12,876	Central Government Bodies	20,000	20,035
8,933	8,959	Other Local Authorities	7,958	7,985
5,314	5,392	Other Entities and Individuals	6,357	6,441
<b>27,096</b>	<b>27,227</b>		<b>34,315</b>	<b>34,461</b>

Central government bodies (above) includes the Home Office pension fund top up grant of £3,563k (£2,615k in 2021/22)

Included within the Local authorities figures above are debtors in respect of the OPCC/Group's share of council tax collection fund debtors of £5,198k (£4,671k in 2021/22).

Debtors of £7.5m relate to Home office income for the final quarter of the year where the Force is acting as an agent.

### 17. Cash & cash equivalents (Group & OPCC)

This heading on the Balance Sheet is made up of the following elements:

31st March 2022 £000		31st March 2023 £000
1,630	Bank accounts & petty cash	2,821
11,002	Cash investments (less than three months maturity)	14,029
(3,941)	Adjustment for cash & cash equivalents held on behalf of joint arrangements	(2,046)
<b>8,691</b>	<b>Total cash &amp; cash equivalents</b>	<b>14,804</b>

The cash investments figure above is those deposits made by the OPCC/Group which mature within three months and are outstanding at the balance sheet date.

### 18. Creditors (Group & OPCC)

31st March 2022			31st March 2023	
OPCC £000	Group £000		OPCC £000	Group £000
		<b>Short-term creditors</b>		
(927)	(4,804)	Central Government Bodies	(541)	(4,642)
(14,590)	(14,590)	Other Local Authorities	(21,738)	(23,254)
(140)	(140)	NHS Bodies	(44)	(44)
(4,686)	(10,058)	Other Entities and Individuals	(5,339)	(11,839)
<b>(20,343)</b>	<b>(29,592)</b>		<b>(27,662)</b>	<b>(39,779)</b>

Included within the central government bodies figure above are creditors in respect of a number of Home Office grants totalling £14,300k. The force is acting as an agent for these grants with the funds being due to relevant police forces in 2022/23.

Included within the local authorities figures above are creditors in respect of the OPCC/Group's share of council tax collection fund creditors of £4,757k (£4,403k in 2021/22)

Included within the other entities and individuals figure above are creditors in respect of employee accumulated absences £6,652k (£5,395k in 2021/22). Further details are found in Note 31 (Accumulated Absences Account).

## 19. Borrowing (Group & OPCC)

### 19.1 Long term Borrowing

Long term borrowing is with the Public Works Loan Board (PWLB)

31st March 2022 £000	Maturity	31st March 2023 £000
-	not more than 2 years	-
(3,065)	more than 2 years - not more than 5 years	(9,027)
(6,504)	more than 5 years - not more than 10 years	(5,542)
-	more than 10 years - not more than 15 years	-
-	More than 15 years	-
<b>(9,569)</b>		<b>(14,569)</b>

The maximum amount repayable in any one year is **£3.46m**.

### 19.2 Short term Borrowing

31st March 2022 £000		31st March 2023 £000
-	Short Term Loan - less than 1 year maturity	-
(1,107)	PWLB Loan – less than 1 year maturity	-
-	Interest Accrual on Short-term Loan < 1 year	-
(87)	Interest Accrual on PWLB < 1 year	(93)
<b>(1,194)</b>		<b>(93)</b>

## 20. Financial instruments (Group & OPCC)

A financial instrument is any contract that results in a financial asset on the balance sheet of one entity (for example the OPCC) and a financial liability or equity instrument on the balance sheet of another entity. The term 'financial instrument' covers both financial assets and financial liabilities ranging from the most straightforward (i.e. cash investments, debtors and creditors) to the most complex (i.e. derivatives and embedded derivatives).

Financial assets have a carrying amount which is assumed to approximate the fair value due to the fact they are due to mature within 12 months of the balance sheet date (in the case of short-term assets, such as money market funds). The Long-term debtors are also assumed to have a fair value equal to their carrying value. In the case of debtors and creditors, the fair value is taken to be the invoiced amount.

Financial instruments classified at amortised cost are carried in the Balance Sheet at their amortised cost. Their fair values disclosed below have been estimated by calculating the net present value of the remaining contractual cash flows at 31<sup>st</sup> March 2023, using the following methods and assumptions:

- Loans borrowed by the OPCC have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans.

With the exception of PWLB - long term borrowing the carrying amounts and fair values of all other financial assets and liabilities are the same and are disclosed in the balance sheet and relevant notes to the accounts.



## Notes to the core financial statements

The fair value of the financial liability relating to PWLB, which is carried in the balance sheet at the amortised cost is as follows:

31st March 2022		Group / OPCC	31st March 2023	
Carrying amount	Fair value		Carrying amount	Fair value
£000	£000		£000	£000
		<b>Financial liabilities</b>		
(9,569)	(11,545)	PWLB - long term borrowing	(14,569)	(14,226)
(1,107)	(1,131)	PWLB - short term borrowing	-	-
<b>(10,676)</b>	<b>(12,676)</b>		<b>(14,569)</b>	<b>(14,226)</b>

### 21. Provisions (Group & OPCC)

	Balance at 1 April 2022 £000	additional provisions made £000	amounts used £000	unused amounts reversed £000	Balance at 31 March 2023 £000
Civil claims	(946)	(814)	422	109	(1,229)
<b>Total</b>	<b>(946)</b>	<b>(814)</b>	<b>422</b>	<b>109</b>	<b>(1,229)</b>

The civil claims provision reflects the self-insured part of public and employer's liability claims where the OPCC/Group's claims handlers have advised there is a high probability of economic benefits being transferred in the future. In addition to this specific provision, the OPCC/Group holds a civil claims reserve which holds discretionary amounts intended to smooth the impact of any claims that emerge which were not foreseen or considered likely.

Following the successful claims in Allard v Devon and Cornwall Police for unpaid overtime following recalls to duty by covert human intelligence handlers, in excess of 1500 claims were made nationally. Leicestershire received 18 claims. Test cases were heard in 2022 and judgments on principles to be applied in the calculation of entitlements were handed down in July and October 2022. Leicestershire was able to settle 8 claims prior to the decisions of the High Court and costs have also been settled in respect of those claims. Leicestershire has 10 cases outstanding. A provision of £457k is being held for the remaining claims as there is no insurance indemnity. It is anticipated that all of the outstanding cases and their associated legal costs will be settled in the course of 2023/24 in order to avoid costs and interest escalating.

### 22. Usable reserves (Group & OPCC)

The following reserves constitute *usable reserves* as shown on the OPCC/Group's balance sheet. The balances on these reserves at the balance sheet date are set out below. Please refer to the relevant note as referenced below for a detailed analysis of any movements in these reserves.

31st March 2022 £000		Note	31st March 2023 £000
(27,072)	Earmarked reserves	24	(27,089)
(483)	Capital grants and contributions unapplied	27	(420)
(5,000)	General fund		(5,000)
<b>(32,555)</b>	<b>Total usable reserves</b>		<b>(32,509)</b>

### 23. Unusable reserves (Group & OPCC)

The following reserves constitute *unusable reserves* as shown on the OPCC/Group's balance sheet. The balances on these reserves at the balance sheet date are set out below. Please refer to the relevant note as referenced below for a detailed analysis of any movements in these reserves.

31st March 2022	31st March 2022		Note	31st March 2023	31 <sup>st</sup> March 2023
OPCC £000	Group £000			OPCC £000	Group £000
(36,617)	(36,617)	Capital adjustment account	29	(40,190)	(37,448)
(7,229)	(7,229)	Revaluation reserve	28	(9,084)	(9,084)
(269)	(269)	Collection fund adjustment account	30	(441)	(441)
-	2,722,332	Pension reserve	25	-	1,744,122
24	5,395	Accumulated absences account	31	25	6,652
<b>(44,091)</b>	<b>2,683,612</b>	<b>Total unusable reserves</b>		<b>(49,690)</b>	<b>1,701,059</b>

The Group's unusable reserves are in deficit due in the main to the pension reserve. The pension reserve reflects the deficit on the Group's defined benefit pension schemes and in particular the police schemes which are not funded by assets but are instead supported by central funding from the Home Office.

### 24. Transfers to/(from) earmarked reserves (Group & OPCC)

These reserves are earmarked for the specific purposes noted below:

Reserve name	Balance at 1 April 2021 £000	transfers out 2021/22 £000	transfers in 2021/22 £000	Balance at 31 March 2022 £000	transfers out 2022/23 £000	Transfers in 2022/23 £000	Balance at 31 March 2023 £000
Capital expenditure	(432)	146	(376)	(662)	360	-	(302)
Budget equalisation	(13,604)	299	(538)	(13,843)	85	(54)	(13,812)
Proceeds of Crime Act	(1,465)	48	(225)	(1,642)	284	(71)	(1,429)
Carry-forwards (specific)	(2,420)	1,774	(2,283)	(2,929)	2,929	(2,819)	(2,819)
Civil claims	(1,086)	-	(230)	(1,316)	-	-	(1,316)
Adult & Child Referral Centres	(202)	-	-	(202)	-	(20)	(222)
Fleet insurance	(592)	-	(125)	(717)	-	(105)	(822)
Equipment Replacement	(1,146)	351	(439)	(1,234)	-	(586)	(1,820)
DBS	(86)	1	-	(85)	-	-	(85)
Collection Fund	-	-	(71)	(71)	71	-	-
Commissioning	(974)	426	(313)	(861)	138	(475)	(1,198)
Strategic Partnership Development Fund	(73)	73	-	-	-	-	-
OPCC	(381)	152	(139)	(368)	23	(63)	(408)
OPCC - Legacy	(620)	-	(64)	(684)	276	-	(408)
Other	(71)	21	-	(50)	3	-	(47)
Community Partnership Fund	-	36	(632)	(596)	133	-	(463)
<b>Subtotal : OPCC/Group (direct control)</b>	<b>(23,152)</b>	<b>3,327</b>	<b>(5,435)</b>	<b>(25,260)</b>	<b>4,302</b>	<b>(4,193)</b>	<b>(25,151)</b>
Jointly Controlled Operations	(941)	139	(62)	(864)	20	(109)	(953)
<b>Subtotal : OPCC/Group (incl. jointly controlled reserves)</b>	<b>(24,093)</b>	<b>3,466</b>	<b>(5,497)</b>	<b>(26,124)</b>	<b>4,322</b>	<b>(4,302)</b>	<b>(26,104)</b>
<b>Funds held on behalf of partners</b>							
Operation Liberal	(11)	-	-	(11)	11	-	-
Regional collaboration	(368)	-	-	(368)	-	-	(368)
RSU Reserve	(417)	-	(152)	(569)	-	(48)	(617)
<b>Grand total : OPCC/Group (incl. reserves held on behalf of partners)</b>	<b>(24,889)</b>	<b>3,466</b>	<b>(5,649)</b>	<b>(27,072)</b>	<b>4,333</b>	<b>(4,350)</b>	<b>(27,089)</b>
movement in the year			(2,183)			(17)	

#### Capital expenditure

This represents funds set aside from revenue to fund future capital expenditure.

#### Budget equalisation

This represents revenue funds set aside to part fund the future revenue budget requirements of the OPCC/Group. The reserve is also used prudently to support the ongoing change programme and investments in the future structure of the OPCC/Group.

#### Proceeds of Crime Act

These are the funds awarded to the OPCC/Group by the courts under the Proceeds of Crime Act. These funds are used to further the force's capability in financial and other investigative areas.

#### Carry-forwards (specific)

This reserve includes those sums that the OPCC/Group has approved to carry forward to finance specific expenditure in 2023/24 and beyond.

### **Civil claims**

This reserve holds revenue funds that have been set aside where considered prudent by the OPCC/Group against Civil Claims (Public & Employer Liability) that independent advice suggests is unlikely to result in the transfer of economic benefits (i.e. to meet the criteria of a “provision”). The OPCC/Group sets aside these funds to minimise any unforeseen adverse impact on its Comprehensive Income & Expenditure Statement.

### **Adult & Child Referral Centres**

Funds set aside from budget underspends and partner contributions to support future projects.

### **Fleet insurance**

The excess on the vehicle insurance policy is £250k, the reserve is to meet the cost of claims that fall below the excess.

### **DBS (Disclosure Barring Service previously Criminal Records Bureau)**

Surplus funds received from the DBS to be used for the purchase of fixtures, fittings and equipment in support of the OPCC/Group’s work on behalf of the DBS.

### **Commissioning**

This represents resources set aside to support the Police and Crime Commissioner’s activities in support of the Police and Crime Plan and partnership working.

### **Strategic Partnership Development Fund (SPDF)**

This represents resources set aside to support the Police and Crime Commissioner’s activities in support of the Police and Crime Plan and partnership working.

### **Office of the Police and Crime Commissioner**

Funds set aside to support the work of the Police and Crime Commissioner.

### **Joint & Controlled Reserves**

This represents the OPCC/Group’s share of reserves held by the following:

- EMSOU (East Midlands Special Operations Unit including the Tactical Support Unit)
- EMSOU MC (East Midlands Special Operations Unit Major Crime)
- Regional Learning & Development
- Regional Occupational Health Service
- HR Shared Service Centre
- Regional Forensic Shared Services
- Emergency Services Network (ESN)

### Held on Behalf of Partners

#### Regional collaboration

This represents funds set aside to support the establishment of regional collaborative projects.

#### Road Safety Unit

The Road Safety Unit (RSU), which incorporates the Safety Camera Scheme (SCS), is wholly funded by the Leicester, Leicestershire and Rutland Road Safety Partnership (LLRRSP). The funds represent the operational balance accrued.

### 25. Pensions reserve (Group & OPCC)

The pensions reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions.

The OPCC/Group accounts for post employment benefits in the Comprehensive Income & Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the OPCC/Group makes employer's contributions to the pension funds.

The debit balance on the pensions reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the OPCC/Group has set aside to meet them. The pension contributions payable by both employer and employee are adjusted regularly via actuarial valuations – the aim being to reduce the shortfall over the longer term.

2021/22 OPCC £000	2021/22 Group £000	Group	Note	2022/23 OPCC £000	2022/23 Group £000
-	2,724,057	<b>Balance at 1<sup>st</sup> April</b>		-	2,722,332
-	(85,422)	Total remeasurements on pensions assets and liabilities (gains/losses)	26	-	(1,103,024)
-	-	Asset Ceiling Adjustment		-	28,161
-	123,041	Reversal of items relating to retirement benefits debited or credited to the <i>surplus/deficit on the provision of services</i> in the Comprehensive Income & Expenditure Statement		-	137,673
-	(39,344)	Employer's pensions contributions and direct payments to pensioners payable in the year	26	-	(41,020)
-	2,722,332	<b>Balance at 31<sup>st</sup> March</b>		-	1,744,122

Note 27 – Defined benefit pension schemes provides further analysis of the figures shown above together with an explanation for their existence.

### 26. Defined benefit pension schemes (Group & OPCC)

*This note reports the main pension funds of the Group. As in previous years, all of the transactions relating to the LGPS are shown under the Chief Constable (CC). 99% of the employees in the LGPS work for the Chief Constable and the balance relating to the OPCC is not significant.*

#### *Participation in pension schemes*

As part of the terms and conditions of employment of its officers and other employees, the OPCC/Group offers retirement benefits. Although these benefits will not actually be payable until employees retire, the OPCC/Group has a commitment to account for the benefits at the time that employees earn their future entitlement.

The OPCC/Group participates in the following pension schemes:

**The Local Government Pension Scheme (LGPS)** for police staff is administered by Leicestershire County Council – this is a funded defined benefit scheme, meaning that the OPCC/Group and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.

Following changes introduced in the Public Pension Services Act 2013, from the 1<sup>st</sup> April 2014 scheme members now accrue pension entitlements based on their career-average rather than their final salary.

**The Police Pension Scheme** for police officers is an unfunded single employer defined benefit scheme. This means that there are no investment assets built up to meet the pensions liabilities and cash has to be generated to meet actual pensions payments as they fall due.

Three schemes were in operation during 2022/23 as well as injury awards:

- the *1987 scheme* (Final Salary) which is based on a maximum pensionable service of 30 years (closed to new entrants on 31<sup>st</sup> March 2006) the *2006 scheme* (Final Salary) which is based on a maximum pensionable service of 35 years (closed to new entrants on the 31<sup>st</sup> March 2015)
- the *2015 (CARE) scheme* which was available to new entrants from the 1<sup>st</sup> April 2015 and is a Career Average Revalued Earnings (CARE) scheme there is no maximum period of service.

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

The OPCC/Group recognises the cost of retirement benefits in the cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the OPCC/Group is required to make against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out in the Statement of Movement in Reserves. The transactions within the Comprehensive Income & Expenditure Statement and Statement of Movement in Reserves the Group are as follows:

## Notes to the core financial statements

	Local Government Pension Scheme		Police Pension Schemes		Comprehensive Income & Expenditure Account	
	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23
	Group	Group	Group	Group	Group	Group
	£000	£000	£000	£000	£000	£000
<b>Cost of services:</b>						
Current service cost	25,183	23,841	63,151	65,147	88,334	88,988
Past service cost	130	-	-	-	130	-
(Gain) / loss from settlements	-	-	-	-	-	-
	25,313	23,841	63,151	65,147	88,464	88,988
<b>Other Operating Expenditure:</b>						
Home Office grant	-	-	(24,690)	(26,869)	(24,690)	(26,869)
<b>Financing &amp; investment income/expenditure:</b>						
Net Interest cost	3,221	3,123	56,046	72,431	59,267	75,554
<b>Net charge to surplus / deficit on provision of services</b>	<b>28,534</b>	<b>26,964</b>	<b>94,507</b>	<b>110,709</b>	<b>123,041</b>	<b>137,673</b>
<b>Other comprehensive income &amp; expenditure:</b>						
Return on Plan Assets (excluding the amount included in the net interest expense)	(26,887)	12,443	-	-	(26,887)	12,443
Actuarial (gains)/losses on changes in demographic assumptions	(6,127)	(2,200)	(22,444)	(15,370)	(28,571)	(17,570)
Effect of Ceiling Adjustment	-	28,161	-	-	-	28,161
Actuarial gains and losses arising on changes in financial assumptions	(33,632)	(184,146)	(61,192)	(1,084,258)	(94,824)	(1,268,404)
Other (if applicable)	7,666	23,500	57,194	147,007	64,860	170,507
<b>Net charge to total comprehensive income &amp; expenditure</b>	<b>(30,446)</b>	<b>(95,278)</b>	<b>68,065</b>	<b>(841,912)</b>	<b>37,619</b>	<b>(937,190)</b>
<b>Statement of Movement in Reserves:</b>						
Reversal of items not permitted to be charged to the general fund by statute	30,446	(23,500)	(68,065)	841,912	(37,619)	818,412
Employer Contributions	11,881	12,957	27,463	28,063	39,344	41,020
<b>Net charge to general fund</b>	<b>11,881</b>	<b>(105,821)</b>	<b>27,463</b>	<b>28,063</b>	<b>39,344</b>	<b>(77,758)</b>
Retirement benefits payable to pensioners						
<b>Analysed as:</b>						
Employers' contributions payable to schemes based on contribution rate	11,881	12,957	24,907	25,420	36,788	41,020
Employers' contributions payable to schemes – Cash Top-Up						
Direct payments - Injury awards payable			2,556	2,643	2,556	-
<b>Total</b>	<b>11,881</b>	<b>12,957</b>	<b>27,463</b>	<b>28,063</b>	<b>39,344</b>	<b>41,020</b>

## Notes to the core financial statements

### Pensions Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the authority's obligation in respect of its defined benefit plans is as follows

	Local Government Pension Scheme		Police Pension Schemes		Balance Sheet	
	2021/22 Group	2022/23 Group	2021/22 Group	2022/23 Group	2021/22 Group	2022/23 Group
	£000	£000	£000	£000	£000	£000
Present value of the defined benefit obligation	(416,195)	(286,392)	(2,614,097)	(1,744,122)	(3,030,292)	(2,030,514)
Fair value of plan assets	307,960	314,553	-	-	307,960	314,553
Asset Ceiling Adjustment	-	(28,161)	-	-	-	(28,161)
<b>Sub total</b>	(108,235)	-	(2,614,097)	(1,744,122)	(2,722,332)	(1,744,122)
Other movements in the liability (asset) (if applicable)	-	-	-	-	-	-
<b>Net liability arising from defined benefit obligation</b>	<b>(108,235)</b>	<b>-</b>	<b>(2,614,097)</b>	<b>(1,744,122)</b>	<b>(2,722,332)</b>	<b>(1,744,122)</b>

### Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets

	Local Government Pension Scheme		Police Pension Schemes	
	2021/22 Group	2022/23 Group	2021/22 Group	2022/23 Group
	£000	£000	£000	£000
Opening fair value of scheme assets	276,482	307,960	-	-
Interest Income	5,764	8,605	-	-
<b>Remeasurement gain/(loss)</b>				
The return on plan assets; excluding the amount included in the net interest expense	26,887	(12,443)	-	-
Other (if applicable)	(10,946)	-	-	-
The effect of changes in foreign exchange rates	-	-	-	-
Contributions from employer	11,881	12,957	27,463	28,063
Employer Contributions (Top Up Grant)	-	-	24,690	26,869
Contributions from employees into the scheme	3,284	3,415	10,246	10,696
Benefits paid	(5,392)	(5,941)	(62,399)	(65,628)
Other (if applicable)	-	-	-	-
<b>Closing fair value of scheme assets</b>	<b>307,960</b>	<b>314,553</b>	<b>-</b>	<b>-</b>



### Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)

	Local Government Pension Scheme		Police Pension Schemes	
	2021/22	2022/23	2021/22	2022/23
	Group	Group	Group	Group
	£000	£000	£000	£000
Opening balance at 1 April	(427,044)	(416,195)	(2,573,495)	(2,614,097)
Current Service Cost	(25,183)	(23,841)	(63,151)	(65,147)
Interest Cost	(8,985)	(11,728)	(56,046)	(72,431)
Contributions from scheme participants	(3,284)	(3,415)	(10,246)	(10,696)
<b>Remeasurement (gains) and losses</b>				
Actuarial gains/losses arising from changes in demographic assumptions	6,127	2,200	22,444	15,370
Actuarial gains/losses arising from changes in financial assumptions	33,632	184,146	61,192	1,084,258
Other (if applicable)	3,280	(23,500)	(57,194)	(147,007)
Past service cost (including curtailments)	(130)	-	-	-
Losses/(gains) on curtailment (where relevant)				
Liabilities assumed on entity combinations				
Benefits paid	5,392	5,941	62,399	65,628
Liabilities extinguished on settlements (where relevant)				
<b>Closing balance at 31 March</b>	<b>(416,195)</b>	<b>(286,392)</b>	<b>(2,614,097)</b>	<b>(1,744,122)</b>

The liabilities show the underlying commitments that the OCC has in the long run to pay for retirement benefits. The total net liability of £1,744m has a substantial impact on the net worth of the OCC as recorded in the balance sheet, resulting in a negative overall balance of £1,673m. All of the deficit for 2022/23 relates to the police pension scheme. However, the statutory arrangements for funding the deficit mean that the financial position of the OCC remains stable.

In 2022/23, the local government pension scheme has a net asset due to changes in the financial assumptions and in particular the increase in the discount rate used. In accordance with proper accounting practice neither an asset or liability has been disclosed as at the 31<sup>st</sup> March 2023. As a result the liability in relation to the scheme has decreased by £108m.

Any future deficits will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary. With effect from 1<sup>st</sup> April 2022 the employer's contribution rate increased to 24.8% (23.8% for 2020/21) and is due to rise to 24.9% in 2023/24.

The LGPS fund was valued during 2022/23 for the purposes of setting the employer's contribution rates for the next 3 years commencing in April 2023. The next valuation will be as at the 31<sup>st</sup> March 2025 and will take place during 2025/26.

The rate (%) at which employer contributions are made to the police pension fund is set by the Home Office. An actuarial valuation during 2018/19 resulted in an increase in the employers' contribution rate from 21.3% to 31% from April 2019. The Home Office has continued to provide a specific grant of £1.9m to assist the Force in funding the increased employer's contributions in 2022/23. The next Police Pension valuation is due to be reported in 2023/24, although this timetable is subject to change.

The Pension Liabilities have been valued on an actuarial basis using the projected unit method which assesses the future liabilities of the fund discounted to their present value as required by IAS 19. The police schemes and the Local Government Pension Scheme liabilities have been valued by Mercer and Hymans Robertson respectively. Both are independent firms of actuaries.

### **'McCloud / Sargeant' Judgement**

#### ***Police Pension Scheme***

The [Public Service Pensions and Judicial Offices Act 2022](#) (PSPJOA 2022) legislates for how the government will remove the discrimination identified by the courts in the way that the 2015 reforms were introduced for some members.

The main elements of the Act are:

- Changes implemented across all the main public service pension schemes in response to the Court of Appeal judgment in the McCloud and Sargeant cases:
- Eligible members of the main unfunded pension schemes have a choice of the benefits they wish to take for the "remedy period" of April 2015 to 31 March 2022.
- From 1 April 2022, when the remedy period ends, all those in service in main unfunded schemes will be members of the reformed pension schemes, ensuring equal treatment from that point on.
- Ensures there are no reductions to member benefits as a result of the 2016 cost control valuations.

#### ***Local Government Pension Scheme***

When the LGPS benefit structure was reformed in 2014, transitional protections were also applied to certain older members close to normal retirement age. The Government has confirmed that there will be changes to all the main public sector schemes, including the LGPS to remove the age discrimination. On the 13<sup>th</sup> May 2021, the government issued a statement confirming the key changes they will make to the LGPS scheme to remove the age discrimination.

#### Impact on pension liability

##### ***Police Pension Scheme***

Allowing for all eligible members to accrue benefits from their legacy scheme during the remedy period would lead to an increase in the Police Pension Scheme liabilities. The scheme actuaries originally estimated the increase in scheme liabilities for the force to be approximately 5.4% or £103m of pensions scheme liabilities. This increase was reflected in the IAS 19 disclosure as a past service cost in the 2018-19 accounts. The accounting figures for 2023 therefore continue to reflect the potential costs on an approximate basis following on from the exercise undertaken in 2018/19.

The impact of an increase in scheme liabilities arising from McCloud/Sargeant judgement will be measured through the pension valuation process, which determines employer and employee contribution rates. The next Police Pension valuation is due to be reported in 2023/24, although this timetable is subject to change.

The impact of an increase in annual pension payments arising from McCloud/Sargeant is determined through the Police Pension Fund Regulations 2007. These require a police authority to maintain a pension fund into which officer and employer contributions are paid and out of which pension payments to retired officers are made. If the police pension fund does not have sufficient funds to meet the cost of pensions in year the amount required to meet the deficit is then paid by the Secretary of State to the police authority in the form of a central government top-up grant.

##### ***Local Government Pension Scheme***

The Scheme actuaries estimate that the impact for Leicestershire will be £2.6m. These numbers are high level estimates based on scheme level calculations and depend on several key assumptions.

The impact on employers' funding arrangements will likely be dampened by the funding arrangements they have in place. However, the implementation of the remedy will result in unavoidable upward pressure on contributions in future years.

#### Compensation Claims

Claimants have lodged claims for compensation under two active sets of litigation, Aarons and Penningtons.

### Aarons & Ors

The Government Legal Department settled the injury to feelings claims for Aarons on behalf of Chief Officers without seeking any financial contributions. Pecuniary loss claims have been stayed until the remedy is bought into force from 1 October 2023. The settlement of the injury to feelings claims for Aarons sets a helpful precedent.

Therefore no liability in respect of compensation claims is recognised in these accounts.

### Penningtons

As at 31 March 2023, it is not possible to reliably estimate the extent or likelihood of these claims being successful, and therefore no liability in respect of compensation claims is recognised in these accounts.

### **Guaranteed Minimum Pension (GMP)**

Guaranteed minimum pension (GMP) was accrued by pension scheme members (officers & Staff) between 6 April 1978 and 5 April 1997. The value of GMP is inherently unequal between males and females for a number of reasons, including a higher retirement age for men and GMP accruing at a faster rate for women. However overall equality of benefits was achieved for public service schemes through the interaction between scheme pensions and the State Second Pension. The introduction of the new Single State Pension in April 2016 disrupted this arrangement and brought uncertainty over the ongoing indexation of GMPs, which could lead to inequalities between men and women's benefits.

As an interim solution to avoid this problem, GMP rules were changed so that the responsibility for ensuring GMPs kept pace with inflation passed in full to pension schemes themselves for members reaching state pension age between 6 April 2016 and 5 April 2021. This new responsibility leads to increased costs for schemes and hence scheme employers.

The pension liabilities of both schemes were increased in 2018/19 to allow for the potential impact of the GMP changes. The estimate assumed that the permanent solution eventually agreed will be equivalent in cost to extending the interim solution to all members reaching state pension age from 6 April 2016 onwards.

The estimates received from the actuaries were that for the Police Pension scheme the additional liability was £7.6m (equal to 0.4% of the overall ISA19 liabilities) and for the LGPS approximately £0.1m. These increases were reflected in the IAS19 disclosures as a past service cost in the 2018/19 accounts. The accounting figures for 2022 therefore continue to reflect the potential costs on an approximate basis following on from prior year exercises.

### Basis for Estimating Assets and Liabilities

	Local Gov't Scheme		Police Schemes	
	2021/22	2022/23	2021/22	2022/23
	Years	Years	Years	Years
<b>Mortality assumptions:</b>				
<b>Longevity at 65 (60 for police schemes) for current pensioners:</b>				
- Men	21.5	21.2	26.9	26.7
- Women	24.4	24.2	29.1	29
<b>Longevity at 65 (60 for police schemes) for future pensioners:</b>				
- Men	22.3	22.1	29.2	28.7
- Women	25.9	25.8	31.3	30.9

Impact on the Defined Benefit Obligation in the Scheme (provided by the Actuary)

## Notes to the core financial statements

	Local Gov't Scheme		Police Schemes	
	2021/22	2022/23	2021/22	2022/23
<ul style="list-style-type: none"> <li>rate of inflation (increase or decrease by 1%)</li> <li>rate of increase in salaries (increase or decrease by 1%)</li> <li>rate of increase in pensions (increase or decrease by 1%)</li> <li>rate for discounting scheme liabilities (increase or decrease by 1%)</li> </ul>	3.65%	3.45%	3.20%	2.70%
	3.65%	3.45%	4.70%	4.20%
	3.15%	2.95%	3.30%	2.80%
	2.75%	4.75%	2.80%	4.80%

Assets in the pension fund administered by the county council are valued at fair value, principally market value for investments, and consist of:

Local Government Pension Scheme assets comprised

2021/22 Group	Fair Value of Scheme Assets	2022/23 Group
£000		£000
<b>15,550</b>	<b>Cash and cash equivalents</b>	<b>7,077</b>
	<i>Equity instruments: by industry type</i>	
358	Consumer	33
45	Manufacturing	158
443	Energy and utilities	325
622	Financial institutions	100
250	Health and care	54
128	Information technology	61
722	Other	258
<b>2,569</b>	<b>Sub total equity</b>	<b>989</b>
	<i>Bonds: by sector</i>	
15,460	UK Government	14,487
578	Other	1,329
<b>16,037</b>	<b>Sub total bonds</b>	<b>15,816</b>
	<i>Property: by type</i>	
23,694	UK Property	22,292
-	Overseas Property	
<b>23,694</b>	<b>Sub total property</b>	<b>22,292</b>
	<i>Private equity</i>	
20,595	All	21,535
<b>20,595</b>	<b>Sub total private equity</b>	<b>21,535</b>
	<i>Other investment funds:</i>	
141,791	Equities	137,737
-	Bonds	
-	Hedge Funds	1
7,728	Commodities	8,079
16,101	Infrastructure	25,732
63,256	Other	75,151
<b>228,876</b>	<b>Sub total other investment funds</b>	<b>246,700</b>
	<i>Derivatives</i>	
639	Forward foreign exchange contracts	144
<b>307,960</b>	<b>Total assets</b>	<b>314,553</b>

### 27. Capital grants & contributions unapplied (Group & OPCC)

This account holds those capital grants and contributions that have been credited to the Comprehensive Income & Expenditure Statement, are 'restricted' but not 'conditional' (i.e. must be used for a specific purpose but do not have a repayment condition) but have yet to be applied to capital financing. Capital grants & contributions that are 'conditional' are instead held within the Capital Grants Receipts in Advance line on the face of the balance sheet.

2021/22 £000		2022/23 £000
279	Amounts receivable in the year	43
(282)	Amounts applied to finance new capital investment in the year	(106)
<b>(3)</b>	<b>Total increase / (decrease) in the year</b>	<b>(63)</b>
486	Balance brought forward at 1 <sup>st</sup> April	483
<b>483</b>	<b>Balance carried forward at 31<sup>st</sup> March</b>	<b>420</b>

### 28. Revaluation reserve (Group & OPCC)

The revaluation reserve contains the residual gains (since 1<sup>st</sup> April 2007) realised when non-current assets are revalued. The reserve is credited with a revaluation gain or debited with a revaluation loss (in so far as it can be contained by previous gains) on an asset by asset basis. When the revaluation reserve balance for a specific asset is exhausted due to losses, any future losses are instead transferred to the Comprehensive Income & Expenditure Statement (for both the OPCC and the Group).

Adjustments are made to credit the capital adjustment account with depreciation amounts attributable to residual revaluation gains. Residual gains are transferred to the capital adjustment account when an asset is disposed of.

2021/22 £000		2022/23 £000
	<b>Movements in unrealised value of non-current assets</b>	
(2,470)	Gains on upward revaluation of non-current assets	(1,771)
	Downward revaluation of non-current assets and impairment losses not charged to the surplus/deficit on the provision of services	-
(91)	Transfer to capital adjustment account in respect of non-current asset depreciation (on a revaluation gain)	(84)
-	Transfer to capital adjustment account in respect of residual gains held at the point of disposal of a non-current asset	-
<b>(2,561)</b>	<b>Total movement on reserve in the year</b>	<b>(1,855)</b>
<b>(4,668)</b>	<b>Opening balance at 1<sup>st</sup> April</b>	<b>(7,229)</b>
<b>(7,229)</b>	<b>Closing balance at 31<sup>st</sup> March</b>	<b>(9,084)</b>

### 29. Capital adjustment account (Group & OPCC)

The capital adjustment account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairments losses and amortisations are charged to the Comprehensive Income & Expenditure Statement (with reconciling postings from the revaluation reserve related to residual gains). The account is credited with the amounts set aside by the OPCC/Group as finance for the costs of acquisition, construction and enhancement.

The account contains accumulated gains and losses on investment property. It also contains revaluation gains accumulated on property, plant & equipment before 1st April 2007, the date that the revaluation reserve was created to hold such gains.

2021/22	<i>(See note 1 for further details)</i>	2022/23
<b>£000</b>		<b>£000</b>
6,359	Charges for depreciation and amortisation of non-current assets	6,078
91	Amounts transferred from revaluation reserve in respect of depreciation/amortisation	84
(3,770)	Transfer from Comprehensive Income & Expenditure Statement in respect of non-current asset revaluations	(2,683)
146	Revaluation on non-current assets held for sale Revenue Expenditure funded from Capital under Statute (REFCUS)	136
187	Transfer from revaluation reserve in respect of residual gains held at the point of disposal of a non-current asset Transfer from Comprehensive Income & Expenditure Statement in respect of carrying value of non-current asset disposals	332
<b>3,013</b>	<b>Net amount written-out of the cost of non-current assets consumed in the year</b>	<b>3,947</b>
(1,272)	Capital expenditure charged against the general fund	(3,723)
-	Use of the capital receipts reserve to finance new capital expenditure	(14)
(638)	Capital grants & contributions credited to the Comprehensive Income & Expenditure Statement that have been applied to capital financing	(225)
(3)	Application of grants to capital financing from the capital grants unapplied account	(63)
(964)	Revenue provision (including MRP)	(1,005)
(2,106)	Voluntary revenue provision for capital financing	(2,490)
-	Movements in the market value of investment properties charged to the Comprehensive Income & Expenditure Statement	-
(4,983)	<b>Capital financing applied in year</b>	(7,520)
<b>(1,970)</b>	<b>Total movement during the year</b>	<b>(3,573)</b>
(34,647)	Opening balance at 1 <sup>st</sup> April	(36,617)
<b>(36,617)</b>	<b>Closing balance at 31<sup>st</sup> March</b>	<b>(40,190)</b>

### 30. Collection fund adjustment account (Group & OPCC)

The collection fund adjustment account represents the OPCC/Group's share of the collection fund surplus/deficit held by each council tax billing authority within Leicestershire & Rutland. For 2021/22 and 2022/23, the breakdown of the figure on the OPCC/Group's balance sheet can be analysed as follows:

The OPCC/Group's collection fund adjustment account has a credit balance (surplus) of **£441k** at 31<sup>st</sup> March 2023 (2021/22- credit balance of **£269k**).

2021/22 £000		2022/23 £000
1,013	<b>Balance at 1<sup>st</sup> April</b>	(269)
(1,282)	Amount by which council tax income credited to the Comprehensive Income & Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(172)
(269)	<b>Balance at 31<sup>st</sup> March</b>	(441)

### 31. Accumulated absences account (Group & OPCC)

The accumulated absences account absorbs the differences that would otherwise arise on the general fund balance from accruing for compensated absences earned but not taken in the year e.g. annual leave entitlement carried forward at 31<sup>st</sup> March. Statutory arrangements require that the impact on the general fund balance is neutralised by transfers to or from the account.

During 2022/23 Police Officer Annual Leave increased from £1,298k to £1,339k. Rest days in lieu increased from £1,470k to £2,365 and Time off in lieu increased from £757k to £774k. Police Staff Annual leave increased from £867k to £1,053k, Rest day in lieu increased £291k to £395k. Time off in lieu from £435k to £458k. With COVID-19 still having an impact in 2022/23 Officers and Staff have continued to carry over as much Annual Leave as possible. The situation has in part, been made worse in 2022/23 due to a large policing operation within East Leicestershire whereby RDIL were cancelled and leave was restricted. The Charity Shield held at LCFC, European Football, and large scale mutual aid operations such as London Bridge, The Jubilee and the Commonwealth Games have also impacted, TOIL, RDIL and AL.

The balance shown above is a negative figure due to it being a deficit reserve on the OPCC/Group's balance sheet.

2021/22 OPCC £000	2021/22 Group £000		2022/23 OPCC £000	2022/23 Group £000
(34)	(4,847)	<b>Balance at 1<sup>st</sup> April</b>	(24)	(5,395)
34	4,847	Reversal of opening accrual made at the end of the preceding year	24	5,395
(24)	(5,395)	Amounts accrued at the end of the current year	(25)	(6,652)
10	(548)	Amounts by which remuneration charged to the Comprehensive Income & Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(1)	(1,257)
(24)	(5,395)	<b>Balance at 31<sup>st</sup> March</b>	(25)	(6,652)



**32. Cash flow statement – operating activities (Group & OPCC)**

**32.1 The Cash flows for operating activities includes the following items:**

2021/22 OPCC £000	2021/22 Group £000		Note	2022/23 OPCC £000	2022/23 Group £000
(10)	(10)	Interest Received		(464)	(464)
518	518	Interest Paid		561	561
		Dividends received			
<b>508</b>	<b>508</b>			<b>97</b>	<b>97</b>

**32.2 Adjustments to net (surplus) or deficit on the provision of services for non-cash movements.**

2021/22 OPCC £000	2021/22 Group £000		Note	2022/23 OPCC £000	2022/23 Group £000
(5,633)	(5,633)	Depreciation	13	(5,373)	(5,373)
	-	Impairment and downward valuations			-
(726)	(726)	Amortisation	12	(705)	(705)
	-	Increase/(decrease) in impairment bad debts			-
3,800	3,800	Increase/(decrease) in creditors/RIA		(9,204)	(9,213)
2,059	2,059	Increase/(decrease) in debtors/PIA		7,214	7,223
4	4	Increase/(decrease) in inventories		72	72
-	(83,697)	Movement in pension liability	2.1	-	(96,653)
(187)	(187)	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised		(332)	(332)
3,752	3,194	Other non-cash items charged to the net surplus or deficit on the provision of services		2,230	974
<b>3,069</b>	<b>(81,186)</b>			<b>(6,097)</b>	<b>(104,006)</b>

**32.3 Adjustments for items included in the net (surplus) or deficit on the provision of services that are investing and financing activities.**

2021/22 OPCC £000	2021/22 Group £000		2022/23 OPCC £000	2022/23 Group £000
-	-	Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	-	-
-	-	Proceeds from the sale of PP&E, investment property and intangible assets.	14	14
635	635	Any other items for which the cash effects are investing or financing flows	224	224
<b>635</b>	<b>635</b>		<b>238</b>	<b>238</b>



**33. Cash flow statement – investing activities (Group & OPCC)**

Investing activities as shown on the Cash Flow Statement consists of the following cash flows:

2021/22 OPCC £000	2021/22 Group £000		2022/23 OPCC £000	2022/23 Group £000
5,945	5,945	Purchase of Property, Plant and Equipment, Investment property and intangible assets	7,542	7,542
-	-	Purchase of short-term and long-term investments		
-	-	Other Payments for Investing Activities		
(1,672)	(1,672)	Proceeds from the sale of Property, Plant and Equipment, Investment property and intangible assets	(147)	(147)
-	-	Proceeds from short-term and long-term investments		
2	2	Other receipts from investing activities	26	26
<b>4,275</b>	<b>4,275</b>	<b>Total Investing Activities cash flows</b>	<b>7,421</b>	<b>7,421</b>

**34. Cash flow statement – financing activities (Group & OPCC)**

Financing activities as shown on the Cash Flow Statement (Group & OPCC) consists of the following cash flows:

2021/22 OPCC £000	2021/22 Group £000		2022/23 OPCC £000	2022/23 Group £000
-	-	Repayment of short/long term borrowing	(3,893)	(3,893)
-	-	<b>Total Financing Activities cash flows</b>	<b>(3,893)</b>	<b>(3,893)</b>

**35. Events after the balance sheet date (Group & OPCC)**

Events after the balance sheet date have been considered for inclusion in the accounts up to the authorised for issue 10<sup>th</sup> July 2023. The Chief Finance Officer has not identified any events that are classified as either adjusting or non-adjusting happening between 31 March and the date the Statement of Accounts were authorised for issue.'

**36. Contingent liabilities (Group & OPCC)**

The Civil Claims earmarked reserve (see Note 24 for further details) includes funds set aside by the OPCC/Group in respect of civil claims where transfer of economic benefits is deemed to be unlikely. The OPCC/Group has, however, considered it prudent to set aside funds in the discretionary reserve to cover an unforeseen change to that assessment.

The impact of the McCloud Judgement has been disclosed in Note 26 - of the accounts.

### **37. Critical judgements in applying accounting policies (Group & OPCC)**

In applying the accounting policies set out in Note 41 the OPCC/Group has had to make certain judgements about complex transactions or those involving uncertainty about future events.

Whilst the funding made available to the Police and Crime Commissioner increased during 2021/22 and 2022/23 the outcome of the 2021 comprehensive spending review (SR2021) only provided a high level indication of the increase in overall grant funding for 2023/24 and 2024/25 for the service as a whole, therefore a degree of uncertainty regarding future levels of funding for the Group continues.

The OPCC/Group has determined that this uncertainty around future funding are not yet sufficient to provide an indication that the assets of the OPCC/Group might be impaired as a result of a need to close facilities and reduce levels of service provision.

In order to apply the group accounting requirements the relationship between the PCC and Chief Constable has been assessed. The PCC remains in control of all assets and reserves however it is judged that the Chief Constable has sufficient operational control over staff and delegated budgets that this expenditure and associated income is shown on the comprehensive Income and Expenditure Statement for the Chief Constable.

The PCC / CC for Leicestershire is involved in various joint arrangements with other Forces in the East Midlands which are detailed in Note 7. These arrangements are judged to be jointly controlled operations due to the joint management and decision making structure of the agreement. Leicestershire's OPCC's share of transactions and balances are consolidated into the financial statements in accordance with the CIPFA Code of Practice.

In December 2018 the Court of Appeal upheld a ruling (McCloud / Sargeant) that pension transitional protections in the Judges' and Firefighters' Pension Schemes were unlawful on the grounds of age discrimination. The UK government requested leave to appeal to the Supreme Court but this was denied at the end of June 2019. Both the Police Pension and Local Government schemes have transitional protections in place following the introduction of Career Average Revalued Earnings (CARE) schemes. On 1<sup>st</sup> April 2022 the Public Services Pensions and Judicial Offices Act 2022 came into force. It confirms that eligible members will be returned to their final salary schemes for the period 1<sup>st</sup> April 2015 to 31<sup>st</sup> March 2022. This will be enacted by the 1<sup>st</sup> October 2023 and is known a remedy. On retirement members will be able to choose the benefits they receive for the remedy period. There will therefore be a retrospective increase to members' benefits. As there is a probable future outflow of economic benefit and a reliable estimate, using reasonable assumptions, could be made an estimate of the potential liability was included in the 2018/19 accounts as past service cost. The accounting figures for 2022/23 therefore continue to reflect the potential costs on an approximate basis following on from the exercise undertaken in previous years.

The introduction of the new Single State Pension in April 2016 disrupted the previous arrangements for ensuring that equality of benefits between males and females from public service pension schemes. To avoid this problem an interim solution was put in place by the UK Government for members reaching state pension age between the 6 April 2016 and 5 April 2020. However, it is likely that the interim solution will be continued beyond 2020 on the basis that UK and European law requires pension schemes to provide equal benefits to men and women. The actuaries have therefore been requested to provide estimates of the potential impact of the interim solution being applied to members reaching state pension age post 2020. These estimates were again been accounted for as a past service cost in the 2018/19 accounts and the pension liability at the 31<sup>st</sup> March 2023 continues to reflect the potential costs.

### **38. Assumptions made about the future and other major sources of estimation uncertainty (Group & OPCC)**

The Statement of Accounts contains estimated figures that are based on assumptions made by the OPCC/Group about the future that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the balance sheet at 31<sup>st</sup> March 2023 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

## Notes to the core financial statements

Item	Uncertainty	Effect if actual results differ from assumptions
Property, plant and equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the OPCC/Group will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful lives of assets are reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by £58k for every year that useful lives had to be reduced.
Property, plant and equipment	Where there is no market-based evidence of fair value because of the specialist nature of the asset, depreciated replacement cost (DRC) is used as an estimate of fair value. 69% of the closing net book value of the OPCC's land and buildings is valued on this basis. The DRC values are reset each year using the 'instant build' approach using the latest available indices. External valuers' are engaged to undertake the valuation.	The indices used in the calculation can fluctuate year on year based on local market conditions. During 2022/23 the value of the 'specialised' land and buildings increased by £2m.
Property, plant and equipment	31% of the closing net book value of the OPCC's building are valued based on the open market value in their existing use i.e office accommodation.	The net book value of the land and buildings using market evidence is £19.2m. the value of these would need to fall by 34% to have a material impact on the PCC balance sheet.
Pensions liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the OPCC/Group with expert advice about the assumptions to be applied. In addition, estimates have been included for additional benefits that will become payable as a result of a legal challenge to pension transitional arrangements and changes to Guaranteed Minimum Pension (GMP). These estimates are based on a number of assumptions. (see Note 26 for further detail).	The effects on the net pension liability of changes in individual assumptions can be measured. Sensitivities are shown below. However, the assumptions interact in complex ways. During 2022/23, the OPCC's actuaries advised that the net pensions liability had decreased by £983m as a result of changes to the financial and demographic assumptions..

### Sensitivity of pension liabilities: Local Government Pension Scheme

Change in assumptions	£000
0.1% decrease in real discount rate	6,239
1 year increase in member life expectancy	11,456
0.1% increase in salary increase rate	803
0.1% increase in the pension increase rate	5,528

### Sensitivity of pension liabilities: Police Pension Schemes

Change in assumptions	£000
0.5% increase in real discount rate	1,605,159
1 year increase in member life expectancy	1,780,726
0.25% increase in inflation	1,821,185
0.25% increase in salary increase rate	1,761,037

### 39. Going Concern

The concept of a going concern assumes that the functions of the Police and Crime Commissioner and the Force will continue in operational existence for the foreseeable future. The provisions in the Code (Code of Practice on Local Authority accounting in the United Kingdom 2021/22) in respect of going concern reporting requirements reflect the economic and statutory environment in which police forces operate. These provisions confirm that, as police forces cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting.

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

### 40. Nature and extent of risks arising from financial instruments (Group & OPCC)

The OPCC/Group's activities expose it to a variety of financial risks:

- *Credit risk* – the possibility that other parties might fail to pay amounts due to the OPCC/Group
- *Liquidity risk* – the possibility that the OPCC/Group might not have funds available to meet its commitments to make payments
- *Market risk* – the possibility that financial loss might arise for the OPCC/Group as a result of changes in such measures as interest rates and stock market movements

#### Credit risk

Credit risk for the OPCC/Group has two main sources. Firstly, the short-term (less than 12 months) lending of surplus cash funds to banks and other institutions and secondly the risk of customers failing to pay the OPCC/Group for goods/services provided.

The OPCC/Group follows a defined policy of only lending surplus cash resources to a limited list of banks / institutions (including Money Market funds). This list is regularly reviewed by the Chief Finance Officer of the OPCC. The banks / institutions on the OPCC/Group's lending list are carefully selected using credit ratings whilst the OPCC/Group sets a prudent maximum investment limit with each bank. All the banks are based in the United Kingdom.

The OPCC/Group does not expect any losses connected with the short-term investments placed with banks or the other institutions.

Customer credit risk has a very low overall effect on the OPCC/Group by virtue of income from customers being equal to only 4.23% of total income (2021/22 – 4.28%). The risk is managed via the OPCC/Group's credit control policy. This policy sets out the framework within which financial relationships with the OPCC/Group's customers are managed beginning with raising an invoice through to invoking legal action should it be required. The Chief Constable may authorise the write-off of unrecoverable amounts up to £10k. Amounts above £10k require the authorisation of the Chief Finance Officer for the OPCC.

To further mitigate the risk of customer credit default, the OPCC/Group assesses whether a bad debt impairment is required each year. A bad debt provision of £3k has been allowed for in 2022/23 (2021/22 – £3k).

#### Liquidity risk

The OPCC/Group's cash flow is managed on a daily basis to ensure that sufficient liquid cash resources are available to meet future payment obligations (for example payments to creditors and payments to and in respect of the OPCC/Group's employees).

## Notes to the core financial statements

If unexpected movements happen, the OPCC/Group has access to borrowings from both the money markets and the PWLB. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

Risk may arise should the OPCC/Group have to repay a significant proportion of its borrowing in any one financial year. This risk is limited by the fact that the OPCC/Group's PWLB debt portfolio has a spread of maturity dates across a number of financial years. For the maturity profile of the OPCC/Group's PWLB debt commitment, please see Note 19.1 - Long term borrowing.

All standard creditors are due to be paid within one year – further information can be found in Note 18 - Creditors.

### Market risk

#### *Interest rate risk*

The OPCC/Group is exposed to a limited degree of risk regarding interest rate fluctuations on both short-term investments and on new borrowings. Both short-term investments and new borrowings are entered into by the OPCC/Group at a fixed interest rate for the term of each. The risk therefore arises from the uncertainty of what level interest rates will be at when the OPCC/Group either makes a short-term investment or enters into a new borrowing arrangement with PWLB. A movement in interest rates could have a complex impact on the OPCC/Group. For instance, a rise in interest rates would have the following effects:

- Future borrowings would be more costly and result in a higher interest expense charged to the Comprehensive Income & Expenditure Statement
- The fair value of existing borrowings would alter
- Future short-term investments would realise a greater return and result in a higher interest receipt credited to the Comprehensive Income & Expenditure Statement.

Borrowings are not carried at fair value in the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Comprehensive Income & Expenditure Statement or Statement of Movement in Reserves. Movements in the fair value of fixed rate short-term investments will be reflected in the Comprehensive Income & Expenditure Statement, although as the investments are due to mature within 12 months, no such movement is expected.

The OPCC/Group will consider during periods of falling interest rates, and where economic circumstances allow, the viability of repaying loans early in order to limit the OPCC/Group's exposure to interest rate risk.

#### *Price risk*

The OPCC/Group does not hold equity shares or other shareholdings and hence has no exposure to the gains or losses arising from a movement in the price of shares.

#### *Foreign exchange risk*

The OPCC/Group has no financial assets or liabilities in foreign currencies and hence has no exposure to losses arising from movements in exchange rates.

## **41. Accounting policies used by the Group & OPCC**

### **A1 General principles**

The Office of the Police and Crime Commissioner (OPCC) and the Group is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015, which those Regulations require to be prepared in accordance with proper accounting practice.

The Statement of Accounts summarises the OPCC and Group transactions for the 2022/23 financial year and its position at the year-end of 31<sup>st</sup> March 2023. The accounts have been prepared in accordance

with the *Code of Practice on Local Authority Accounting in the United Kingdom 2021/22* (the Code) published annually by CIPFA, supported by International Financial Reporting Standards (IFRS).

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

## Notes to the core financial statements

The OPCC/Group's accounting policies have been applied consistently over the current and comparative periods.

### **A2 Accruals of income and expenditure**

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

- Revenue from the sale of goods / provision of services is recognised when (or as) the services are transferred to the service recipient in accordance with the performance obligations of the contract
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the balance sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the balance sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

### **A3 Exceptional items**

When items of income and expenditure are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts – depending on how significant the items are to an understanding of the OPCC/Group's financial performance.

### **A4 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

Cash equivalents are highly liquid investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the cash flow statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the OPCC/Group's cash management.

### **A5 Prior period adjustments, changes in accounting policies and estimates and errors**

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other event and conditions on the OPCC/Group's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

### **A6 Charges to revenue for non-current assets**

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:

- depreciation attributable to the assets used by the relevant service

## Notes to the core financial statements

- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the revaluation reserve against which the losses can be written off
- amortisation of intangible assets attributable to the service.

The Group is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the authority in accordance with statutory guidance, (Minimum Revenue Provision (MRP)). Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance (MRP), by way of an adjusting transaction with the Capital Adjustment Account in the Movement of Reserves Statement for the difference between the two.

### **A7 Council tax – collection fund debtors/creditors and surplus/deficit**

The council tax income included in the Comprehensive Income and Expenditure Statement (CIES) is the OPCC's share of the accrued income for the year. However, regulations determine the amount of council tax that must be included in the OPCC's / Group's General Fund. Therefore, the difference between the income included in the CIES and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes the authority's share of the end of year balances in respect of council tax relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made, the asset is written down and a charge made to the taxation and non-specific grant income and expenditure line in the CIES. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

### **A8 Employee benefits**

#### ***Benefits payable during employment***

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as salaries, paid annual leave, paid sick leave for current employees and are recognised as an expense for services in the year in which the employees render service to the authority. An accrual is made for the cost of holiday entitlements (or and form of leave, eg time off in lieu) earned by employees but not taken before the year – end that employees can carry forward into the next financial year. The accrual is made at the salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the surplus or deficit on the provision of services, but then reversed out through the Movement in Reserves Statement to the accumulated absences account so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

#### ***Termination benefits***

Termination benefits are amounts payable as a result of a decision by the OPCC/Group to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service in the Comprehensive Income and Expenditure Statement when the OPCC/Group at the earlier of when the authority can no longer withdraw the offer of those benefits or when the authority recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the general fund balance to be charged with the amount payable by the OPCC/Group to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the pensions reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

#### ***Post-employment benefits***

Employees of the OPCC/Group are members of two separate pension schemes:

### a) Police officers

The Police Pension Scheme (PPS) for police officers is an unfunded scheme, meaning that there are no investment assets built up to meet the pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due. Under the Police Pension Fund Regulations 2007 the Group is required to operate a Pension Fund Account and the amounts that must be paid into and paid out of the Pension Fund are specified by regulation. If the amounts receivable by the pension fund for the year are less than amounts payable, the OPCC/Group must annually transfer an amount required to meet the deficit to the pension fund. Subject to parliamentary scrutiny and approval, up to 100% of this cost is met by central government pension top-up grant. If however the pension fund is in surplus for the year, the surplus if required to be transferred from the pension fund to the OPCC/Group, which then must be repaid to central government. Injury awards and the capital costs associated with ill health retirements are paid from the Group's Comprehensive Income and Expenditure Statement.

### b) Police staff

The Local Government Pensions Scheme is administered by Leicestershire County Council. This is a funded scheme, meaning that the OPCC/Group and the employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets

The Local Government Pension Scheme is accounted for as a defined benefits scheme:

- The liabilities of the Leicestershire County Council pension fund attributable to the OPCC/Group are included in the balance sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions of mortality rates, employee turnover rates, etc, and projections of future earnings for current employees.
- Liabilities are discounted to their value at current prices.

The assets of Leicestershire County Council pension fund attributable to the OPCC/Group are included in the balance sheet at their fair value:

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

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

Service cost comprising:

- current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
- past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement
- net interest on the net defined benefit liability (asset), ie net interest expense for the authority – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the financing and investment income and expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

Remeasurements comprising:



## Notes to the core financial statements

- the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) charged to the pensions reserve as other comprehensive income and expenditure
- actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the pensions reserve as other comprehensive income and expenditure.
- contributions paid to the Leicestershire pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the general fund balance to be charged with the amount payable by the OPCC/Group to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the pensions reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

The negative balance that arises on the pensions reserve thereby measures the beneficial impact to the general fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

### **Discretionary benefits**

The OPCC/Group also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements due to medical reasons or injury. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

## **A9 Events after the reporting period**

Events after the balance sheet reporting period are those events, both favourable and unfavourable, that occur between the Balance Sheet date and the date when the Statement of Accounts is authorised for issue.

Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events
- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

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

## **A10 Financial instruments**

### **Financial liabilities**

Financial liabilities are recognised on the Balance Sheet when the OPCC/Group becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the OPCC/ Group has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the CIES is the amount payable for the year according to the loan agreement.

### Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI)

The OPCC's / Group's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost. ,

### Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the OPCC /Group becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

## A11 Government grants and contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the authority when there is reasonable assurance that:

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

Amounts recognised as due to the OPCC/Group are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the balance sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the Comprehensive Income & Expenditure Statement. Specific revenue grants/contributions are credited to the relevant service line whilst non ring-fenced revenue grants and all capital grants are credited to Taxation and Non-Specific Grant Income in the Comprehensive Income & Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the general fund balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

## A12 Intangible assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the OPCC/Group as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the OPCC/Group.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the OPCC/Group can be determined by reference to an active market. In practice, no intangible asset held by the OPCC/Group meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or

## Notes to the core financial statements

abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the general fund Balance. The gains and losses are therefore reversed out of the general fund balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

### **A13 Inventories**

Supplies of uniform, vehicle parts, vehicle fuel, stationery, catering supplies and other operating equipment are held. Cleaning materials and other items are fully charged to the Comprehensive Income & Expenditure Statement in the year of purchase.

Inventories are valued on the basis of average cost price.

### **A14 Investment property**

Investment properties are those that are held solely to earn income and/or realise capital appreciation and are subject to revaluation at least every 5 years by the OPCC/Group's specialist valuers.

Investment properties are measured initially at cost and subsequently fair value, being the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Any change in the value of the investment property (together with any income or expenditure that is generated) is debited or credited to the *financing and investment income and expenditure* section of the Comprehensive Income & Expenditure Statement. The same treatment is applied to gains and losses on disposal.

### **A15 Jointly controlled operations**

The OPCC/Group had an interest in eleven jointly controlled operations during the year. During 2022/23 two of the units ceased to operate with the functions being transferred back to individual forces. The OPCC/Group is the lead accounting body for eight of the regional units. Joint operations are arrangements where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. The activities undertaken by the OPCC/Group in conjunction with other joint operators involve the use of assets and resources of those joint operators. In relation to its interest in a joint operation, the OPCC/Group as a joint operator recognises:

Adjustments have been made to the balance sheet to reflect the share of each jointly controlled operation's gross assets and liabilities controlled by the OPCC/Group as at 31<sup>st</sup> March 2023. Adjustments have also been made to the Comprehensive Income & Expenditure Statement to reflect the OPCC/Group's share of each jointly controlled operation's transactions during the year. These adjustments have no effect on the overall amount to be met from government grants and council tax. Further details are shown in Note 7

### **A16 Leases**

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

#### **The OPCC/Group as Lessee**

##### *Finance Leases*

The PCC for Leicestershire has assessed its leases and the total value of potential finance leases are not significant, as no annual payments are made. Further detail is provided in Note 10.1

### *Operating Leases*

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

### **The OPCC/Group as Lessor**

#### *Operating Leases*

Where the OPCC/Group grants an operating lease over a property or an item of plant or equipment, the asset is retained in the balance sheet. Rental income is credited to the other operating expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

The OPCC/Group has a number of semi-formal arrangements with local authorities and other bodies to grant use of rooms or offices within the landlord's property. These arrangements (often used as community/beat offices for local police officers) are reviewed to assess the substance of the transaction using such criteria as:

- Are payments being made for use of the room/office?
- Is a lease document in place?
- Does the OPCC/Group have exclusive use of the room/office?
- Does the OPCC/Group have responsibility for the maintenance/repair of the room/office?
- Is a transfer of ownership likely as part of the arrangement?

Where such an arrangement is deemed to constitute a lease, it is disclosed within the *Leases* note in the financial statements (note 10 - Group Accounts).

### **A17 Overheads and Support Services**

The costs of overheads and support services are charged to service segments in accordance with the OPCC/Group's arrangements for accountability and financial performance.

### **A18 Property, plant and equipment**

Assets that have physical substance and are held for use in the provision of services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as property, plant and equipment.

#### **Recognition**

Expenditure – over the specified de minimis level – currently £10,000 - on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the OPCC/Group and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

#### **Measurement**

Assets are initially measured at cost, comprising:

- the purchase price, and
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The OPCC/Group does not capitalise borrowing costs incurred while assets are under construction.

## Notes to the core financial statements

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the OPCC/Group). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the OPCC/Group.

Assets are then carried in the balance sheet using the following measurement bases:

- assets under construction –historical cost until completed, whereupon they will be valued and included in the Balance Sheet as operational assets.
- all other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value e.g Vehicles, IT assets and operational equipment.

### **Revaluation**

Assets included in the balance sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains

Where decreases in value are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the revaluation reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- where there is no balance in the revaluation reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The revaluation reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the capital adjustment account.

### **Components**

The OPCC/Group has reviewed its land and buildings non-current assets for evidence of components. A component is a separately identifiable part of an asset which has both a different estimated useful life and also a value which is significant when considered against the total value of the asset.

In conjunction with the OPCC/Group's independent valuers, componentisation thresholds (i.e. the levels at which a component is considered to be worthy of separation) have been set to assist in future asset reviews. A component must constitute more than 25% of the value of the asset and be greater than £100k in value. In addition, the asset must have a useful life (for depreciation purposes) that is significantly different from that of the main structure. Components that are deemed to meet the criteria above are separated from the main structure on the OPCC/Group's asset registers and depreciation calculated separately.

### **Impairment**

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

## Notes to the core financial statements

- where there is a balance of revaluation gains for the asset in the revaluation reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the revaluation reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

### **Depreciation**

Depreciation is provided for on all property, plant and equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- buildings – straight-line allocation over the useful life of the property as estimated by the valuer
- vehicles, equipment and the helicopter – a percentage of the value of each class of assets in the balance sheet, as advised by a suitably qualified officer

Where an item of property, plant and equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

All assets are depreciated in the year of purchase but not in the year of disposal.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the revaluation reserve to the capital adjustment account.

### **Disposals**

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an asset held for sale. The Code sets a number of specific criteria, all of which must be met for an asset to be deemed “asset held for sale”:

- The asset must be available for immediate sale in its present condition
- The sale must be highly probable and a plan to sell the asset in place
- The asset must be actively marketed for sale at a price that is reasonable in relation to the current value
- The sale should be expected to complete within one year of the date of classification as a asset held for sale

Where an asset meets these four criteria, it is revalued at fair value (existing use) and then transferred to the *assets held for sale* heading on the balance sheet. Assets held for sale are measured at the lower of (a) fair value (existing use) and (b) market value less disposal costs. Where the market value of an asset held for sale is deemed to have fallen below the current carrying value, the loss is charged to the Comprehensive Income & Expenditure Statement (“Other Operating Expenditure” line).

However, as this is not a charge permitted by statute against the general fund, a reconciling entry is made in the Movement in Reserves Statement to reverse the transaction to the Capital Adjustment Account.

A subsequent increase in market value is credited to the Comprehensive Income & Expenditure Account in the same way but only up to the limit of the value the asset was held at when first reclassified as an asset held for sale. Any further gains in market value over and above the original carrying value will be realised when the asset is disposed of. It should be noted that a balance may remain on the revaluation reserve attributable to the asset. This balance is transferred to the capital adjustment account at the point of disposal.

Depreciation is not charged on assets held for sale.

If assets no longer meet the criteria to be classified as assets held for sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as assets held for sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the balance sheet (whether property, plant and equipment or assets held for sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the revaluation reserve are transferred to the capital adjustment account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. The receipts are required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the OPCC/Group's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the reserve from the general fund balance in the Movement in Reserves Statement. Where assets are funded by grants or contributions from other bodies that are repayable when the asset is disposed of, appropriate adjustments are made on disposal to recognise a liability.

The written-off value of disposals is not a charge against council tax, as the cost of noncurrent assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the general fund balance in the Movement in Reserves Statement.

### **A19 Capital receipts**

Capital receipts from the disposal of assets are held in the capital reserve until such time as they are used to finance other capital expenditure. Individual receipts of less than £10,000 are credited to the Comprehensive Income & Expenditure Statement and recognised as income.

### **A20 Provisions & Contingent Liabilities**

Provisions are made where an event has taken place that gives the OPCC/Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the OPCC/Group may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the OPCC/Group becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the OPCC/Group settles the obligation.

#### **Contingent Liabilities**

A contingent liability arises where an event has taken place that gives the OPCC/Group a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably. Contingent liabilities are disclosed in a note to the accounts (Note 37 - Group Accounts).

### **A21 Reserves**

The OPCC/Group sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund Balance in the

Statement of Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then transferred back into the General Fund Balance so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, local taxation, retirement and employee benefits and do not represent usable reserves for the OPCC/Group – these reserves are explained in the relevant policies.

### **A22 Revenue expenditure funded from capital under statute (REFCUS)**

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the authority has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

### **A23 VAT**

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

### **A23 Fair Value Measurement of non-financial assets**

The OPCC/Group measures some of its non-financial assets such as surplus assets and investment properties at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- a) in the principal market for the asset, or
- b) in the absence of a principal market, in the most advantageous market for the asset.

The OPCC/Group measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the OPCC/Group takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The OPCC/Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the authority's financial statements are categorised within the fair value hierarchy, as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the OPCC/Group can access at the measurement date.

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – unobservable inputs for the asset or liability.



## Introduction

The police officer pension fund account was established under the Police Pension Fund Regulations 2007 (SI 2007 No. 1932). It is administered by the Chief Constable using the resources of the OPCC/Group.

The fund receives income each year from:

- Employer's contributions from the OPCC/Group based on a percentage of pay
- Home Office top-up grant via the OPCC/Group
- Contributions from serving police officers
- Other receipts

Pensions to retired police officers, lump sum payments and other benefits are paid from the fund.

The following table shows the movements on the pension fund account for the year:

2021/22 £000		2022/23 £000
	<b>Contributions receivable:</b>	
	<b>OPCC/Group</b>	
(23,882)	■ employer's contributions	(24,868)
(1,025)	■ early retirements	(553)
(10,246)	■ officers' contributions	(10,696)
(35,153)		(36,117)
(602)	<b>Transfers in from other pension schemes</b>	(195)
	<b>Benefits payable:</b>	
49,948	■ pensions	52,539
9,208	■ commutations and lump sum retirement benefits	9,311
1,210	■ ill-health commutations and lump sum retirement benefits	616
-	■ lump sum death benefits	569
60,366		63,035
	<b>Payments to and on account of leavers:</b>	
80	■ refund of contributions	123
-	■ transfers out to other police Forces	23
80		146
<b>24,691</b>	<b>Net amount payable for the year</b>	<b>26,869</b>
-	<b>Additional funding Receivable from the Police Fund</b>	-

The following table identifies the net assets and liabilities of the fund:

31st March 2022 £000		31st March 2023 £000
2,615	<b>Current assets</b>	
	Contributions due from the OPCC/Group	3,563
	<b>Current liabilities</b>	
	Unpaid pensions benefits	-
<b>2,615</b>		<b>3,563</b>

## Notes

### Note 1

The Chief Constable is required by law to operate a pension fund and the amounts that must be paid into and out of the fund are specified by regulation. Due to the fact that the OCC does not hold assets or liabilities, no cash is transacted by the Chief Constable. All payments and receipts into and out of the fund are made by the OPCC such that the OCC can fulfil the administration of the fund. The fund is balanced to nil at the end of each financial year either by paying over any surplus to the Home Office or by receiving cash in the form of pension top-up grant from the Home Office to make up any deficit. The OPCC acts as intermediary where grant payment/receipt takes place – the grant is therefore shown on the OPCC's Comprehensive Income & Expenditure Statement but is transferred to the OCC through the Intra-Group funding. The fund does not hold any investment assets and follows the accounting policies of the OPCC/Group.

### Note 2

Details regarding the accounting policies are detailed within note 41 and A8, notes to the core financial statements.

### Note 3

The pension fund does not take account of the liabilities to pay pensions and other benefits after the end of the financial year.

Details of the OPCC/Group's long-term pension obligations can be found in the notes to the core financial statements at note 26.

### Note 4

The rate (%) at which employer contributions are made to the police pension fund is set by the Home Office. An actuarial valuation during 2018/19 resulted in an increase in the employers' contribution rate from 21.3% to 31% from April 2019. The next Police Pension valuation is due to be reported in 2023/24, although this timetable is subject to change.

Employee contribution rates range between 12.05% and 15.05% dependant on the police officer's salary.

## Introduction

Good governance is about how organisations ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open and accountable manner. It comprises the systems, processes, culture and values by which organisations are directed and controlled, and through which they account to, engage with and, where appropriate, lead their communities.

All Police and Crime Commissioners and Chief Constables are required by regulation to produce an Annual Governance Statement (AGS). This is a document which accompanies the statement of accounts and describes how good their respective governance arrangements have been over the last 12 months and sets out areas for development.

The deadline for publication of the draft unaudited accounts and AGS is 31 May 2023. The deadline for publication of the final audited accounts and original AGS deadline was 30 September 2023.

Regulation 6(1)(a) of the Accounts and Audit Regulations 2015 requires an authority to conduct a review at least once a year of the effectiveness of its system of internal control and include a statement reporting on the review with any published Statement of Accounts (England). This term 'authority' includes the Chief Constable and the Police and Crime Commissioner legal entities. This requirement is reflected in the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 published by the Chartered Institute of Public Finance & Accountancy (CIPFA).

The Accounts and Audit (Amendment) Regulations 2024 Statutory Instrument 2024 No.907 was laid before Parliament on 9 September 2024 and came into force on 30 September 2024. This instrument gives a requirement for category 1 bodies, including police bodies, to publish outstanding audited accounts for financial years up to and including 2022/23 by a statutory backstop date of 13 December 2024 and sets a series of further backstop dates for financial years 2023/24 to 2024/28.

### 1) Scope of Responsibility

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

In discharging this overall responsibility, the PCC is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The PCC has approved and adopted a Corporate Governance Framework, which is consistent with the principles and guidance Notes of the CIPFA / SOLACE Framework *Delivering Good Governance in Local Government*. A copy of both the Framework and the 2016 Guidance notes for Policing Bodies in England and Wales can be obtained from the Office of the Police and Crime Commissioner (OPCC), Leicestershire Police Headquarters, St Johns, Enderby, Leicester, LE19 2BX.

This statement explains how the PCC has complied with the Framework and also meets the requirements of the Accounts and Audit Regulations in relation to the publication of an annual governance statement.

### 2) The Purpose of the Governance Framework

The Corporate Governance Framework comprises the systems and processes, and culture and values, by which the OPCC is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the OPCC to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, value for money services.

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

The Corporate Governance Framework (CGF) was developed in 2013-14, was considered by the Joint Audit Risk and Assurance Panel (JARAP) and reviewed in March 2014 to incorporate the changes required under Stage 2 Transfer arrangements. The CGF has been reviewed and updated during 2019-20 following extensive consultation. The revised version was ratified in November 2020 and is currently being reviewed by the PCC.

### 3) The Governance Framework

Both the PCC and the CC continued to ensure that appropriate management and reporting arrangements were in place to enable it to satisfy itself that its approach to corporate governance was both adequate and effective in practice. These arrangements included:

- The Corporate Governance Framework;
- A Risk Management Strategy;
- An Annual Governance Statement produced by the OPCC and the OCC;
- A Regional Governance Statement;
- Ensuring that there is an effective Internal Audit function.

During 2022-23, Mazars continued as Internal Auditors for the region. Regular review and planning meetings took place which helped identify, discuss and share best practice and identify potential common audit themes.

Mazars also attended Regional CFO and Finance Director meetings to update on the progress of 2022-23 Regional Collaboration audits and the Regional Collaboration Internal Audit Plan and the proposed workplan and timescales for 2023-24.

The effectiveness of audit committees should be carried out periodically. A self-assessment effectiveness review was undertaken by the OPCC and JARAP members during 2022-23 using CIPFA guidance. The findings were reported to the JARAP at its meeting on 17 January 2023. Overall, the review concluded that the JARAP is operated in an effective manner. Moreover, External audit (Ernst & Young LLP) commented “the JARAP has improved its effectiveness.....over the past couple of years.”

The 2022-23 Internal Audit Plan was considered and approved at the JARAP meeting held on 27 April 2022. It was prepared following discussion and consideration of regional and three force audit themes, the risk register and other factors.

Mazars attended each JARAP meeting to routinely report to and provide assurance on the adequacy and effectiveness of internal control. In addition, they contribute to the Organisational Risk Board (ORB), JARAP forward plan and agenda-setting to inform and highlight national and regional themes, considerations and practices.

The system of internal control is based on a framework of robust financial and contract procedure rules and processes, administrative procedures, management supervision and a system of delegation and accountability. Development and maintenance of the system is undertaken by managers within the OPCC and the Office of the Chief Constable (OCC) and is reviewed by internal and external audit. In particular the system includes:

- A Police and Crime Plan for 2021-24 which sets out the priorities for the Chief Constable to deliver against. A link to the document is contained here:

<https://www.leics.pcc.police.uk/Planning-and-Money/Police-and-Crime-Plan/Police-and-Crime-Plan.aspx>

- Performance management framework, performance plans, targets and performance monitoring focused on achieving the objectives set out in the Plan. Supported by the PCC attending the Performance Delivery Group (PDG), the Crime and Operations Effectiveness meeting as well as reviewing Performance Reports at the Corporate Governance Board;
- Comprehensive budgeting systems that seek to align resources with priorities;
- Robust financial reporting, which routinely projects end of year outturn positions to allow early corrective action or highlight reinvestment opportunities;
- Effective risk management strategies, registers, action plans and tactics;
- A Commissioning Framework to 31 March 2023 which detailed the approach to engagement with partners and to commissioning appropriate outcomes through third party providers;
- A Commissioning Framework developed for 2021-24 to support the delivery and priorities of the Police and Crime Plan.
- Engagement in value for money benchmarking such as is conducted by Her Majesty’s Inspectorate of Constabulary (HMICFRS);

- A well-researched and coherent Corporate Governance Framework that sets out the rules and procedures for effective working within and between the OPCC and OCC;
- Appropriate statutory officers within both the OPCC and OCC, who are key members of respective leadership teams with relevant influence on strategic and tactical matters;
- Codes of Conduct and standards of behaviour clearly set out in governance documents with the former being signed by the PCC;
- An independent Joint Audit, Risk and Assurance Panel (JARAP) that is charged with seeking assurance over risk, governance and internal control for both the OPCC and OCC;
- Internal Audit team where the plan and therefore resources are directed towards risk and emerging issues; and where the plan is shaped by both the OPCC and the OCC;
- External reviews and inspections carried out by Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) which inform the PCC and the CC and highlight risks and learning points in addition to good practice.
- Regular reviews and updates on Regional Collaboration are discussed at the East Midlands PCC and CC Board who meet bi-monthly.

#### 4) Compliance with the Seven Principles set out in the CIPFA/SoLACE Framework

##### **Principle A: Behaving with Integrity, demonstrating strong commitment to ethical values and respecting the rule of Law:**

Both the PCC and the CC support the Corporate Governance Framework which aligns to the Code of Corporate Governance and which provides guidance on expected behaviours to ensure integrity. The Corporate Governance Framework also includes an Anti-Fraud, Bribery and Corruption Policy in addition to a Whistleblowing Policy. The JARAP receive regular updates on Fraud and Corruption and Whistleblowing arrangements in line with their annual plan. Any whistleblowing activities are investigated by the Professional Standards Department and appropriate action is taken. The Section 151 Officer and Monitoring Officer have specific responsibility for ensuring legality, for investigating any suspected instances of failure to comply with legal requirements and for reporting any such instances to the PCC, CC, JARAP or Police and Crime Panel.

Detailed reviews of whistleblowing and complaints are considered by the Ethics and Transparency Panel who also undertake dip sampling of complaints.

The Police and Crime Plan outlines the PCC's commitment to ethical values and the PCC and DPCC have completed the register of interests which is contained on the PCC website. Additionally, Related Parties Disclosures are undertaken for all key staff in the OPCC and OCC.

##### **Principle B: Ensuring openness and comprehensive stakeholder engagement**

All agendas, papers and meetings of the JARAP and Ethics and Transparency Panel and the Police and Crime Panel are contained on the respective websites. All of these meetings are open to the public.

Papers, reports and decisions made by the PCC are published on the PCC website, together with consultation, details of future public events and public surveys.

Detailed financial information is included on the police force's website which details every expenditure transaction over £500

The Police and Crime Plan sets out the importance placed by the PCC on stakeholder engagement, together with his plans and approach to developing these further.

##### **Principle C: Defining outcomes in terms of sustainable, economic, social and environmental outcomes**

The PCC has produced a Police and Crime Plan which has been informed by the Strategic Policing Requirement and the result of significant consultation with the public and key stakeholders.

This plan is used to direct the resources of the PCC and the Chief Constable through the Revenue and Capital Budgets and the Commissioning Framework. It informs where resources are most needed and targets investment into priority areas.

The PCC has a Minimum Revenue Policy, a Reserves Strategy and a Treasury Management Strategy and these are all considered with the Capital Programme and Revenue budget when considering the level of precept to be

set. There are regular reports to the Corporate Governance Board (CGB) to report on progress and compliance with these policies during the year.

### **Principle D: Determining the Interventions necessary to optimise the achievement of intended outcomes**

All new areas of business are considered through the Force arrangements via the Executive Board. Business cases support proposals both at a local, regional and sub-regional level before consideration and sign off where appropriate by the PCC or CC, dependent on the values contained within the Corporate Governance Framework.

Regionally, Business Cases are considered first by the DCC Board before consideration by the CCs and PCCs, together with advice from statutory officers.

Significant decisions are documented on a Decision Record and published on the PCC website.

### **Principle E: Developing Capacity and Capability**

The Force work closely with the College of Policing to ensure investment is maximised for officers and staff. Significant work has taken place across the region with the college in respect of the apprenticeship scheme for new recruits and further development of officers aspiring to senior ranks.

The PCC has continued to support the CC in recruiting officers and PCSO's to maintain establishment levels and ensure continued introduction of new ideas and ways of working.

### **Principle F: Managing Risks and Performance**

Performance forms a significant part of the regular Corporate Governance Board meetings and the PCC and a representative from the OPCC attend the monthly Performance Delivery Group meetings (PDG) and the Crime and Operations Effectiveness meetings to discuss Performance at a more operational level and identify the issues and challenges.

Whilst Leicestershire have mirrored the national trend where Crime levels have increased, the PCC highlights areas of Force Performance which are of concern. He has undertaken further scrutiny in this area on a regular basis and this is also an area reviewed regularly by the Police and Crime Panel.

Both the PCC and CC have a Risk Management Policy and manage and record risks in the same manner. These risks are reviewed regularly and considered at every JARAP meeting.

There are joint policies in place for Anti-Fraud, Corruption and Bribery, together with the joint Corporate Governance Framework which sets out the financial regulations, expected processes and internal controls.

There is a shared Internal Audit Service across the region and updates on local and regional audits are considered at every JARAP meeting.

Annual reports on HR and complaints and disciplinary processes are considered by the Corporate Governance Board and the Ethics and transparency Panel, together with actions and lessons learned.

### **Principle G: Implementing good practices in transparency, reporting and accountability**

All significant decisions of the PCC are published on the website, together with appropriate supporting documentation. The Police and Crime Plan and Commissioning Framework are also reported on and published on the website.

The PCC meets weekly with the CC to discuss key issues and challenge and scrutinise where performance is slipping or other key aspects.

The PCC attends and reports to the Police and Crime Panel who scrutinise how the PCC is holding the CC to account, consider performance, the Police and Crime Plan and other priorities.

## **5) Review of Effectiveness**

The OPCC and OCC have responsibility for conducting, at least annually, a review of the effectiveness of the governance framework including the system of internal control. The review of effectiveness is informed by the work of the senior managers within the OPCC and OCC who have responsibility for the development and maintenance of

The OPCC for Leicestershire  
2022/23

Annual Financial Report

the governance environment, the Head of Internal Audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

Following the election of the new Police and Crime Commissioner in May 2021, a further review of the office structure was undertaken during 2022-23.

The OPCC and OCC continued to invest in an Internal Audit programme in 2022-23 to provide assurance under the arrangements for the two corporation soles. These ensured specific local audits on:

- Core Financials
- Payroll
- Payroll Provider
- Commissioning
- Environmental Management
- Complaints Management
- Workforce Planning
- Contract Management
- Partnerships
- OPCC Recruitment
- Firearms Licensing
- Digital Transformation Strategy

During 2022-23, the following collaborative audits or specific assignments were carried out:

- EMSL&D – Governance
- EMSOU – Business Continuity
- EMSOU – Risk Management
- EMSOT – Close down project
- Performance Management

In addition to a review of key controls working well and highlighting findings and recommendations, the Internal Audit reports also include an overview on sector comparisons, risk management and value for money observations.

The Mazars Internal Audit annual report covered the period 1 April 2022 to 31 March 2023 and reported to and considered by, the JARAP in August 2023. The key messages in that report are included here within this Annual Governance Statement.

The Internal Audit opinions included within their annual report for both the Police and Crime Commissioner and the Chief Constable for 2022-23 were as follows:

*“On the basis of our internal audit work, our opinion on the framework of governance, risk management, and control is **Moderate** in its overall adequacy and effectiveness. This opinion is provided on the basis that some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk and management and control.”*

The basis of Mazars' opinion was as follows:

*“In reaching this opinion the following factors were taken into particular consideration:*

### **Corporate Governance**

*In respect of Corporate Governance, while not directly assessed as part of the Plan, this was informed by consideration of this area through our individual assignments including where relevant. Audit noted issues with respect to governance controls within the Commissioning audit, where it was highlighted that an outdated governance framework and governance meetings were not minuted. Furthermore, we did note across the audits delivered that updating relevant policies, procedures and guidance recommendations were made in a number of instances.*

### **Risk Management**

*In respect of Risk management, while not directly assessed as part of the Plan, this was informed by consideration of this area through our individual assignments including where relevant. In addition to this our*  
The OPCC for Leicestershire  
2022/23

Annual Financial Report

# Annual governance statement

opinion was informed by consideration of risk management aspects through our individual assignments including reporting within our 'risk management' thematic as well as observing reports and discussion around the Force's and OPCC's Risk Management including the Risk Register at each JARAP meeting with no significant issues arising.

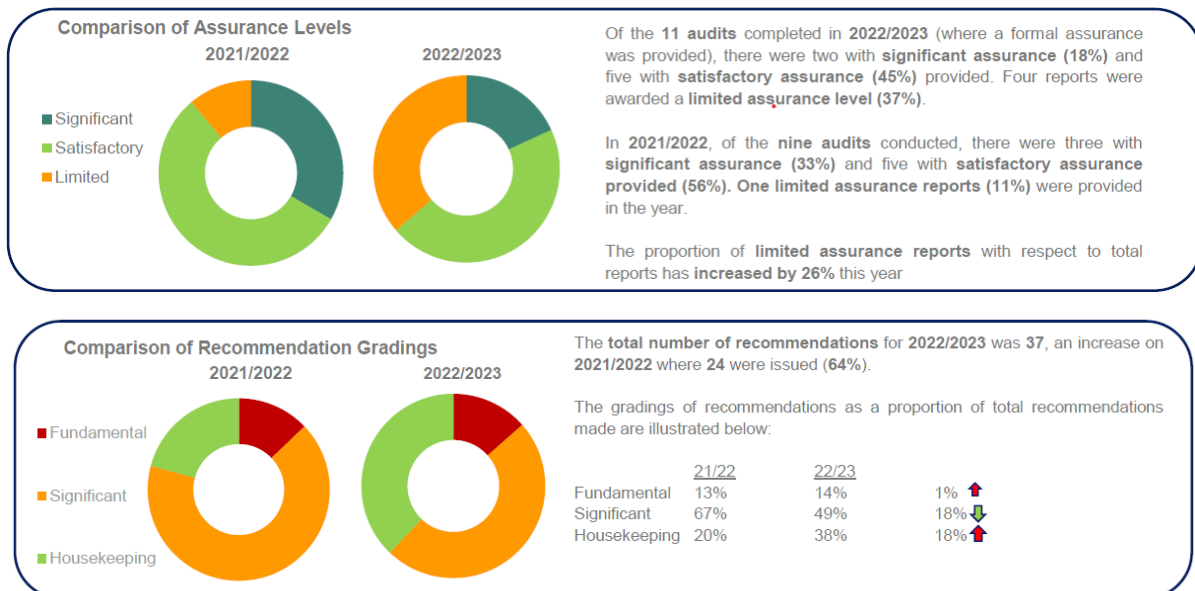
During the course of delivering the 2022/23 audit programme, a key element of each audit scope was to evaluate the control environment and, in particular, how key risks were being managed. As summarised in the 'Internal Control' section below, we were able to place reliance on the systems of internal control and the manner in which risks were being managed by the Force and OPCC.

## Internal Control

Of the 11 audits undertaken to date, where a formal assurance level was provided, two received a significant level of assurance and five received a satisfactory level of assurance. Four audits have been issued with a limited level of assurance.

We have made a total of 37 new recommendations during the year at the Force and OPCC, with five categorised as Priority 1 and 18 categorised as Priority 2. The total number of recommendations has increased by over 50% since compared to 2021/2022, where 24 recommendations were raised.

The number and priority of recommendations raised across the audit plan supports the overall assessment that some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk and management and control.



## Compliance with Professional Standards

We employed a risk-based approach to determining the audit needs of the Force & OPCC at the start of the year and use a risk-based methodology in planning and conducting our audit assignments.

In fulfilling our role, we abide by the three mandatory elements set out by the Institute of Internal Auditors. Namely, the Code of Ethics, the Definition of Internal Auditing and the Standards for the Professional Practice of Internal Auditing.

## Performance Measures

We have completed our audit work in accordance with the agreed Plan and each of our final reports has been reported to the Audit and Risk Committee. We have received positive feedback on our work from the Audit and Risk Committee and staff involved in the audits. Moreover, we have developed enhanced performance information that is presented during each of our JARAP progress reports.



## Conflicts of Interest

There have been no instances during the year which have impacted on our independence and/or lead us to declare any interest.

## Internal Audit Quality Assurance

In order to ensure the quality of the work we perform; we have a programme of quality measures which includes:

- Supervision of staff conducting audit work;
- Review of files of working papers and reports by Managers and Partners;
- Annual appraisal of audit staff and the development of personal development and training plans;
- Sector specific training for staff involved in the sector;
- Issuance of technical guidance to inform staff and provide instruction regarding technical issues; and
- The maintenance of the firm's Internal Audit Manual.

It is expected that External audit (Ernst & Young LLP) will issue their 'Annual Audit Letter for the year ended 31 March 2022' in 2023 and this will be considered by the JARAP. The letter will summarise the results of their 2021-22 audit.

As the Annual Audit letter has not yet been issued the details can not be included in the annual governance statement however, based on the 'Audit Results Report' is expected that:

- An 'Unqualified' opinion will be issued on the financial statements and that they give a true and fair view of the financial position of the PCC, CC, Group and Pension Fund as at 31 March 2022 and of its expenditure for the year then ended;
- other information published with the financial statements is consistent with the Annual Accounts;
- No significant deficiencies in the design or operation of an internal control that would result in a material misstatement in the financial statements;
- No significant weaknesses will be identified in the PCC and CCs arrangements for securing Value for money
- No matters will need to be reported in the public interest;

The JARAP meets four times during the year. The JARAP undertook a detailed work plan which included considering the work of internal and external audit, tracking of Internal Audit recommendations, risks and risk management, and specific themes. In addition, the JARAP approved an annual workplan, for 2023, reviewed their terms of reference and produced an annual report of their work.

JARAP members undertake portfolio and detailed reviews into key areas and also regularly attend pertinent meetings including regular attendance at the Strategic Health and Safety Committee.

During the year, the JARAP received or prepared a number of updates, presentations and reports on specific areas of risk or concern.

## 6) Significant Governance Issues and Actions

There were no formal reports issued by the S151 or Monitoring Officer during the year, outcomes of Monitoring Officer Investigations, objections from local electors or ombudsman referrals.

In 2022-23 our internal auditors, Mazars, carried out 11 audits. 4 of the audits undertaken were given limited assurance which indicates some improvements are required but overall a moderate assurance. As a result, it is concluded that there are no significant issues or actions that need to be highlighted as part of this Annual Governance Statement.

### Police and Crime Plan and Resources

It was also highlighted in the previous year that the medium term financial outlook showed an anticipated deficit emerging over the life of the forecast. However, the Police Precept and Budget was agreed by the Police and Crime Panel on 2 February 2022 which demonstrated that by increasing the precept by the maximum allowed over the 3 year Comprehensive Spending Review period, and through the prudent use of reserves, the medium term financial outlook now shows a balanced position after taking into account future efficiency savings.

HMI's report for the PEEL continuous assessment inspection for 2021-22 was published on the 28<sup>th</sup> of April 2022. A covering letter from the regional HMI and a press release accompanied the report with the following headline opening the press release:

## **LEICESTERSHIRE POLICE CONGRATULATED FOR OUTSTANDING PERFORMANCE**

**“Leicestershire Police has performed well in a challenging policing environment and has been congratulated for its outstanding performance, the police inspectorate has said”.**

HMI's PEEL inspection assessed how good Leicestershire Police is in ten areas of policing and they made graded judgments in nine of the following as follows:

- **Providing a service to the victims of crime** - HMI no longer make graded judgements in this overall area. However, HMI state – “while this assessment is ungraded, it influences graded judgements in the other areas we have inspected”
- **Recording data about crime** **OUTSTANDING**
- **Engaging with and treating the public with fairness and respect** **GOOD**
- **Preventing crime and anti-social behaviour** **OUTSTANDING**
- **Responding to the public** **ADEQUATE**
- **Investigating Crime** **ADEQUATE**
- **Protecting vulnerable people** **OUTSTANDING**
- **Managing Offenders and Suspects** **GOOD**
- **Building Supporting and Protecting the Workforce** **GOOD**
- **Strategic Planning & Organisational Development** **GOOD**
- **Disrupting organised crime** **OUTSTANDING**

**INNOVATION** – Leicestershire are in the top quartile for identified and reported Areas of ‘Innovative Practice’ = Humberside 19, Durham 12 and Met Police, West Yorkshire and Leicestershire 8 Areas of ‘Innovative Practice’.

### **Key Highlights reported so far 2021-22 by Her Majesty's Inspectorate of Constabulary:**

1. *The force has significantly improved on its PEEL performance grades for the previous inspection in 2018-19 in which the force received Good grades for each pillar of the PEEL; resulting in an overall GOOD grade [inspections were suspended during 2020-21].*

*For the 2021-22 PEEL the force has so far received the following step-change in recognised performance:*

- a. **4 Outstanding grades**
- b. **4 Good grades**
- c. **2 Adequate grades**

2. *Areas of notable improvement include:*

- a. **Compliance in relation to Crime Data recording [Crime Data Integrity CDI];**
- b. **Preventing crime and anti-social behaviour and importantly the**
- c. **Protection of Vulnerable People PVP.**

3. *Leicestershire Police are:*

- a. *One of only three forces awarded ‘Outstanding’ for Protecting Vulnerable People PVP;*
- b. *one of the forces with the lowest number of Areas for Improvement identified by HMI [bottom quartile].*

- c. *one of the forces with the highest number of 'innovations' identified by HMI [top quartile]*
- d. *As predicted, Leicestershire is on a par with West Yorkshire Police; a metropolitan force that receives a significantly larger budget settlement.*
- e. *Leicestershire Police as reported by HMI are recognised both nationally and within its Most Similar Forces MSF group as one of the best performing police forces in the country.*

The full inspection report can be found at the following link: [LINK](#)

### *High priority strategic risks*

At the end of March 2023, the Strategic Risk Register highlighted 13 strategic risks relating to the OCC and 14 strategic risks relating to the OPCC that were judged to be high priority. They were:

#### OCC

- The Financial Challenge - 2022/23 – 2025/26
- Capacity within I.T. to support and enable digital transformation
- Risk to network storage
- Inability to meet regional Occupational Health demand
- Churn of staff and ongoing establishment pressure
- Current JES non-equalities compliant and the implementation of new JES scheme carries risk
- Estates Department not being able to support essential building services
- Loss of IT functionality due to overheating at Euston Street
- Risk of cyber attack
- Removal, retention and deletion of data in Digital Hub
- Lack of PIP 2 detectives
- Complying with Home Office Counting Rules & ensuring high levels of crime data integrity
- Risk associated with the transition to an alternatively fuelled fleet

#### OPCC

- Failure to meet the General Data Protection Regulations (GDPR)
- Economic impact of the current foreign political unrest
- The Financial Challenge - 2022/23 – 2025/26
- Failure to follow leavers process
- Delays in service provision due to pressures on the Commissioning and Procurement teams leading to delays in the tendering process, reputational issues
- Risk of Cyber Attack
- Partnership Relationships deteriorate as a result of a change in strategic direction
- Impairment of the wellbeing of staff caused by external factors
- Police and Crime Plan commitments not delivered
- Insufficient funding to maintain Programme Sustainability
- Impact on public trust and confidence arising from national negative national coverage
- Delayed recruitment of OPCC Staff
- Provider failure or poor performance

All of these risks are being managed through the Organisational Risk Board (ORB), OPCC SMT Meetings and the JARAP, with exception performance reporting to the Strategic Performance Delivery Board (SPDB) and where necessary the Force Executive Group.

*Conclusion*

This document highlights the main areas of assurance that are in place for the OPCC as well as highlighting particular issues that have been raised through internal audit reports, external audit reports, the strategic risk registers and the external inspections that have been carried out by HMICFRS. It is intended to provide assurance that the overall arrangements in place are sound whilst highlighting some areas that do require further management action. These will be monitored closely over the next financial year.



Rupert Matthews  
Police and Crime Commissioner

13<sup>th</sup> December 2024



Claire Trewartha  
Chief Executive, OPCC

13<sup>th</sup> December 2024



Kira Knott  
Chief Finance Officer, OPCC

13<sup>th</sup> December 2024



## **ANNUAL GOVERNANCE STATEMENT FOR REGIONAL COLLABORATION 2022/23**

I confirm that the relevant controls and procedures are in place to manage the following issues within the East Midlands Special Operations Unit, which includes the Regional Organised Crime Unit, Major Crime, Forensic Services, Counter Terrorism Policing East Midlands, and Legal Services.

### **1. The monitoring processes by which performance against operational, financial and other strategic plans are considered and key issues identified and tasked.**

DCC (East Midlands) monitors performance. Exceptions are reported to the East Midlands Police & Crime Commissioners and Chief Constables' (EMPCC/CC) Board on a quarterly basis, with full performance reports reported twice a year.

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

Compliance is monitored by management review and supported by specialist professional advice where appropriate. Where areas for improvement are identified these are subject to action plans that are revisited to ensure that they have been attended to. Internal Thematic inspections and external audits form part of the monitoring controls to ensure compliance with appropriate policies and regulations and demonstrate the effective and efficient use of resources.

### **3. That the appropriate controls are in place for the management of all resources deployed within Regional collaboration**

A management structure is in place, with clear lines of accountability for both operational issues and use of resources. A budget is approved each year at the EMPCC/CC's Board which defines the expenditure targets for each area of policing within EMSOU. Each force actively supports the budget allocation and sets its own precept accordingly.

Management reports showing costs against budget are provided monthly. Unexpected variances are investigated and explained, ready for reporting to quarterly Management Boards and the EMPCC/CC's Board. Quarterly monitoring reports are shared across the region to provide each force with visibility over expenditure to date and projected outturn position.

### **4. Incorporating good governance arrangements in respect of partnerships.**

The EMPCC/CC's Board provides a forum for all members of collaboration to feedback their experiences of the partnership work. All forces can discuss governance, performance and financial issues at the quarterly meetings. The collaboration builds on best practice from across the country and the region to improve performance as well as saving money.

Signed



Date

23/5/23.

Paul Gibson

Deputy Chief Constable (East Midlands)

## INDEPENDENT AUDITOR'S REPORT TO THE POLICE AND CRIME COMMISSIONER FOR LEICESTERSHIRE

### Disclaimer of Opinion

We were engaged to audit the financial statements of the Office of the Police and Crime Commissioner for Leicestershire and its subsidiaries (the 'Group') for the year ended 31 March 2023. The financial statements comprise the:

- Office of the Police and Crime Commissioner for Leicestershire and Group Statement of Movement in Reserves,
- Office of the Police and Crime Commissioner for Leicestershire and Group Comprehensive Income and Expenditure Statement,
- Office of the Police and Crime Commissioner for Leicestershire and Group Balance Sheet,
- Office of the Police and Crime Commissioner for Leicestershire and Group Cash Flow Statement
- the related notes 1 to 41 including a summary of significant accounting policies,
- Police Officer Pension Fund Account Statements and related notes 1 to 4.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFNLASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

We do not express an opinion on the accompanying financial statements of the Group and the Office of the Police and Crime Commissioner for Leicestershire. Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

### Basis for disclaimer of opinion

The Accounts and Audit (Amendment) Regulations 2024 (Statutory Instrument 2024/907) which came into force on 30 September 2024 requires the accountability statements for this financial year to be approved not later than 13 December 2024.

The audit of the 2021/22 financial statements for the Office of the Police and Crime Commissioner for Leicestershire was not completed for the reasons set out in our opinion on those financial statements dated 13 December 2024. As a result of the delays to the previous year's audit together with the wider requirements of the local audit system reset, we did not have the required resources available to complete the detailed audit procedures that would be needed to obtain sufficient appropriate audit evidence to issue an unmodified audit report on the 2022/23 financial statements before the 13 December 2024 backstop date.

Therefore, we are disclaiming our opinion on the financial statements.

### Matters on which we report by exception

Notwithstanding our disclaimer of opinion on the financial statements we have nothing to report in respect of whether the annual governance statement is misleading or inconsistent with other information forthcoming from the audit, performed subject to the pervasive limitation described above, or our knowledge of the Group and the Office of the Police and Crime Commissioner for Leicestershire.

We report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 (as amended)
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended)
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014 (as amended)



- we are not satisfied that the Group and the Office of the Police and Crime Commissioner for Leicestershire has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.

We have nothing to report in these respects.

### **Responsibility of the Chief Finance Officer**

As explained more fully in the Statement of the Chief Finance Officer's Responsibilities set out on page 10, the Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the Group and the Office of the Police and Crime Commissioner for Leicestershire financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022), and for being satisfied that they give a true and fair view and for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the Group and the Office of the Police and Crime Commissioner for Leicestershire'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 Group and the Office of the Police and Crime Commissioner for Leicestershire either intends to cease operations, or has no realistic alternative but to do so.

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

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

Our responsibility is to conduct an audit of the Group and the Office of the Police and Crime Commissioner for Leicestershire's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report.

However, because of the matter described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Group and the Office of the Police and Crime Commissioner for Leicestershire in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Code of Audit Practice 2024 and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

We have undertaken our review in accordance with the Code of Audit Practice 2024, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General in November 2024, as to whether the Office of the Police and Crime Commissioner for Leicestershire had proper arrangements for financial sustainability, governance and improving economy, efficiency and effectiveness. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Office of the Police and Crime Commissioner for Leicestershire put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.

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

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

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

### Certificate

We certify that we have completed the audit of the accounts of the Office of the Police and Crime Commissioner for Leicestershire in accordance with the requirements of the Local Audit and Accountability Act 2014 (as amended) and the Code of Audit Practice issued by the National Audit Office.

### Use of our report

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

Hayley Clark  
Ernst & Young LLP

Hayley Clark (Key Audit Partner)  
Ernst & Young LLP (Local Auditor)  
Birmingham  
Date: 13 December 2024

The following footnote does not form part of our Auditor's Report.

Additional information related to the disclaimer of opinion is set out in our Completion Report for Those Charged with Governance dated 19 November 2024, available on the Authority's website, which includes further explanations about the implementation of the statutory instrument which led to the disclaimer of our opinion on the financial statements.



### **Accounting policies**

These are a set of rules and codes of practice used in preparing the accounts

### **Accrual**

A sum included in the accounts to cover income or expenditure attributable to an accounting period for goods supplied and received or works done but for which payment has not been received or made by the end of the period.

### **Actuarial gain/loss**

The change in pension liabilities that arises because either events have not coincided with the actuarial assumptions made for the last valuation (experience gains or losses) or because the actuarial assumptions themselves have changed.

### **Actuarial Valuation**

A valuation of the assets of a pension scheme, an estimate of the present value of benefits to be paid and an estimate of the future required contributions into a pension scheme.

### **Amortisation**

The annual amount charged to the Comprehensive Income & Expenditure Statement in respect of the consumption of intangible non-current assets (i.e. software licenses).

### **Budget**

A statement of the OPCC/Group's plans in financial terms. A budget is prepared and approved by the OPCC/Group prior to the start of each financial year.

### **Capital expenditure**

Expenditure on the acquisition of a non-current asset or expenditure which adds to and not merely maintains the value of an existing non-current asset.

### **Capital financing requirement**

The capital financing requirement represents capital expenditure financed by external debt and not by capital receipts, revenue contributions, capital grants or third-party contributions at the time of spending. It measures the OPCC/Group's underlying need to borrow for a capital purpose.

### **Capital grant**

Grant received from central government that is used to finance specific schemes in the capital programme. Where capital grants are receivable, these are used as far as possible to finance relevant capital expenditure within the year they are received.

### **Capital receipts**

Proceeds from the sale of an asset, which may be used to finance new capital expenditure or to repay outstanding loan debt as laid down within rules set by central government.

### **CIPFA**

The Chartered Institute of Public Finance and Accountancy. This is the main professional body for accountants working in the public services.

### **Commuted lump sums**

These are the amounts paid to officers when they retire, if they choose to have a lower pension.

### **Contingent liabilities**

A contingent liability is either:

- (a) a possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the OPCC/Group's control, or

(b) a present obligation arising from past events where it is not probable that a transfer of economic benefits will be required or the amount of the obligation cannot be measured with sufficient reliability.

### **Corporate and democratic core**

These represent the costs of delivering public accountability and representation in policy making and meeting our legal responsibilities.

### **Creditors**

Amounts owed by the OPCC/Group for work done, goods received or services rendered which have not been paid for by the end of the financial year.

### **Current service cost (Pensions)**

The increase in the present value of pension liabilities generated in the financial year by employees. It is an estimate of the true economic cost of employing people in the financial year, earning service that will eventually entitle them to the receipt of pension benefits on retirement.

### **Debtors**

Sums of money due to the OPCC/Group for work done or services supplied but not received at the end of the financial year.

### **Deferred liabilities**

Liabilities which by arrangement are payable beyond the next year at some point in the future or paid off by an annual sum over a period of time.

### **Defined benefit scheme**

A pension or other retirement benefit scheme, with rules that usually define the benefits independently of the contributions payable and where the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded.

### **Depreciation**

The measure of the cost or revalued amount of the benefits of the non-current asset that have been consumed during the period. Consumption includes the wearing out, using up or other reduction in the useful life of a non-current asset whether arising from use, passing of time or obsolescence through either changes in technology or the demand for the service produced by the asset.

### **Financial regulations**

A written code of procedures approved by the OPCC/Group and intended to provide a framework for the proper financial management of the OPCC/Group. The financial regulations are supported by detailed financial instructions.

### **Financial year**

The period of time commencing on the 1<sup>st</sup> April covered by the accounts.

### **Formula spending share**

The proportion of spending by local authorities which the government considers should be attributed to each OPCC/Group and used as a basis for distributing grant.

### **Impairment**

A reduction in the value of a non-current asset below the amount shown on the balance sheet.

### **Investment property**

Those assets held primarily to realise increases in their value and/or income (i.e. where rented to a third-party).

### **LASAAC**

Local Authority (Scotland) Accounts Advisory Committee

### **Leasing**

A method of financing capital expenditure where a rental charge is paid for a specified period of time. There are two main types of leasing arrangements:-

The OPCC for Leicestershire  
2022/23

Annual Financial Report

(a) finance leases which transfer all of the risks and rewards of ownership of a non-current asset to the lessee and such assets are included within the non-current assets in the balance sheet.

(b) operating leases where the ownership of the asset remains with the leasing company and the annual rental is charged direct to the service revenue accounts.

### **Liquid resources**

Assets which can be realised within a very short period of time. For example cash held in an instant-access bank account is considered a liquid resource.

### **Minimum revenue provision**

The minimum amount that the OPCC/Group is statutorily required to set aside from revenue each year as a provision to meet credit liabilities. For the OPCC/Group this relates to a principal sum based on a prudent assessment of the useful life of the asset, which is used for the redemption of external debt.

### **Net book value**

The amount at which non-current assets are included in the balance sheet and being their historical cost or current value, less the cumulative amounts charged for depreciation, amortisation and any impairment losses.

### **Non-current assets**

Tangible and intangible assets that yield benefits to the OPCC/Group for a period of more than one year.

### **Non distributed costs**

This is where overheads are not charged or apportioned to activities within the service expenditure analysis in the Comprehensive Income and Expenditure Account.

### **Past service cost (pensions)**

Represents the increase in pension liabilities caused by decisions taken in the financial year concerning retirement benefits but whose financial effect is derived from pensionable service earned in earlier financial years.

### **Precept**

The levy by which the OPCC/Group obtains the income it requires from council tax.

### **Public Works Loan Board (PWLB)**

A government agency that provides borrowing to local authorities at preferential interest rates.

### **Receipts and payments**

Amounts actually paid or received in a given accounting period irrespective of the period for which they are due.

### **Unusable reserves**

These are reserves resulting from the interaction of legislation and proper accounting practices. These reserves are not resource backed and cannot be used for any other purpose.

### **Usable reserves**

These are held at the discretion of the OPCC/Group and are resource backed. Usable reserves may either be general (in the case of the general fund) or specific (in the case of the earmarked reserves).