

# **POLICE & CRIME COMMISSIONER FOR LEICESTERSHIRE JOINT AUDIT, RISK & ASSURANCE PANEL**

PAPER MARKED



Report of	<b>CHIEF FINANCE OFFICER OF THE POLICE AND CRIME COMMISSIONER AND CHIEF CONSTABLE</b>
Subject	<b>DRAFT STATEMENT OF ACCOUNTS</b>
Date	<b>THURSDAY 1 AUGUST 2024</b>
Author:	<b>MISS KIRA HUGHES, INTERIM CHIEF FINANCE OFFICER (OPCC) AND MR PAUL DAWKINS, ASSISTANT CHIEF OFFICER (RESOURCES) (FORCE)</b>

## **Purpose of Report**

1. To receive an update on the 2023-24 Statement of Accounts for the Group, Police and Crime Commissioner and Chief Constable.

## **Recommendation**

2. The Panel is asked to review the draft Statement of Accounts for 2023-24.

## **Background**

### **Implications**

Financial: There are no direct financial implications stemming from this report

Legal: There are no direct legal implications stemming from this report

Equality Impact Assessment: There are no EIA implications stemming from this report.

Risks and Impact: None

Link to Police and Crime Plan: There is a statutory requirement to produce a Statement of Accounts on an annual basis.

### **List of Attachments / Appendices**

Draft PCC Statement of Accounts 2023-24

Draft CC Statement of Accounts 2023-24

### **Background Papers**

None

## **2023/24 Statutory Accounts**

### **Leicestershire OPCC/Force**

#### **Key Issues / Assumptions**

##### **Prior Year Restatements**

No Prior year statements have been made. The 2022/23 accounts remain un-audited.

##### **Review of Statutory Guidance**

There are no significant changes in the 2023/24 code that will impact on the OPCC / CCs accounts. The implementation of IFRS 16 leases is due for implementation from the 1<sup>st</sup> April 2024.

#### **Key Figures / Balances**

##### **Defined Pension Schemes**

The net liability of the pension schemes has decreased by £33.9m to £1.710 billion. The police pension liability has decreased by £34.4m and the LGPS liability increased by £0.5m.

In common with a number of other Forces and Local Government bodies the OPCC/Force LGPS IAS19 valuation is now returning a surplus for the funded obligations, resulting in a net asset. For 2023/24 this is primarily due to changes in the financial assumptions and an excess return on assets over and above the expected accounting return. The total investment return achieved by the Fund over the accounting period was 9.6% compared to the expected return of 4.75% leading to a gain on the balance sheet. This builds on the surplus position reported in 2022/23 as a result of the increase in the discount rate.

In accordance, with proper accounting practice, an asset ceiling calculation has been undertaken which shows that the net asset cannot be realised. As a result the net pension asset in the LGPS scheme is reduced by £62m leaving a residual liability of £448k relating to unfunded obligations.

Since June / July 23 when the 2022/23 accounts were being finalised further guidance and discussion has taken place on how a net asset should be accounted for between LGPS schemes, actuaries and auditors.

As the OPCC/Group does not have an unconditional right to a refund, the asset ceiling calculation then considers whether there is an economic benefit available as a reduction in future contributions. This is calculated as:

- A) Present value of future service cost; less
- B) Present value of future service contributions

If the result of ' B ' is greater than ' A ' which is the case for Leicestershire, the economic benefit available as a reduction in future contributions is floored at £0.

The Group is currently paying more than enough to cover the liabilities and therefore has no access to the surplus. The future costs of benefits is currently 17.5% compared to the primary rate of 22.5%.

The calculation then goes on to consider the secondary (past) rate and calculates the present value of agreed past service contributions. For Leicestershire this is £20.6m. This potential liability was never added to the fund position, when in a deficit.

A similar approach has therefore been taken to 2022/23 and the surplus removed through the asset ceiling calculation for funded obligations. For 2023/24 the unfunded obligations have been shown as a liability (£448k).

The approach taken appears to follow the methodology of the County and City council who also have a surplus and have had their 22/23 accounts signed off after the additional guidance was made available last November. The auditors for both are GT.

### *Police Pension Scheme*

A full valuation of the Police Scheme was undertaken by Mercers as at March 2022 and a roll-forward approach has been adopted for March 2024. The 'Code' requires a full valuation every 4 years.

The net liability for the Police scheme on the Balance Sheet has decreased by £34.4m from £1,744m to £1,709m

The P&L includes the approximate value of the benefits accruing for the year (Current Service Cost) and interest costs over the period. These figures are prepared using the assumptions at the start of the year and are broadly in line with the projections made in the last year's accounting report.

The Project Service cost in last year's results paper was £23.9m and the net interest cost £82.4m compared to the 23/24 figures of £25.7m and £82.3m. The difference in the service cost is attributable to the difference and actual payroll costs i.e. new recruits and September 2023 pay award (7% on all pay scales)

Apart from the service cost, the impact of the change in the closing balance sheet position has been largely driven by:

Changes to the financial assumptions resulting in a gain of £59.2m,  
Changes in the demographic assumptions resulting in a gain of £34.7m,  
Other experience losses of £10.6m

<b>Financial assumptions</b>	<b>Beginning of period (p.a.)</b>	<b>End of period (p.a.)</b>
- Rate of CPI inflation	2.7%	2.6%
- Rate of revaluation of CARE pensions	3.95%	3.85%
- Rate of pension increases	2.8%	2.7%
- Discount rate	4.8%	4.9%

### **Changes in Financial Assumptions**

The Pension Increase Rate Market derived CPI inflation has reduced over the period, which has led to a 0.1% decrease in this assumption, this reduces the employer's obligations and has led to a gain on the balance sheet.

The Salary Increase Rate – the salary increase assumption has decreased over the period by 0.1% in line with CPI inflation, this reduces the employer's obligation and also leads to a gain on the balance sheet.

Discount Rate – The corporate bond yield (upon which the discount rate is derived) has risen over the period, which has led to a 0.1% increase in this assumption. This reduces the Employer's obligations and has led to a gain on the balance sheet.

Overall the impact of the above is a financial gain of £59.2m, with the reduction in the pension and salary increase rates having the most significant impact.

### **Changes in demographic assumptions**

The baseline Mortality rates have been based on the UK Self Administered Pension Scheme (SAPS) mortality tables (S3 Tables) and reflect the latest overall scheme analysis carried out by GAD, published in the last year for the 2020 valuation undertaken. The 2023 calculations adopted the S2 Tables. The impact of this is to reduce the expected lift expectancy

The long-term improvement rate has been maintained at 1.5% in the March 24.

The changes in the mortality rates have led to a gain of £34.7m, thereby reducing the liability.

### **Other Experience**

'Other experience' for March 2024 captures the actual 'pension increase order' for April 2024 being 6.7%, which was significantly higher than the increase rate assumption built into the obligations at the beginning of the year, and an adjustment in relation to the Post September known inflation – resulting in a loss of £10.6m.

### **Pension Remedy**

As part of the 2018/19 accounts, in the absence of definitive details in relation to the remedy for the police pension schemes, an assessment was undertaken to determine the approximate cost if the transitional protections were extended to younger members. This was included as a past service cost.

On the 16<sup>th</sup> July HM Treasury published their *public service pension schemes consultation: changes to the transitional arrangements to the 2015 Schemes*, which contained the proposed remedy regarding McCloud / Sargeant remedy.

On the 4<sup>th</sup> February 2021 the Treasury published their response to the consultation. This response confirmed that the legacy schemes would close from the 31<sup>st</sup> March 2022; a remedy would be introduced for the period 2015 – 2022 based on deferred choice underpin basis; eligibility criteria for members to access the remedy.

The key feature of the proposed remedy is to extend the final salary protection to 31 March 2022 and to give protected members a one-off choice, in relation to the protected period 1<sup>st</sup> April 2015 to 31<sup>st</sup> March 2022, to either retain their legacy final salary benefits or the reformed career average

benefits. This applies to all members who were active on or before the 31<sup>st</sup> March 2012 and either remain in active service or left after the 1 April 2015. Members will make a choice at retirement (deferred choice approach). All active members in the service as at the 31<sup>st</sup> March 2022 now accrue benefits in the reformed career average scheme.

The accounting figures prepared for the 23/24 continue to include an allowance for the McCloud assessed in a similar manner to that adopted previously.

#### *Local Government Pension Scheme*

A full valuation of the scheme was undertaken as at the 31<sup>st</sup> March 2022. The 2023/24 is a roll forward valuation.

As set out above due to the accounting requirements neither an asset or liability has been disclosed on the funded obligations. A liability of £448k has been disclosed in respect of the unfunded obligations. Prior to the Asset Ceiling adjustment the LGPS had a surplus of £62m an increase of £33m compared to the previous financial year. The reasons for the increase are set out below.

The P&L includes the approximate value of the benefits accruing for the year (Current Service Cost) and interest costs over the period. These figures are prepared using the assumptions at the start of the year and are broadly in line with the projections made in the last year's accounting report.

The Project Service cost in last year's results paper was £10.4m and the net interest cost £1.4m compared to the 23/24 figures of £11.4m and 1.4m.

Apart from the service cost, the impact of the change in the closing balance sheet position has been largely driven by:

Changes to the financial assumptions resulting in a gain of £20.8m,  
Changes in the demographic assumptions resulting in a gain of £1.7m,  
Other experience loss of £9.1m  
Return on assets (excluding amounts included in net interest) resulting in a gain of £15.7m

#### **Changes in Financial Assumptions**

The Pension Increase Rate Market derived CPI inflation has fallen over the period, which has led to a 0.2% reduction in this assumption, this reduces the employer's obligations and has led to a gain of £12.3m on the balance sheet.

The Salary Increase Rate – the salary increase assumption has fallen over the period by 0.2%, this reduces the employer's obligation and has led to a gain of around £1.6m on the balance sheet.

Discount Rate – The corporate bond yield (upon which the discount rate is derived) has risen over the period, which has led to a 0.10% increase in this assumption. This reduces the Employer's obligations and has led to a gain of around £6.9m on the balance sheet.

#### **Changes in demographic assumptions**

The longevity assumptions have changed from the previous accounting period to reflect the latest available longevity information. This update has reduced the Employer's obligation and led to gain of £1.7m on the balance sheet.

#### **Other Experience**

‘Other experience’ – this relates to the Pensions Increase order – the actual PI Order for April 2024 was 6.7% which was significantly higher than the pension increase rate built into the obligations the start of the accounting period. This increases pensions in payment, deferred pensions and CARE pots and leads to a loss of around £9.1m

### Return on Assets (excluding amounts included in net interest)

Any excess return over and above the expected accounting return (i.e. the discount rate at the start of the accounting period) is recognised in the OCI. The total investment return achieved by the Fund over the accounting period was -9.6%, compared to an expected accounting return of 4.75%, which has led to a gain of about £9.7m on the balance sheet.

The 2023/24 Results Schedule is based on the actual investment returns, for the final quarter of 2023/24.

### Other

As in previous years, the impact of the changes to GMP have been included in both scheme valuations as part of the roll forward approach.

It is important to note that the Accounting standard requires the discount rate to be set with reference to the yields on high quality corporate bonds irrespective of the actual investment strategy of the Fund. As such, the figures in the valuation are unlikely to reflect either the actual cost of providing the benefits of the likely level of contributions to fund the Employer’s obligations to the Fund.

### Non-Current Assets

The net book value of non-current assets has increased by £20.7m to £103.4m, the value of PPE has increased by £21m and Intangible assets decreased by £0.3, due to disposals and depreciation.

	Land and buildings	Vehicles	Equipment	Assets under construction	Total PPE
2023/24	£000	£000	£000	£000	£000
<b>Cost or valuation</b>	68,826	10,669	15,457	1,462	96,414
At 1 April 2023					-
Additions	435	570	6,199	1,459	8,663
Revaluations / impairments recognised in the Revaluation Reserve	11,514	-	-	-	11,514
Revaluations / impairments recognised in the surplus/deficit on the provision of services	5,694	-	-	-	5,694
Disposals	-	(694)	(2,223)	-	(2,917)
Transfers	-	1,631	35	(1,667)	(1)
<b>At 31 March 2024</b>	<b>86,469</b>	<b>12,176</b>	<b>19,468</b>	<b>1,254</b>	<b>119,367</b>
<b>Accumulated depreciation and impairment</b>	<b>(463)</b>	<b>(6,450)</b>	<b>(9,116)</b>		<b>(16,029)</b>
At 1 April 2023					-
Depreciation charge	(1,410)	(1,405)	(3,664)	-	(6,479)
Impairment Losses	-	-	-	-	-
Disposals	-	597	2,006	-	2,603
Adjustment due to revaluations – Depreciation written out to the Reval Reserve	1,120	-	-	-	1,120
Adjustment due to revaluations – Depreciation written out to the CI&E	753	-	-	-	753
Adjustment in respect of transfers	-	-	-	-	-
<b>At 31 March 2024</b>	<b>-</b>	<b>(7,258)</b>	<b>(10,774)</b>	<b>-</b>	<b>(18,032)</b>
<b>Net book value</b>					
at 31 March 2024	86,469	4,918	8,694	1,254	101,335
at 31 March 2023	68,363	4,220	6,341	1,462	80,385

## Land and Building

The net book of Land and Buildings has increased by £18m (including regional assets). Land has increased by £2.6m (Leics only) and buildings £15m (Leics Only)

A full revaluation of the PCC's estate has been in 2023/24 in accordance with the 'code' to undertake a valuation at least every 5 years.

Whilst Burton Knowles have been retained to provide valuation services a new valuer has been appointed to lead the public sector valuations. As a result, a number of changes have been made to the valuation approach which has led to the significant increase in the value of the assets.

Burton Knowles have experience of valuing police sector estate including Leicestershire County Council, East Midlands Ambulance Service, Blaby District Council and Rutland County Council.

In accordance with the 'code, the following valuation approach has been adopted:

- Assets classified as 'specialised' the valuation method is depreciated Replacement Cost – These represent 68% (Land and Buildings combined) of the closing net book value and includes -FHQ, Euston Street (cell block) ASU hangar and the custody and garage blocks at other sites. EY had previously raised that in their view the Custody Suites, kennels and garages at Beaumont Leys and Keyham should be valued using the DRC methodology. For 23/24 this approach has been extended to the garages at Wigston, Braunstone, Spinney Hill and Hinckley
- The remaining sites have been valued on existing use – Market Value, representing 32% of the closing net book value.
- The most recent floor plans available for all the assets have been made available. This has resulted in some changes to the Floor Areas used in the valuations. The Finance Team has checked the floor areas used in the valuations to the floor areas on the internal plans and a number of queries raised.
- Sites have been visited where these have not been previously visited as prior year valuations
- For the DRC valuations the valuer has assessed obsolescence based on a number of factors including age, condition etc. This approach differs to previous valuations where the depreciation has been based just on the asset life.
- The 23/24 DRC valuations also include 24% for externals, this has not been included before however, the separate valuation of the carparks has been removed
- The DRC calculations have been produced using specialist software, the Finance Team has a sampled a number of the calculations.
- As part of the valuation each of the aerial masts has been valued based on the income stream and future yield, where a mast is part of an existing site these have not been identified separately before.
- The valuation date to be the 31<sup>st</sup> December 2023, with the valuer confirming that there has been no material movement between the 31<sup>st</sup> December 2023 and the balance sheet date.
- Year on year comparison of the valuations has been completed and a detailed review undertaken where the movement was greater than £500k. This analyses £13m of the £15m increase (before regional adjustments). Appendix ? provides the detail by site.

<b>Analysis of DRC/EUV Buildings where Valuations have increased/decreased by more than £500k</b>	
<b>BUILDING</b>	<b>TOTAL</b>
Opening NBV as at 31/03/23	47,723,153
Floor Area Differences Relating to Car Park Areas used in 22/23 Valuations only	-4,878,302
Externals Included in 23/24 Valuations - NEW	6,108,706
Other Floor Area Differences	3,540,728
BCIS values used - Increase/decreases between 22/23 & 23/24 Valuations	-4,554,336
Obsolescence Rate - Movement between 22/23 & 23/24	7,685,298
Professional Fees - Movement between 22/23 & 23/24	-663,579
Aerial Masts Included in the 23/24 Valuations	2,322,460
Lease Element Included in the 23/24 Valuations	344,440
Change in Open Market Valuation	3,369,070
Closing Balance as at 31/03/24	60,997,638

## **Depreciation Policy**

As Part of the discussions in relation to the valuation the policy in relation to depreciation was raised. Previously depreciation was calculated based on the 'asset life' (age) of the building. For 2024/25 the depreciation has been calculated on the how long the Force expects to use the building in service delivery. This has been determined as 40 years for buildings and 20 year for aerial masts. The change in methodology has not had a significant impact on the value of the depreciation between years - £1.4m in 23/24, prior year 1.5m

## **Land**

The value of the Land has increase by £2.6m. The most significant increase is at FHQ.

The FHQ land has been valued at £400k per acre an increase of £120k compared to the prior year.

Burton Knowles have used an area of 21.2 acres @ £400k per acre giving a valuation of £8,480,000, the remaining 5.4 acres (dog field) has been valued at £7k per acre based on agricultural use, as a comparison. This has resulted in a £1.1m increase

Bruton Knowles use the area of the total site including the field as this is used in service delivery (Dog Section / Training).

In valuing the land Bruton Knowles apply the principle of 'Least cost replacement' where the valuer considers if the same service could be provided and maintained on an alternative site. Comparables have been provided to support the valuers value of £400k per acre. The DRC valuation is value on the cost of replacement not the value of the current site.

The value apportioned to the Copt Oak land has also risen by £0.6m. This is due to a significant increase in the value of the mast. The overall value has been based on the income from 3<sup>rd</sup> parties with a yield of 4% adopted to reflect the security of the income. The overall value is now £1.9m with 30% being attributed to the land cost.



Comparable evidence has been provided for the valuations given.

The valuation is **not** reported as being subject to 'material valuation uncertainty'

The valuers have not notified the organisation of any material change in the property values between the 31<sup>st</sup> December and the 31<sup>st</sup> March 2024

The net book value of the assets using market evidence is £26.9m. The value would need to increase / decrease drop by 25% to have a material impact on the balance sheet. The value of these assets will need to be kept under review up to the date of the accounts being authorised for issue.

Whilst a number of teams continue to operate a hybrid working model all buildings remain open and in-use.

The PCC does not hold an investment property portfolio for income generation purposes.

Overall, the revaluations have resulted in a surplus of £6.4m being charged to the 'cost of services' and a surplus of £12.6m being charged to other 'comprehensive income and expenditure'.

No impairments to the estate have been identified.

At the 31<sup>st</sup> March 2023 there were no Assets Held For sale. There is currently no building within the estate's strategy identified for disposal.

## **Fleet**

The net book value of the Fleet vehicles has increased by £0.7m. Additions for the year were £0.6m (22 vehicles) with £1.6m (62 vehicles) being transferred from Assets under Construction, representing vehicles purchased in the prior year but commissioned and brought into use during 2023/24.

A full reconciliation has been undertaken between the Tranman Fleet Management system and the Fleet Asset register. This exercise identified 1 vehicle which had been included on both the Live register and AUU in 2022/23. This has been corrected in 2023/24.

During the year a further 42 vehicles (including 11 write offs) were disposed of at a NBV of £97k.

The depreciation charge for the year was £1.4m, an increase of £0.3m compared to the prior year.

## **Equipment** (including IT Tangibles and Operational Equipment)

The closing net book value is £8.7m, this is an increase of £2.4m compared to the prior year. Additions were £6.2m an increase of £4.3m compared to the previous year and reflects the assets replacement programmes that have taken place during 23/24 (Laptops, mobiles, airwave terminal, BWV)

The annual depreciation charge has increased to £1.4m from £1.1m, this reflects a number of assets being written down over a shorter life, as technological enhancements continue.

Assets with a net book value of £217k have been disposed of based on Asset Confirmations received.

## ***Assets Under Construction***

The balance on Assets under Construction relates to Land and Buildings, IT systems and vehicles.

At the 31<sup>st</sup> March 8 estates projects were progressing but not complete, these were the Firearms Locker rooms (£328k) and Euston Street Cooling (£177k) and 6 smaller schemes totalling £100k. The Locker rooms and Euston St cooling were Assets Under Construction in 22/23 and the above expenditure has been added to the opening balance of £28k.

1 IT project was in progress totalling £15k, the remaining schemes have been transferred to the 'Live' register. There are no intangible assets under AUC.

At the 31<sup>st</sup> March the Group/ OPCC had taken delivery of 25 vehicles these were not registered with the DVLA or commissioned for operational purposes (light bars, livery etc) and have been classed as AUC. The value is £0.4m. During the year the 62 vehicles b/fwd have been transferred to the live Fleet asset register.

### Intangible Fixed Assets

The closing NBV of intangible fixed assets has reduced by £0.3m. Additions are £0.4m, offset by depreciation of £0.7m.

### Capital Financing / Borrowing

The net borrowing requirement to finance the 2023/24 capital additions (incl REFCUS) of 9.2m was £7.2m. This has been financed from internal borrowing. During the year no new long term loans were taken or repaid.

The remaining capital expenditure of £2m was financed through RCCO - £1.1m, Section 106 funds of £0.7m, and the remainder a combination of 3<sup>rd</sup> party contributions and Home office grants.

## **Income and Expenditure**

As part of the year end closedown £2.8m has been set aside in the the C/Fwd reserve for commitments made but not yet incurred and funding for future projects. After the transfer, the Group underspent by £0.7m which has been transferred to the BER (see separate year-end outturn report for further detail).

A year on year comparison of the I&E is difficult due to the statutory charges (subsequently reversed) as these can vary significantly between years due to for example revaluations of non-current assets, actuarial gains and losses and changes to the service cost for pensions. Note 2.2 provides a better comparison as the statutory adjustments are separately identified. The most significant variances are in relation to Police and staff pay and supplies and services.

Police Pay has risen by £4.8m (3.73%) compared to the prior year. 2023/24 was a maintenance year in respect of uplift and the increase is due to the full year effect of the 2022 pay award and part year effect of the 7% pay award from September 2023. This is offset by a reduction in the accumulated absences of £1m for police officers and the impact of bringing the regional officers back into the establishment figure of 2,242.

Police Staff Pay has risen by £4.1m (6.26%) this is due to the full year effect of the 2022 pay award and part year effect of the September 2023 pay award of 7%, investment in police staff roles offset by 21 roles being removed to meet the efficiency target and the impact of vacancy control.

Supplies and Services has increased by £3.7m reflecting the impact of inflationary increases on i.e utilities, fuel and supplier contracts.

The Force was a partner in 8 collaborations with combined net expenditure in the region of £9.7m. Leicestershire’s share of the collaboration costs, assets and liabilities are consolidated into the financial statements based on the information provided by the lead force – appropriate disclosure has been made in the critical judgements note.

The movement in the collection fund income is based on all of collection authority’s data. The Precept Income collected as shown on the I&E has been reduced by £0.4m to reflect the movement in the council tax debtors and creditors. This compares to a surplus of £0.2m in 2022/23.

The deficit is subsequently reversed through the SMR to bring the Council Tax figure back to the figure collected through the precept as per the statutory requirements.

Force Grant income has increased by £5m this is attributable to an increase in the pay award grant of 3.9m, uplift grant of 1.5m and Other grants of 0.6m (incl IT grant of £0.3m) offset by a reduction in Op Energy of 1.3m

PCC grants increased by £1m overall. Increases related to Safer Streets £0.2m and VRN £0.7m.

During the year EMSOU received £16.7m of grants for which we act as the agent as these are passed onto other regions / forces. These are no reflected in the Group I&E, but it does impact on debtors and creditors.

### Accumulated absences

The methodology for the calculation of accumulated absences is similar to previous years., the average hourly rates have been calculated from the payroll data.

The value of the accumulated balances has reduced by £1.5m

(Group)									
Leicestershire Officers, Police Staff & OPCC Staff (Does not include Regional, EMSOU or EMASU)									
IFRS - Summary of Employee Benefit Accruals									
31st March 2024									
	2023/24			2022/23			Movements (+ve = increase)		
Description	Police Officers	Police Staff	Total	Police Officers	Police Staff	Total	Police <sup>1</sup> Officers	Police <sup>2</sup> Staff	Total
Annual Leave	975,583.00	919,558.76	2,029,568.97	1,339,877.25	1,053,985.97	2,393,863.22	(364,294.25)	(134,427.20)	(498,721.45)
TOIL	876,826.43	445,142.47	1,335,246.26	774,148.54	458,419.83	1,232,568.37	102,677.89	(13,277.36)	89,400.52
Rest Day	1,424,180.02	396,447.60	1,820,049.36	2,365,476.19	395,869.35	2,761,345.54	(941,296.17)	578.25	(940,717.92)
Flexi-Time	-	5,224.07	5,224.07	-	126,581.27	126,581.27	-	(121,357.20)	(121,357.20)
	3,276,589.44	1,766,372.90	5,190,088.66	4,479,501.98	2,034,856.42	6,514,358.40	(1,202,912.53)	(268,483.52)	(1,471,396.05)

During 2023/24 Police Officer Annual Leave decreased from £1,339k to £975k. Rest days in lieu decreased from £2,365k to £1,424 and Time off in lieu increased from £774k to £876k. Police Staff Annual leave decreased from £1,053k to £919k and Time off in lieu decreased from £458k to £445k. Officer RDIL decreased due to robust management that has been put into place during 2023/24. A new policy ensures that officers take their rest days in a shorter time period, and therefore the

number of rest days on cards is decreasing. TOIL is expected to be slightly higher than previous year, this is due to officers opting to take TOIL, due to increased demands on overtime budgets.

## **Insurance Provisions**

### ***Civil Claims***

Provision has been made for those cases where the insurance handlers have indicated that there is a likely and very likely probability of the case being settled and the reserve is greater than £5k. The number of cases currently in the provision is 23. The total value of the uninsured losses is £793k a small increase of £21k compared to the previous year. The average cost per case has decreased from £48k in 22/23 to £34k in 23/24. There are 2 cases where the provision is £150k plus. One of these are capped at the previous excess of £150k.

### ***Allard Claims***

A provision was made for the case of Allard and others v Chief Constable of Devon & Cornwall Constabulary in 2018/19 as the case has progressed and it was probable that settlements would be made and estimated costs were known.

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 have been made nationally.

Test cases were heard in 2022 and judgements on principles to be applied in the calculation of entitlements were handed down in July and October 2022.

In advance of the outcome of the test case being published, Leicestershire was able to settle 8 claims at a cost of £273k during 2022/23, these were met from the provision.

During 2022/23 Leicestershire has settled a further 10 cases at a cost of £517k, at the 31<sup>st</sup> March there was one outstanding claim which relates to an officer in a supervisory role, about who there is a lack of reliable data upon which to calculate the value of his claim. A provision has been included based on other claims. Due to the lack of reliable data the Force has invited the claimant to put a proposal forward.

The remaining case has now been settled (June 24).

As a result of settlements made, a further contribution of £144k has been made to the provision. The closing balance on the provision for the remaining Allard claim is £84k.

### ***Undercover Policing***

On the 18<sup>th</sup> April the following email was received from Philip Wells ACO, Bedfordshire.

*Further to last Finance Committee whereby the issue of the Undercover Claims was raised, there has been general agreement in principle that the cost of the UC Claims should be met nationally via NRE. Recognising the test cases have now concluded and gone in the claimants favour I think we should be including this within our 2023/24 Statements of Accounts.*

*The decision we need to make is whether this needs to be disclosed as a contingent liability or a provision.*

*Based on the fact the test cases have shown that there is likely to be a transfer of economic benefit from Chief Constables to claimants, as claims are made, it is suggested that Forces show their share of the total cost as a Provision rather than a Contingent Liability. The estimated total cost of claims, including interest is £14M. CT have agreed that they will fund 15% of the total costs which results in approx. £11.9M needing to be met through NRE. The table attached highlights the individual Force share of the £11.9M and thus the amount that it is suggested a Provision is created for within your Accounts.*

Leicestershire's share of the £11.9m is £185k and this is included as a provision.

The overall balance on the provision at the 31<sup>st</sup> March 2024 is £1.1m.

## **Reserves**

The balance of the Force earmarked reserves has reduced by £1m during 2023/24 and is now £24.2m. In addition, the Reserves balance includes £0.8m of regional reserves (our share) and £1.0m of reserves held on behalf of partners. The movements are summarised below:

- **BER** – 0.4m utilised to fund 23/24 investments, £0.8m transfer in – year end underspend – closing balance **£14.2m**
- Transfer of £0.3m to the Proceeds of Crime / ECU reserve, to fund future POCA related activities.
- A reduction in the C/Fwd reserve of £0.3m to fund specific projects. The balance at the 31<sup>st</sup> March is £2.5m to cover existing commitments and new business cases, subject to final approval.
- £0.2m to the Fleet Reserve. The uninsured loss on the fleet policy increased to £250k in November 2020. The contribution to the reserve is part of our financial planning to increase the balance on the reserve to meet any significant claims in the future. The balance on the reserve is now £1m.
- £1m of the Equipment Reserve utilised to fund replacement of Body Worn cameras (£0.4m) and PSU kit (£0.5m) and the remaining £0.1m on other items of operational equipment. Transfers into the reserve are the annual contribution of £0.05m and a small underspend from the Taser budget of £0.015m
- Due to the contribution required to the insurance provision above the budgeted level, the annual contribution to the legal reserve has not been made for the 2<sup>nd</sup> year. The legal reserve balance remains at £1.3m.
- £0.1m of the Legacy reserve has been utilised during 2023/24 to fund TLA staffing.
- A net £0.1m into OPCC and commissioning reserves.

## **Movement in Debtors / Creditors**

The value of 'debtors' at the year-end has decreased by £3m. This is attributable to:

A reduction in Debtors with **government bodies of £2.4m** this relates to various government grants,

1) Force reserve debtors have increased by £0.9m the most significant movements are:

- £2.0m – Pension Grant
- Offset by a reduction for:
- (£1.3m) – One off Op energy Grant

2) The EMSOU holding account debtors have reduced by (£2.6m). This is where the Force (EMSOU) is acting as agent for the Home Office in the distribution of national grants to other regions / forces. The debtors represent the income due from the Home Office.

3) The VAT debtor has reduced by £1.1m

4) System debtors have increased by £0.3m, this relates to outstanding balances with the College and Policing and Probation Service.

An increase in debtors with **LA's** and other police authorities of **£0.7m** this is attributable to:

- £0.6m – Regional debtors
  - £0.4m – Collection Fund debtors
- Offset by:
- (£0.2m) In Force reserve / system debtors

A decrease in Sundry Debtors of £1.2m attributable to:

- £1.3m reduction in IT prepayments.

The value of **creditors** at the year-end has decreased by £5.3m

- Government Dept creditors have decreased by £297k. This is due to a decrease in the PAYE /NI creditor of £257k, Pension commutation tax of £163k, offset by an increase in the receipts in advance for the Force and EMSOU holding accounts of £177k
- Local / Police Authority creditors have decreased by £6.4m. This is due to the timing of the payment of the LGPS contributions for the March payroll these were paid before the 31<sup>st</sup> March in 23/24 but in the prior year were paid in April 23 - £1.4m, a reduction in year end reserve creditors for the EMSOU holding accounts of £6.7m offset by an increase in the Collection Fund creditor of £0.8m, receipts in advance of £0.2m and Force creditors of £0.6m
- Sundry creditors have increased by £0.9m. This is due to an increase of £2m in Force Creditors, £0.2m in respect of regional units offset by reduction in accumulated absences of £1.4m (see section on accumulated absences). The value of the creditors will vary from year to year depending on when the final BACS run is made in relation to the year end.

### **Short term borrowing**

A 4m loan was taken on the 28th March 2024 from Epping Forest District Council, this was repaid on the 10<sup>th</sup> May 2024. This is included in short term borrowing on the balance sheet.

### **Inventories**

The value of inventories has increased by £0.75m due to the issuing of uniform being brought back in house from the previous DHL contract on the 1<sup>st</sup> April 2024. Uniform has been purchased during 2023/24 to ensure availability of uniform is maintained.

## **Disclosure Notes**

### *Senior Officers Remuneration*

2023/24 – The note reflects the retirement of ACC Kerry Smith and appointment of Michela Kerr. Adam Slonecki has also been included as although funded by the NPCC he remained part of the Chief Officer Team

The Chief's name has now been disclosed as his salary is now more than £150k per annum.

The note reflects the change in OPCC Chief Executive through the year.

5 exit packages have been charged to the I&E account totalling £51k compared to £99k in the prior year.

## **Contingent Liabilities**

### **Airwave Contract**

The Home Office and Airwave Services Ltd (provider of communication services used by all UK police forces) are in dispute over the application of indexation to the Airwave contracts. In January 2024, Airwave issued discounted invoices to the OPCC/Group. These credits have not been recognised in the 2023/24 accounts due to the ongoing dispute and the risk that Airwave could be entitled to reclaim all or part of the discount.

## ***Pension Reform Claims***

### Compensation Claims

Claimants have lodged claims for compensation for injury to feelings in respect of Pension Remedy. Claims are separated into two litigation cases;

1. Aarons and Ors claims bought by Leigh Day representing individual officers in a group claim.
2. Roderick and Slade, claims bought by Penningtons on behalf of the Police Federation. These claims were brought after the finding of discrimination by the Court of Appeal in McCloud and Sargeant.

The NPCC has provided the following narrative to be included in the SOA

*In respect of the McCloud Pension case, claimants have lodged claims for compensation under two active sets of litigation, Aarons and Penningtons. 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. As at 31 March 2024, it is*

*not possible to reliably estimate the extent or likelihood of Penningtons claims being successful, and therefore no liability in respect of compensation claims is recognised in these accounts.*

We are currently aware of 145 claims being made by Leicestershire officers.

### **Employment Tribunals**

A summary has been received from HR regarding the outstanding employment tribunals. This does not indicate any other contingent liabilities over above those detailed below:

### **Public Inquiries**

#### ***Pitchford Inquiry***

On the 12<sup>th</sup> March 2015 the Home Secretary established an Inquiry into undercover policing under the Inquiries Act 2005.

The Chief Constable will be called on from time to time to resource requests for information and evidence, but these requests are difficult to predict. The Inquiry has indicated that it aims to conclude by 2026.

Currently, the level of activity affecting Leicestershire is thought to be limited.

### **Going Concern**

The accounts have been prepared on a 'going concern' basis as set out in the code (and covered by the CIPFA disclosure bulletin – 2019/20) as the OPCC / CC cannot be created or dissolved without statutory provision.

It is recognised that a 'going concern' assessment will need to be undertaken once the audit commences.

### **Post Balance Sheet Events**

The CIPFA bulletin advises that local authorities will need to consider the requirement of section 3.8 - Events after the reporting period – these assessments will need to be continually reviewed and updated until the accounts are authorised for issue.

To Date no Post Balance Sheet Events have been identified

### **New standards issued but not adopted / Accounting policies**

In accordance with the Code the new standards issued but not adopted have been reviewed. The most significant change for 2024/25 is the implementation of IFRS 16 leases, it is unlikely that this will have a material impact on the Accounts.

An additional note has been added in the accounts – for Accounting Standards Issued but not yet adopted – **Note 42**

### **Accounting Policies**



Under the 23/24 code only material accounting policies need to be disclosed. The following Accounting Policies have therefore been removed:

- Acquisitions and discontinued operations – non have occurred during 23/24
- Exceptional items – There are no items of a material nature which required separate disclosure
- Inventories – Year end balance of £969k, in-year spend not material
- Investment Property – not material – Year End Value (£628k)
- Revenue Expenditure funded from Capital under Statute (REFCUS) – (£129k)
- Capital Receipts – (£110k) – De-minimis level of £10k is referred to under Disposals accounting policy
- Fair Value Measurement of non-Financial Assets – relates to surplus assets which are nil and investment properties which are not material (See Above)

## Accounting Estimates (2023/24)

The following estimation techniques have been used in the accounts:

- IAS 19 Valuation – The cost of providing pension benefits to officers and staff, requires estimates regarding future cash flows that will arise to meet the scheme liabilities (see accounting policies and Note 26). The assumptions underlying the valuation are the responsibility of the employer, as advised by the scheme actuaries. The financial assumptions used by the actuaries are largely prescribed at any point and reflect market expectations at the reporting date. The CFO has not deemed it necessary to move away from the standard assumptions proposed. The actuaries also make assumptions relating to life expectancy of the UK population. A full valuation of the LGPS / Police staff scheme was undertaken as at March 2022.
- Establishing the valuation of operational properties. 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. 68% of the 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. Depreciation is calculated based on the asset value and expected period that the asset is going to be in service for (this is not the same as the asset life of the building). This has been set as 40 years for buildings and 20 years for aerial masts.
- Salaries accruals for overtime, unsocial, travel and expenses are based on actuals from reports run from the iTrent payroll system for April's pay date.
- Reserve creditors are generally for Goods and Services based on for example purchase orders where goods have been received, data supplied by other Forces for services provided through collaboration, information from collecting authorities for collection fund creditors and others identified by in year budget monitoring where invoices have not been received and funding payments to non-regional forces for national initiatives.
- Reserve Debtors – Most significant debtor is in relation to the Pension Fund Holding Account. This is calculated from the income and expenditure going through the account. The

majority of other reserve debtors are in relation to income due from other Forces for officers seconded / working on regional and nationally funded projects.

- Employee benefits – where employee benefits have been accrued for at the balance sheet date, they have been calculated using data taken from the Resource planning system, based on the individual's hourly rate.
- Civil claims provision – estimations of the OPCC/Groups potential liability to civil claims is provided by the Regional Legal Team who handle the claims in-house on behalf of the insurers. The legal team are regularly audited to ensure that their processes meet the insurers requirements.
- Bad debt provision – the outstanding sales invoices at 31<sup>st</sup> March are assessed and provision is made for those invoices where it is considered unlikely payment will be received.

See Separate spreadsheet on building valuation movements

---

CODE OF PRACTICE ON LOCAL AUTHORITY ACCOUNTING IN THE UNITED KINGDOM  
GUIDANCE NOTES FOR PRACTITIONERS 2022/23 ACCOUNTS

---

4	Determine the amount recognised as a defined benefit liability or (asset)	<p>The Code requires that the amount recognised as a defined benefit liability is the net total of the following amounts:</p> <ul style="list-style-type: none"> <li>• the present value of the defined benefit obligation determined by steps 1 and 2 above at the end of the reporting period</li> <li>• minus the fair value at the end of the reporting date of plan assets (if any) out of which the obligations are to be settled directly (see item 3 above).</li> </ul> <p>The defined benefit liability determined by the two bullets set out above may be negative (ie an asset). Consistent with the principle that a pension plan surplus is regarded as an asset to the extent that the employer can gain an economic benefit from it, IAS 19 contains a restriction over the amount that may be recognised. In principle, the amount recognised as an asset may not exceed its recoverable amount. The amount recognised as an asset is measured as the amount determined under paragraph 64 of IAS 19.</p> <p>This is further complicated by the application of IFRIC 14 <i>The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i>. IFRIC 14 stipulates that a minimum funding requirement may limit the ability of the entity to reduce future contributions. (It should be noted that refunds to employers are not permitted under the local government schemes as in nearly all cases surpluses arising from schemes will then be realised through a reduction in the employer's contribution rate.) For minimum funding contributions relating to the future accrual of benefits, the economic benefit available as a reduction in future contributions (to be recognised as an asset) is the present value of:</p> <ul style="list-style-type: none"> <li>• the estimated future service cost; less</li> <li>• the estimated minimum funding contributions required in respect of the future accrual of benefits.</li> </ul> <p>(IFRIC 14, paragraph 20.)</p> <p>This can never be less than zero (IFRIC 14, paragraph 22).</p> <p>Liabilities should be limited to those that reflect the legal or constructive obligation of the authority. The local government schemes generally fix the contribution rate due from employees by law, so that any deficit arising is recoverable wholly from increases in employer's contributions. Any deficit cannot then be shared with employees and will need to be recognised in full by the authority</p>
---	---	--

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

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

**2023/24**

	<b>Page</b>
<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	76
<b>Non audited information documents</b>	
Narrative Report by the Chief Finance Officer	1
Statement of responsibilities	10
Annual governance statement	78
Audit opinion	89
Glossary of terms	92

# Narrative Report by the Chief Finance Officer

These accounts set out the overall financial position of Leicestershire Police for the year ended 31 March 2024.

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 2023/24 are presented in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (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 2023/24

The financial year 2023/24 was the second 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 2023/24 in February 2023 to support its delivery.

The Police and Crime Plan includes the following short-term and medium-term priorities:

### 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

## Medium-term priorities are as follows:

- I will ask the Chief Constable to develop a Safer Communities Strategy where we see more officers and staff routinely working in and around schools, universities, youth clubs, festivals and places where groups of people gather
- We will seek to refresh the estate strategy to increase police presence across Leicester, Leicestershire and Rutland
- I will ask the Chief Constable to revitalise the spirit of volunteering and unleash the power of communities through more neighbourhood watches, community speed watch as well as working more coherently and productively with other community groups to tackle quality of life issues
- I will ask the Chief Constable to improve the quality of files submitted to the Crown Prosecution Service
- I will continue to invest in the work of our local Violence Reduction Network (VRN); through collaborating across the system, I will strengthen our response by deploying criminal justice responses as well as moving more upstream to develop preventative strategies aimed at tackling the root causes of serious violence, including knife crime
- I will fulfil my role in the new Serious Violence legal duty, supporting CSPs and other partners to meet the requirements of the duty as well as monitor the effectiveness of local responses

The Police Grant Final Settlement was announced on 1st February 2023 and confirmed a £0.3m increase in revenue grant funding. A further grant of £4.1m was made available to maintain the uplift in offices from 2020 to 2023. This was an increase of £2m compared to the previous final year. The precept referendum threshold was confirmed at £15 for a Band D property.

Financial year 2022/23 was the last year of the Government's uplift programme for police Officers. 2023/24 was focussed on maintaining the uplift numbers of 298 officers. The receipt of the Police Uplift Grant was linked to the maintenance of police officer numbers, which was achieved.

The PCC also set aside funding to invest in other items totalling £2.239m these included additional resources and supporting organisational infrastructure, deemed essential to deliver both service transformation and to support the growth in officer numbers.

As part of the budget proposals, the Commissioner agreed with the Chief Constable that an efficiency savings target of £3.9m would be included in order close the funding gap for 2023/24. Any year on year efficiency savings realised in 2023/24 have been built into the Medium Term Financial Plan and will contribute towards reducing the deficits in future years.

In 2023/24, 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 managed underspend of £0.718m on a budget of £230m.

## Performance and Financial Position

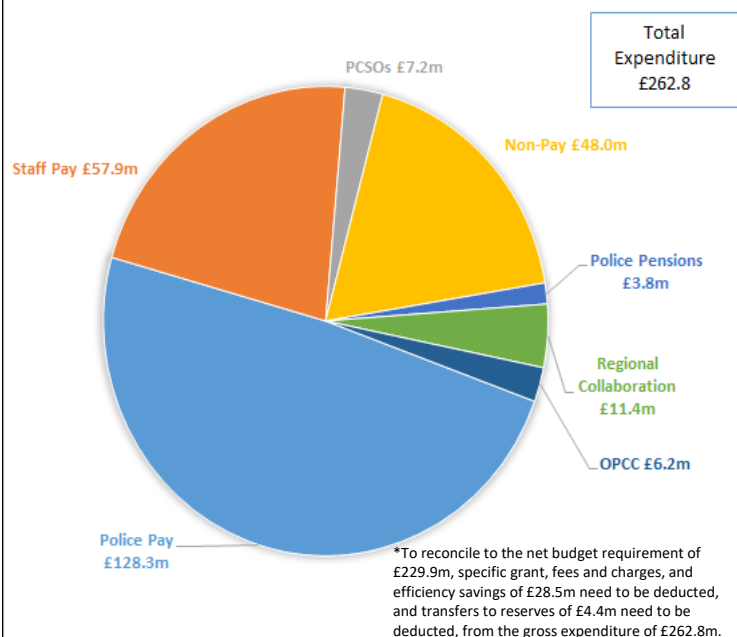
A net annual revenue budget for 2023/24 of £230m was set for the service as a whole, an increase of 3.1% over 2022/23. £225.1m was managed by the CC with the remaining £4.9m (net of grants and transfers from reserves) relating to the costs of the OPCC (£1.6m) and commissioning activities (£3.3m). The majority of the funding is provided by Government, with 40% met through the Council Tax.

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

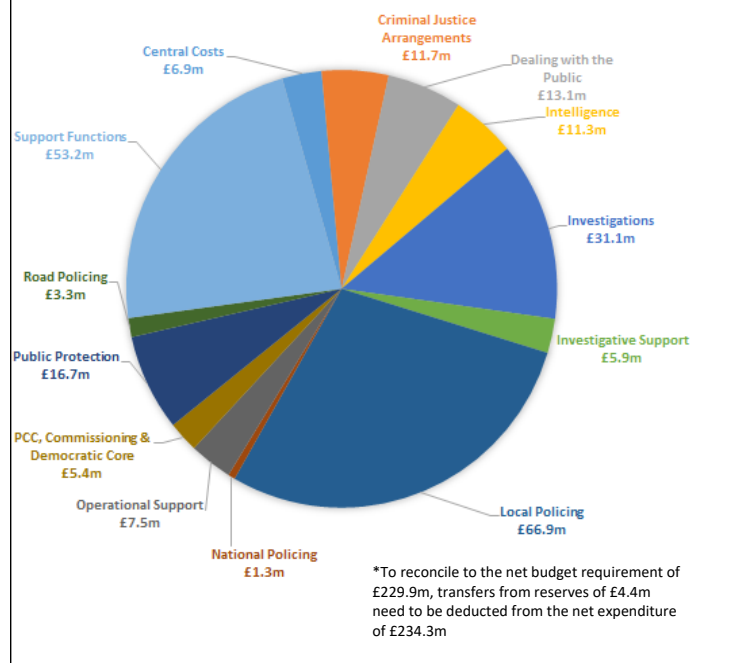


# Narrative Report by the Chief Finance Officer

## 2023/24 GROSS EXPENDITURE ANALYSIS



## 2023/24 NET BUDGET BY POA CATEGORY



### Performance against budget

As described above, the OPCC (Group) underspent its 2023/24 budget by £0.7m, after the transfer of funds to earmarked reserves, including £2.5m to meet future commitments in 2024/25. This was attributable to:

#### The Office of the Chief Constable for Leicestershire – £0.7m underspend.

- An overspend on police pay and allowances of £0.178m. The Force successfully maintained the police officer uplift targets and ended the year with 2,226 FTE against an authorised establishment of 2,242 FTE. In addition to
- the Force's baseline uplift figures the Force secured funding for an additional 3 officers during the year. Whilst increased expenditure on unsocial allowances were incurred this was offset by additional grant income and over recovery of seconded officer income.
- An overspend on corporate budgets of £0.813m due to increased legal expenditure on provisions for national legal cases and civil claims, and not drawing down a budgeted transfer from reserves due to the over achievement of the efficiency target. Offset by 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 delays in the implementation of investment proposals and projects.
- Over achievement of the efficiency target / approved pressures by £2.567m. The 2023/24 budget setting process identified the requirement for efficiency savings of £3.91m. Savings have been identified across the Force, including, utilities, fuel, investment income, debt charges and changes to regional officer costs. Despite this, the majority of savings have been generated through staff vacancy management. A total of £7.7m of savings have been realised in 2023/24. These savings were offset by pressures of £1.3m, the most significant being the September 2023 pay award of 7%. Whilst the Home Office provided additional funding of £4.9m. This was not sufficient to cover the whole costs of the pay award resulting in a shortfall of £783k.
- An overspend of £0.031m on policing functions provided regionally.
- A net overspend of £0.827m in the delegated budgets as a result of increased overtime costs to meet demand and contractual pressures

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



# Narrative Report by the Chief Finance Officer

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

- The Office of the Police and Crime Commissioner underspent by £0.264m which has been transferred to an earmarked reserve at year end.

During the year, the Police and Crime Commissioner received specific grant from the Home Office to tackle serious violence crime (£1.28m).

### **Reserves**

The Police Fund (General Reserve) has been maintained at £5.0m. The total earmarked reserves have reduced by £1.1m to £26.0m (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.

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 to the LGPS scheme too. This represents the difference between the Assets and Liabilities of the scheme.

However, for 2023/24 the LGPS valuation has returned a net asset in respect of the funded obligations, this is primarily due to changes in the financial assumptions and an excess return on assets over and above the expected accounting return. The total investment return achieved by the Fund over the accounting period was 9.6% compared to the expected return of 4.75% leading to a gain on the balance sheet.

In accordance with proper accounting practice, an asset ceiling calculation has been undertaken which shows that the net asset cannot be realised. As a result the net pension asset in the LGPS scheme is reduced by £62m leaving a residual liability of £448k, relating to unfunded obligations. This is explained further in Note 26 to the accounts.

Variations in the pension fund balance do occur between years due to 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 2023/24 Statement of Accounts has therefore resulted in an overall pension liability of £1,710m, all of which relates to the Police scheme.

The pension liability includes provision for the implementation of the Public Service Pensions and Judicial Offices Act 2022. This legislates for how schemes will remove the age discrimination identified by the courts in the way that the 2015 reforms were introduced for some members.

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 £9.2m 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 £9.1m 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).

# Narrative Report by the Chief Finance Officer

No new long term PWLB loans were taken out during the year. Outstanding long term external debt at the year-end was £14.6m (excluding accruals for interest payable).

The 'Estates' projects undertaken include:

- The completion of the Coalville car park
- completion of the Firearms locker room and classroom
- commencement of the improvements to the Euston Street computer room cooling system
- Refurbishment of the Occupational Health Unit accommodation

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

- Investment in the data network and storage to ensure network performance and support new services.
- The purchase of additional oracle licenses to ensure compliance with the licensing requirements
- Replacement of the smartphone fleet to facilitate the on-going use of agile services
- The continuation of investment in the personal computer estate to support agile working.
- A refresh of the Body Worn Video cameras
- Provision for the on-going development of Pronto.
- A complete fleet replacement of airwave terminals to extend their use until the emergency services network is delivered. This is now be scheduled for 2027/28
- Continuation of the upgrade to the SmartStorm command and control software.

During 2023/24, the Transport Unit purchased a total of 109 Vehicles including 4 electric cars.

No properties were disposed of during 2023/24.

## Looking Forward - Budget 2024/25 and beyond

In December 2023, the Policing Minister announced that the local precept could be increased by £13 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 £7.7m and uplift grant of £6.5m provided towards funding the September 23 pay award and maintaining 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 and higher inflation on contractual services, have put significant pressure on the Force's budget in 2024/25 and beyond. This has resulted in budgeted deficit of £5.4m for 2024/25. The Force has a Budget Sustainability plan to close the funding gap.

Investment items totalling £1.611m are contained within the budget proposals for 2024/25 and beyond. This is to meet the demand in the Call Management Centre, investment in a new Head of Prevention and Partnership post, resources to meet additional training needs and investment in the HR system.

As part of the budget process, the Commissioner reviewed the adequacy and level of Reserves. In July 2022 it was agreed that 7m of the Budget Equalisation Reserve would be utilised for Business Transformation costs, it is anticipated that £2.1m will be spent in 2024/25. In addition, £1.511m is planned to be used to fund the 2024/25 investments, detailed above.

The Commissioner was keen to consult with local residents regarding their perception of Crime and Policing with particular reference to public trust and confidence and funding. The aim was to give the PCC the insight needed to target scarce resources in the areas where the public perception is that the Leicestershire Police needs improvement. As part of this survey the PCC wanted to consult with residents; via an online survey and through focus groups; on 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 survey asked if residents of LLR were prepared to pay more towards policing. There were 2,283 responses to the survey/focus groups. Of these, 58% indicated that funding for Leicestershire Police, collected through Council Tax, should be increased. 34% favoured a funding freeze.

# Narrative Report by the Chief Finance Officer

Rupert Mathew's Budget and Precept for 2024/25 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 £13 per year for a Band D property to ensure the continued sustainability of the budget across the Medium Term Financial Plan, but also requires £5.4m of efficiency savings to be found during the year. The proposals recommended a total revenue net budget for 2024/25 of £243m alongside a capital programme of £7m which was considered by the Police and Crime Panel in February 2024 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 will be considered by the Police and Crime Panel on 28th October 2024.

Whilst the funding made available to the Police and Crime Commissioner increased during 2024/25 this was the final year of the 2021 comprehensive spending review (SR2021) and 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
- 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-2024-2025.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.
- Violence, abuse and intimidation against women and girls
- Year on year increase in complaints from members of the public
- Failure of IT Server affecting cyclops database
- Loss of all IT functionality due to overheating at Euston Street
- Risk of cyber attack
- Lack of PIP 2 detectives
- 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)
- Single Source of Failure – Chief Finance Officer

# Narrative Report by the Chief Finance Officer

- Arrangements in place do not secure an efficient and effective Police Service
- The Financial Challenge - 2022/23 – 2025/26
- Risk of Cyber Attack

## 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 2024.

The accounts for 2023/24 are presented in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (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 2023/24 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 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.

# Narrative Report by the Chief Finance Officer

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.

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.

# Narrative Report by the Chief Finance Officer

---

## **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 Hughes**  
**Chief Finance Officer**  
**xxxxxx 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 2024 has been prepared and were approved at the Joint Audit, Risk Assurance Panel (JARAP) on xxx

### **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 2024.

**Kira Hughes**  
**Chief Finance Officer**  
**xxxxxx 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.

2022/23				2023/24			
Gross expenditure £000	Gross income £000	Net expenditure £000		Note	Gross expenditure £000	Gross income £000	Net expenditure £000
295,310	(31,187)	264,123	Policing Services		256,117	(40,977)	215,140
1,932	(105)	1,827	Corporate & Democratic Core		2,096	(95)	2,001
6,926	(4,019)	2,907	Commissioning		8,442	(5,547)	2,895
-	-	-	Non-Distributed Costs	27	17	-	17
<b>304,168</b>	<b>(35,311)</b>	<b>268,857</b>	<b>Cost of services</b>		<b>266,672</b>	<b>(46,619)</b>	<b>220,053</b>
169	-	169	Other operating expenditure	3	153	-	153
76,115	(491)	75,624	Financing and investment income & expenditure	4	82,889	(1,846)	81,043
	(223,654)	(223,654)	Taxation & non-specific grant income	5		(230,306)	(230,306)
	(26,869)	(26,869)	Grant received from the Home Office in respect of the pension fund account	27		(29,590)	(29,590)
<b>380,452</b>	<b>(286,325)</b>	<b>94,127</b>	<b>(Surplus) or deficit on provision of services</b>		<b>349,715</b>	<b>(308,361)</b>	<b>41,353</b>
		(1,771)	(Surplus) / deficit on revaluation of non-current assets	29			(12,634)
		(1,074,863)	Actuarial (gains) / losses on pension assets/liabilities	26			(79,969)
		<b>(1,076,634)</b>	<b>Other comprehensive income &amp; expenditure</b>				<b>(92,603)</b>
		<b>(982,507)</b>	<b>Total comprehensive income &amp; expenditure</b>				<b>(51,250)</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.

2022/23				2023/24			
Gross expenditure £000	Gross income £000	Net expenditure £000		Note	Gross expenditure £000	Gross income £000	Net expenditure £000
1,787	(105)	1,682	Corporate & Democratic Core		2,001	(171)	1,830
6,926	(4,019)	2,907	Commissioning		8,442	(5,547)	2,895
<b>8,713</b>	<b>(4,124)</b>	<b>4,589</b>	<b>Cost of services</b>		<b>10,443</b>	<b>(5,718)</b>	<b>4,725</b>
241,913	-	241,913	Intra-group Transfer		253,008	-	253,008
169	-	169	Other operating expenditure	3	153	-	153
561	(491)	70	Financing and investment income & expenditure	4	261	(1,455)	(1,194)
	(223,654)	(223,654)	Taxation & non-specific grant income	5		(230,306)	(230,306)
	(26,869)	(26,869)	Grant received from the Home Office in respect of the pension fund account	27		(29,590)	(29,590)
<b>251,356</b>	<b>(255,138)</b>	<b>(3,782)</b>	<b>(Surplus) or deficit on provision of services</b>		<b>263,865</b>	<b>(267,069)</b>	<b>(3,204)</b>
		(1,771)	(Surplus) / deficit on revaluation of non-current assets	29			(12,634)
		-	Actuarial (gains) / losses on pension assets/liabilities	26			-
		<b>(1,771)</b>	<b>Other comprehensive income &amp; expenditure</b>				<b>(12,634)</b>
		<b>(5,553)</b>	<b>Total comprehensive income &amp; expenditure</b>				<b>(15,838)</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 2023 £000		Note	31 <sup>st</sup> March 2024 £000
2,304	Intangible assets	12	2,040
80,385	Property, Plant & Equipment	13	101,335
-	Assets held for sale	15	-
236	Investment property		627
10	Long term debtors	16	3
<b>82,935</b>	<b>Total long term assets</b>		<b>104,005</b>
209	Inventories	18	968
34,461	Short term debtors	16	31,494
10	Short term investments		10
14,804	Cash & cash equivalents	17	11,217
<b>49,484</b>	<b>Current assets</b>		<b>43,689</b>
(39,779)	Short term creditors	19/32	(34,253)
(93)	Short term borrowing	20.2	(4,096)
(1,229)	Provisions	22	(1,062)
<b>(41,101)</b>	<b>Current liabilities</b>		<b>(39,411)</b>
<b>8,383</b>	<b>Net current assets</b>		<b>4,278</b>
(14,569)	Long term borrowing	20.1	(14,569)
(1,177)	Grants Receipts in Advance - Capital	11	(873)
(1,744,122)	Liability related to defined benefit pension schemes	27	(1,710,145)
<b>(1,759,868)</b>	<b>Long term liabilities</b>		<b>(1,725,588)</b>
<b>(1,668,550)</b>	<b>Net assets / (liabilities)</b>		<b>(1,617,304)</b>
(32,509)	Usable reserves*	23	(31,396)
1,701,059	Unusable reserves	24	1,648,700
<b>1,668,550</b>	<b>Total reserves</b>		<b>1,617,304</b>

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

### Certification

The draft financial statements on pages 1 to 94 were authorised for issue on the 5th July 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 2023 £000		Note	31 <sup>st</sup> March 2024 £000
2,304	Intangible assets	12	2,040
80,385	Property, Plant & Equipment	13	101,335
-	Assets held for sale	15	-
236	Investment property		627
-	Long term debtors	16	-
<b>82,925</b>	<b>Total long term assets</b>		<b>104,002</b>
209	Inventories	18	968
34,315	Short term debtors	16	31,331
10	Short term investments		10
14,804	Cash & cash equivalents	17	11,217
<b>49,338</b>	<b>Current assets</b>		<b>43,526</b>
(27,662)	Short term creditors	18/31	(24,536)
(93)	Short term borrowing	20.2	(4,096)
(1,229)	Provisions	22	(1,062)
(5,334)	Inter – Group Creditor		(4,359)
<b>(34,318)</b>	<b>Current liabilities</b>		<b>(34,053)</b>
<b>15,020</b>	<b>Net current assets</b>		<b>9,473</b>
(14,569)	Long term borrowing	20.1	(14,569)
(1,177)	Grants Receipts in Advance - Capital	11	(873)
<b>(15,746)</b>	<b>Long term liabilities</b>		<b>(15,442)</b>
<b>82,199</b>	<b>Net assets / (liabilities)</b>		<b>98,033</b>
(32,509)	Usable reserves*	23	(31,396)
(49,690)	Unusable reserves	24	(66,637)
<b>(82,199)</b>	<b>Total reserves</b>		<b>(98,033)</b>

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

### Certification

The draft financial statements on pages 1 to 94 were authorised for issue on the 5th July 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.

2023/24	General Fund Balance	Earmarked General Fund Reserves	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
<i>Note</i>	23	23	23	23	24	
	£000	£000	£000	£000	£000	£000
<b>Balance at 31 March 2023</b>	<b>(5,000)</b>	<b>(27,089)</b>	<b>(420)</b>	<b>(32,509)</b>	<b>1,701,063</b>	<b>1,668,554</b>
<b>Movement in reserves during 2023/24</b>						
Surplus or deficit on the provision of services	41,353	-	-	<b>41,353</b>	-	<b>41,353</b>
Other Comprehensive Income and Expenditure	-	-	-	-	(92,603)	<b>(92,603)</b>
<b>Total Comprehensive Income and Expenditure</b>	<b>41,353</b>	<b>-</b>	<b>-</b>	<b>41,353</b>	<b>(92,603)</b>	<b>(51,250)</b>
Adjustments between accounting basis and funding basis under regulations (Note 1)	(40,240)	-	-	<b>(40,240)</b>	40,240	-
<b>Net Increase or Decrease before Transfers to Earmarked Reserves</b>	<b>1,113</b>	<b>-</b>	<b>-</b>	<b>1,113</b>	<b>(52,363)</b>	<b>(51,250)</b>
Transfers to/from Earmarked Reserves	(1,113)	1,113	-	-	-	-
<b>Increase or Decrease in 2023/24</b>	<b>-</b>	<b>1,113</b>	<b>-</b>	<b>1,113</b>	<b>(52,363)</b>	<b>(51,250)</b>
<b>Balance at 31 March 2024</b>	<b>(5,000)</b>	<b>(25,976)</b>	<b>(420)</b>	<b>(31,396)</b>	<b>1,648,700</b>	<b>1,617,304</b>

## Core financial statements

2022/23	General Fund Balance	Earmarked General Fund Reserves	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
<i>Note</i>	23	23	23	23	24	£000
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Balance at 31 March 2022</b>	<b>(5,000)</b>	<b>(27,072)</b>	<b>(483)</b>	<b>(32,555)</b>	<b>2,688,612</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>(982,878)</b>	<b>(982,832)</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>

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

2023/24	General Fund Balance	Earmarked General Fund Reserves	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
Note	23 £000	23 £000	23 £000	23 £000	24 £000	£000
<b>Balance at 31 March 2023</b>	<b>(5,000)</b>	<b>(27,089)</b>	<b>(420)</b>	<b>(32,509)</b>	<b>(49,686)</b>	<b>(82,195)</b>
<b>Movement in reserves during 2023/24</b>						
Surplus or deficit on the provision of services	(3,204)	-	-	(3,204)	-	(3,204)
Other Comprehensive Income and Expenditure	-	-	-	-	(12,634)	(12,634)
<b>Total Comprehensive Income and Expenditure</b>	<b>(3,204)</b>	<b>-</b>	<b>-</b>	<b>(3,204)</b>	<b>(12,634)</b>	<b>(15,838)</b>
Adjustments between accounting basis and funding basis under regulations (Note 1)	4,317	-	-	4,317	(4,317)	-
<b>Net Increase or Decrease before Transfers to Earmarked Reserves</b>	<b>1,113</b>	<b>-</b>	<b>-</b>	<b>1,113</b>	<b>(16,951)</b>	<b>(15,838)</b>
Transfers to/from Earmarked Reserves	(1,113)	1,113	-	-	-	-
<b>Increase or Decrease in 2023/24</b>	<b>-</b>	<b>1,113</b>	<b>-</b>	<b>1,113</b>	<b>(16,951)</b>	<b>(15,838)</b>
<b>Balance at 31 March 2024</b>	<b>(5,000)</b>	<b>(25,976)</b>	<b>(420)</b>	<b>(31,396)</b>	<b>(66,637)</b>	<b>(98,033)</b>

## Core financial statements

2022/23	General Fund Balance	Earmarked General Fund Reserves	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
<i>Note</i>	23	23	23	23	24	
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</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>
<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>

## 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.

2022/23 £000		Note	2023/24 £000
94,127	<b>Net (surplus) or deficit on the provision of services</b>		<b>41,353</b>
(104,006)	Adjustments to net (surplus) or deficit on the provision of services for non-cash movements	33.2	(43,349)
238	Adjustments for items included in the net (surplus) or deficit on the provision of services that are investing and financing activities	33.3	880
<b>(9,641)</b>	<b>Net cash flows from operating activities</b>		<b>(1,116)</b>
7,421	Investing activities	34	8,706
(3,893)	Financing activities	35	(4,003)
<b>(6,113)</b>	<b>Net (increase) or decrease in cash and cash equivalents</b>		<b>3,587</b>
(8,691)	Cash and cash equivalents at the beginning of the reporting period	17	(14,804)
<b>(14,804)</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	17	<b>(11,217)</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.

2022/23 £000		Note	2023/24 £000
(3,782)	<b>Net (surplus) or deficit on the provision of services</b>		<b>(3,204)</b>
(6,097)	Adjustments to net (surplus) or deficit on the provision of services for non-cash movements	33.2	1,208
238	Adjustments for items included in the net (surplus) or deficit on the provision of services that are investing and financing activities	33.3	880
<b>(9,641)</b>	<b>Net cash flows from operating activities</b>		<b>(1,116)</b>
7,421	Investing activities	34	8,706
(3,893)	Financing activities	35	(4,003)
<b>6,113</b>	<b>Net (increase) or decrease in cash and cash equivalents</b>		<b>3,587</b>
(8,691)	Cash and cash equivalents at the beginning of the reporting period	17	(14,804)
<b>(14,804)</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	17	<b>(11,217)</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 2023/24	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)	(45,992)	-	-	45,992
Council tax and NDR (transfers to or from the Collection Fund)	(443)	-	-	443
Holiday pay (transferred to the Accumulated Absences reserve)	1,426	-	-	(1,426)
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)	(6)	-	(49)	55
<b>Total Adjustments to Revenue Resources</b>	<b>(45,015)</b>	<b>-</b>	<b>(49)</b>	<b>45,064</b>
<b>Adjustments between Revenue and Capital Resources</b>				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	110	(110)	-	-
Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	3,537	-	-	(3,537)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	1,128	-	-	(1,128)
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>4,775</b>	<b>(110)</b>	<b>-</b>	<b>(4,665)</b>
<b>Adjustments to Capital Resources</b>				
Use of the Capital Receipts Reserve to finance capital expenditure	-	110	-	(110)
Application of capital grants to finance capital expenditure	-	-	49	(49)
<b>Total Adjustments to Capital Resources</b>	<b>-</b>	<b>110</b>	<b>49</b>	<b>(159)</b>
<b>Total Adjustments</b>	<b>(40,240)</b>	<b>-</b>	<b>-</b>	<b>40,240</b>

## Notes to the core financial statements

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>

OPCC 2023/24	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)	(443)	-	-	443
Holiday pay (transferred to the Accumulated Absences reserve)	(9)	-	-	9
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)	(6)	-	(49)	55
<b>Total Adjustments to Revenue Resources</b>	<b>(458)</b>	<b>-</b>	<b>(49)</b>	<b>507</b>
<b>Adjustments between Revenue and Capital Resources</b>				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	110	(110)	-	-
Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	3,537	-	-	(3,537)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	1,128	-	-	(1,128)
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>4,775</b>	<b>(110)</b>	<b>-</b>	<b>(4,665)</b>
<b>Adjustments to Capital Resources</b>				
Use of the Capital Receipts Reserve to finance capital expenditure	-	110	-	(110)
Application of capital grants to finance capital expenditure	-	-	49	(49)
<b>Total Adjustments to Capital Resources</b>	<b>-</b>	<b>110</b>	<b>49</b>	<b>(159)</b>
<b>Total Adjustments</b>	<b>4,317</b>	<b>-</b>	<b>-</b>	<b>(4,317)</b>

## Notes to the core financial statements

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

### 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.

2022/23		
Net Expenditure Chargeable to the General Fund	Adjustments	Net Expenditure in the Comprehensive Income and Expenditure Statement
£000	£000	£000
218,439	45,684	264,123
1,826	1	1,827
2,907	-	2,907
-	-	-
<b>223,172</b>	<b>45,685</b>	<b>268,857</b>
(223,189)	48,459	(174,730)
<b>(17)</b>	<b>94,144</b>	<b>94,127</b>
(32,072)		
(17)		
<b>(32,089)</b>		

<b>GROUP</b>	2023/24		
	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	227,007	(11,867)	215,140
Corporate & Democratic Core	1,992	9	2,001
Commissioning	2,895	-	2,895
Non-Distributed Costs	-	17	17
<b>Net Cost of Services</b>	<b>231,894</b>	<b>(11,841)</b>	<b>220,053</b>
Other Income and Expenditure	(230,781)	52,081	(178,700)
<b>Surplus or Deficit on Provision of Services</b>	<b>1,113</b>	<b>40,240</b>	<b>41,353</b>
Opening Combined General Fund Balance	(32,089)		
Plus / less Surplus or Deficit on the General Fund for the Year (Statutory basis)	1,113		
<b>Closing Combined General Fund Balance</b>	<b>(30,976)</b>		

## Notes to the core financial statements

2022/23			2023/24			
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
1,681	1	1,682		1,821	9	1,830
2,907	-	2,907	Corporate & Democratic Core Commissioning	2,895	-	2,895
-	-	-	Non-Distributed Costs	-	-	-
<b>4,588</b>	<b>1</b>	<b>4,589</b>	<b>Net Cost of Services</b>	<b>4,716</b>	<b>9</b>	<b>4,725</b>
(4,605)	(3,766)	(8,371)	Other Income and Expenditure	(3,603)	(4,326)	(7,929)
<b>(17)</b>	<b>(3,765)</b>	<b>(3,782)</b>	<b>Surplus or Deficit on Provision of Services</b>	<b>1,113</b>	<b>(4,317)</b>	<b>(3,204)</b>
(32,072)			Opening Combined General Fund Balance	(32,089)		
(17)			Plus / less Surplus or Deficit on the General Fund for the Year (Statutory basis)	1,113		
<b>(32,089)</b>			<b>Closing Combined General Fund Balance</b>	<b>(30,976)</b>		

### 2.1 Note to Expenditure and Funding Analysis

GROUP	2023/24				
	Net Capital Statutory Adjustments	Net Pensions Statutory Adjustments	Other Statutory Adjustments	Other Differences	Total Adjustments
	£000	£000	£000	£000	£000
Policing Services	(224)	(6,673)	(4,970)	-	(11,867)
Corporate & Democratic Core Commissioning	-	-	9	-	9
Non-Distributed Costs	-	17	-	-	17
<b>Net Cost of Services</b>	<b>(224)</b>	<b>(6,656)</b>	<b>(4,961)</b>	<b>-</b>	<b>(11,841)</b>
Other Income and Expenditure	(1,009)	52,648	442	-	52,081
<b>Difference between the Statutory Charge and the Surplus or Deficit in the Comprehensive Income and Expenditure Statement</b>	<b>(1,233)</b>	<b>45,992</b>	<b>(4,519)</b>	<b>-</b>	<b>40,240</b>

## Notes to the core financial statements

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	-	-	1	-	1
Commissioning	-	-	-	-	-
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>

OPCC	2023/24				
	Net Capital Statutory Adjustments	Net Pensions Statutory Adjustments	Other Statutory Adjustments	Other Differences	Total Adjustments
	£000	£000	£000	£000	£000
Corporate & Democratic Core	-	-	-	-	-
Commissioning	-	-	9	-	9
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	(1,231)	-	(3,095)	-	(4,326)
<b>Difference between the Statutory Charge and the Surplus or Deficit in the Comprehensive Income and Expenditure Statement</b>	<b>(1,231)</b>	<b>-</b>	<b>(3,086)</b>	<b>-</b>	<b>(4,317)</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)	-	(3,766)
<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>

### 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.

2022/23 £000	Nature of Expenditure or Income	Note	2023/24 £000
131,076	Police officer pay and allowances		135,960
64,944	Police staff pay and allowances		69,010
3,262	Police pensions		3,792
47,968	IAS 19 Current Cost Adjustment (pensions)	27	(6,673)
1,734	Other employees expenses		1,890
6,845	Premises		7,649
4,290	Transport		4,242
21,396	Supplies and services		25,131
7,581	Agency and contracted services		7,831
1,932	The Office of the Police and Crime Commissioner		2,001
6,926	Commissioning Activities by the PCC		8,442
136	Revenue expenditure financed from capital resources (REFCUS)	14/30	129
6,078	Depreciation & amortisation charges	12/13	7,155
(2,683)	(Surplus) / deficit on revaluation of non-current assets (not covered by accumulated revaluation gains)	13	(6,447)
-	Non-distributed costs regarding pensions	27	17
<b>301,485</b>	<b>Gross operating expenditure</b>		<b>260,129</b>
(14,616)	Income from government grants	11	(19,624)
(11,666)	Income from fees and charges		(12,585)
(2,222)	Contributions from other local authorities		(2,320)
(105)	The Office of the Police and Crime Commissioner		(34)
(4,019)	Commissioning grant and other income		(5,513)
<b>268,857</b>	<b>Cost of services</b>		<b>220,053</b>
169	Other operating expenditure	3	153
75,624	Financing and investment income & expenditure	4	81,043
(223,654)	Taxation & non-specific grant income	5	(230,306)
(26,869)	Grant received from the Home Office in respect of the pension fund account	27	(29,590)
<b>94,127</b>	<b>(Surplus) or deficit on provision of services</b>		<b>41,353</b>
(1,771)	(Surplus) / deficit on revaluation of non-current assets	29	(12,634)
(1,074,863)	Actuarial (gains) / losses on pension assets/liabilities	26	
<b>(1,076,634)</b>	<b>Other comprehensive income &amp; expenditure</b>		<b>(92,603)</b>
<b>(982,507)</b>	<b>Total comprehensive income &amp; expenditure</b>		<b>(51,250)</b>



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

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

2022/23 Outturn £000		Note	2023/24 Outturn £000
169	(Gains)/losses on the disposal of non-current assets	12/13	153
<b>169</b>			<b>153</b>

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

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

2022/23 OPCC £000	2022/23 Group £000		Note	2023/24 OPCC £000	2023/24 Group £000
561	561	Interest payable and similar charges		652	652
-	75,554	Pensions net interest cost	27	-	82,237
(464)	(464)	Interest receivable and similar income		(1,428)	(1,428)
(27)	(27)	Income and expenditure in relation to investment properties		(27)	(27)
-	-	Changes in the market value of investment properties	30	(391)	(391)
<b>70</b>	<b>75,624</b>			<b>(1,194)</b>	<b>81,043</b>

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

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

2022/23 Outturn £000		Note	2023/24 Outturn £000
(87,161)	Council tax income	8	(92,822)
(88,699)	Police grant		(88,979)
(47,570)	Ex-CLG grant		(47,735)
(224)	Capital grants and contributions		(770)
<b>(223,654)</b>			<b>(230,306)</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 A6.

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:

2023/24	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		174,971	-	3,376	8,500	-	20,485	207,332
Deputy Chief Constable		136,523	5,514	-	500	-	42,322	184,859
<i>Assistant Chief Constables</i>								
Senior Police Officer P (retired 02/10/2023)	4	61,964	-	1,331	2,541	-	19,209	85,045
Senior Police Officer Q		119,916	291	-	4,135	-	34,014	158,356
Senior Police Officer R (commenced 21/08/2023)	5	70,277	452	-	1,112	-	21,786	93,627
Senior Police Officer S (commenced 11/09/2023)	6	63,903	-	-	3,091	-	15,623	82,617
<i>Assistant Chief Officers</i>								
Finance & Resources		109,512	-	-	5,585	-	27,268	142,365
ACO Human Resources		94,937	-	-	5,527	-	23,639	124,103
		832,003	6,257	4,707	30,991	-	204,346	1,078,304
<b>Office of the PCC</b>								
Interim Chief Executive F (ceased 13 <sup>th</sup> September 2023)	7	-	-	43,478	-	-	-	43,478
Chief Executive G (commenced 11 <sup>th</sup> September 2023)		50,000	-	-	-	-	12,450	62,450
Chief Finance Officer (from 01/02/2023)		77,384	-	-	-	-	19,269	96,653
		127,384	-	43,478	-	-	31,719	202,581
<b>Group</b>		<b>959,387</b>	<b>6,257</b>	<b>48,185</b>	<b>30,991</b>	<b>-</b>	<b>236,065</b>	<b>1,280,885</b>

**Note 1** – Housing allowance for uniformed officers and fees for the Interim Chief Executive Officer 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** – Senior Police Officer P retired on the 2<sup>nd</sup> October 2023 on annualised salary of £129,600.

**Note 5** – Senior Police Officer R joined the Force on the 21<sup>st</sup> August 2023 on annualised salary of £115,026.

**Note 6** – Senior Police Officer S was promoted on the 11<sup>th</sup> September 2023 on annualised salary of £115,026 to undertake a national role in Criminal Justice but was also part of the Leicestershire Chief Officer Team. The costs of this post were externally funded.

**Note 7** - The services of Interim Chief Executive F were engaged as a consultant CEO until the 13<sup>th</sup> September 2023 when a permanent Chief Executive Officer was appointed on an annualised salary of £90,000

## Notes to the core financial statements

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
<b>Office of the PCC</b>								
Chief Executive C (Ceased 02/12/2022)	7	59,271					14,683	73,954
Chief Executive D (Ceased 26/04/2022)		8,335				22,640	2,055	33,119
Chief Executive E (Ceased 01/02/2023)				15,476				15,476
Chief Executive F (Commenced 01/02/2023)				16,562				16,562
Interim Chief Finance Officer (Commenced 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.

## 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 £	2022/23	2023/24
	number of employees	number of employees
50,000 to 54,999	36	46
55,000 to 59,999	12	26
60,000 to 64,999	5	6
65,000 to 69,999	5	9
70,000 to 74,999	5	5
75,000 to 79,999	2	6
80,000 to 84,999	1	1
85,000 to 89,999	-	2
90,000 to 94,999	2	3
95,000 to 99,999	1	1
120,000 to 124,999	-	1

- 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.
- Three 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, Major Crime and East Midlands Collaborative Human Resources Service (EMCHRS) Learning & Development, 20 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 £	
	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24
£0 - £20,000	3	3	-	1	3	4	16,127	25,057
£20,001 - £40,000	-	1	1	-	1	1	22,563	25,747
£40,001 - £60,000	-	-	1	-	1	-	60,000	-
£60,001 - £80,000	-	-	-	-	-	-	-	-
£80,001 - £100,000	-	-	-	-	-	-	-	-
£100,001 - £150,000	-	-	-	-	-	-	-	-
<b>total</b>	<b>3</b>	<b>4</b>	<b>2</b>	<b>1</b>	<b>5</b>	<b>5</b>	<b>98,690</b>	<b>58,803</b>

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

### 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).

#### 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	22.9 %	Leicestershire
EM Major Crime	All 5 Forces	22.9 %	Leicestershire
EM Forensics	All 5 Forces	22.9 %	Derbyshire
EM Legal Services	All 5 Forces	22.9 %	Derbyshire
EM Learning & Development	Leicestershire, Nottinghamshire, Northamptonshire and Derbyshire	26.4 %	Leicestershire
EM HR Shared Service Centre	Leicestershire & Derbyshire	50.0 %	Derbyshire
EM ESN Programme Team	All 5 Forces	22.6 %	Leicestershire
ASU (Hangar Only)	Leicestershire, Northamptonshire and Warwickshire	33.3 %	Leicestershire

The following tables relate to Leicestershire's share only.

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

2022/23 £000		2023/24 £000
2,847	Police pay & allowances	3,291
5,970	Police Staff pay & allowances	6,073
653	Other employees expenses	209
163	Premises	192
189	Transport	229
1,288	Supplies & services	1,055
(1,750)	Income from Government Grants	(1,093)
(286)	Income from Fees & charges	(284)
(9,328)	Funding provided to the pooled budget	(9,658)
231	Depreciation & Amortisation	280
40	(Surplus) / Deficit on revaluation of non-current assets (not covered by accumulated revaluation gains)	(267)
<b>17</b>	<b>Cost of Services</b>	<b>27</b>
(7)	Gains / Losses on disposal of non-current assets	(1)
(43)	Capital Grants & Contributions	(58)
<b>(33)</b>	<b>(Surplus) / Deficit on Provision of Services</b>	<b>(32)</b>
(28)	(Surplus) / Deficit on revaluation on non-current assets (covered by accumulated revaluation gains)	99
<b>(61)</b>	<b>Total Comprehensive Income &amp; Expenditure</b>	<b>67</b>

## 7.2 Balance Sheet Jointly Controlled Operations

2022/23 £000		2023/24 £000
7	Intangible Fixed Assets	14
1,888	Land & Buildings	2,036
682	Vehicles & equipment	617
4	Assets Under Construction	11
<b>2,581</b>	<b>Total Long Term Assets</b>	<b>2,678</b>
625	Short-term Debtors	757
911	Cash & Cash Equivalents	846
<b>1,536</b>	<b>Current Assets</b>	<b>1,603</b>
(728)	Short-term Creditors	(959)
<b>(728)</b>	<b>Current Liabilities</b>	<b>(959)</b>
<b>808</b>	<b>Net Current Liabilities</b>	<b>644</b>
<b>3,389</b>	<b>Net Assets</b>	<b>3,322</b>
(953)	Earmarked Reserves	(829)
<b>(953)</b>	<b>Usable Reserves</b>	<b>(829)</b>
(2,454)	Capital Adjustment Account	(2,651)
(126)	Revaluation Reserve	(25)
144	Accumulated Absences Account	183
<b>(2,436)</b>	<b>Unusable Reserves</b>	<b>(2,493)</b>
<b>(3,389)</b>	<b>Total Reserves</b>	<b>(3,322)</b>

**7.3 Movement in Reserves Jointly Controlled Operations**

2022/23	2023/24				
Total all JCO Reserves £000		Total General Fund £000	Earmarked Reserves £000	Total Unusable Reserves £000	Total all JCO Reserves £000
(3,328)	<b>Balance Brought Forward</b>	-	(953)	(2,436)	(3,389)
(33)	(Surplus) or deficit on the provision of services	(32)			(32)
(28)	Other comprehensive income & expenditure	99			99
<b>(61)</b>	<b>Total comprehensive income &amp; expenditure</b>	<b>67</b>			<b>67</b>
	Adjustments between accounting basis & funding basis under regulations				
	Depreciation / amortisation	(280)		280	
	Disposal of non-current assets	(3)		3	
	Revaluation of non-current assets	267		(267)	
	Revaluation of non-current assets held for sale			-	
	Capital grants / contributions applied to capital expenditure	58		(58)	
	Revenue Expenditure Funded From Capital (REFCUS)			-	
	Charges for Employee Benefits	(41)		41	
	Capital grants / contributions unapplied credited / debited to CIES	155		(155)	
	<b>Insertion of items not debited or credited to the CIES</b>				
	Capital expenditure charged against the General Fund			-	
	Revaluation of non-current assets not charged to CIES	(99)		99	
<b>(61)</b>	<b>Net (increase)/decrease before transfers to/(from) earmarked reserves</b>	<b>124</b>	<b>-</b>	<b>(57)</b>	<b>67</b>
	Transfers to/(from) earmarked reserves	(124)	124		
<b>(61)</b>	<b>(Increase)/decrease in 2023/24</b>	<b>-</b>	<b>124</b>	<b>(57)</b>	<b>67</b>
<b>(3,389)</b>	<b>Balance at end of year</b>	<b>-</b>	<b>(829)</b>	<b>(2,493)</b>	<b>(3,322)</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.

Central 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 8 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 elsewhere within the notes to the financial statements.



## Notes to the core financial statements

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

2022/23 £000	Amounts are shown on an accruals basis	2023/24 £000
(8,827)	Blaby District Council	(9,375)
(15,216)	Charnwood Borough Council	(16,206)
(10,254)	Harborough District Council	(10,357)
(10,081)	Hinckley & Bosworth Borough Council	(10,765)
(19,783)	Leicester City Council	(21,584)
(5,038)	Melton Borough Council	(5,364)
(9,287)	North-West Leicestershire District Council	(10,005)
(4,601)	Oadby & Wigston Borough Council	(4,807)
(4,074)	Rutland County Council	(4,359)
<b>(87,161)</b>	<b>Total</b>	<b>(92,822)</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 2023/24 the OPCC/Group incurred the following fees relating to external audit.

2022/23		Costs	2023/24	
OPCC	Group		OPCC	Group
£000	£000		£000	£000
25	37	Scale Fee	98	149
39	69	Additional Fees	-	-
-	-	Redmond Grant	(13)	(20)
<b>64</b>	<b>106</b>	<b>Total</b>	<b>85</b>	<b>129</b>

The Group received a grant of £20k during 2023/24, 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

2022/23		2023/24				
Total £000		Property £000	Vehicles £000	Photo- copiers £000	Other Equipment £000	Total £000
344	Payments recognised as an expense	285	9	109	49	452
	<b>Minimum lease payments</b>					
	Payable:					
51	Not later than one year	3			47	50
272	Later than one year and not later than five years	58	12	229	3	302
2,848	Later than five years	2,471				2,471

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:

2022/23 £000		2023/24 £000
	<b>Minimum lease receivables</b>	
	Receivable:	
86	Not later than one year	90
571	Later than one year and not later than five years	508
81	Later than five years	-

### 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)

2022/23 £000		2023/24 £000
	<b>Credited to services: Force</b>	
(1,281)	Op Energy	(8)
(4,400)	Dedicated Security Grant	(4,500)
(342)	Proceeds of Crime Act/Incentivisation	(747)
(1,281)	EMSOU (22.9% Share)	(1,093)
(691)	Serious Violent Crime Initiatives	(662)
(1,903)	Police Pensions Grant	(1,903)
(1,041)	Police Officer 2023 Pay Award Grant	(4,907)
(2,687)	Uplift PUP Grant	(4,232)
(990)	Others	(1,573)
<b>(14,616)</b>	<b>Total</b>	<b>(19,624)</b>

2022/23 £000		2023/24 £000
	<b>Credited to services: OPCC</b>	
(2,360)	MOJ	(2,469)
(252)	Safer Streets	(408)
(1,925)	VRN – Violence Reduction Network	(2,623)
(12)	Other	(13)
<b>(4,549)</b>	<b>Total</b>	<b>(5,513)</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:

2022/23 £000	Capital grants receipts in advance	2023/24 £000
(1,177)	S106 Developer Contributions	(873)
<b>(1,177)</b>	<b>Total</b>	<b>(873)</b>

12. Intangible Assets (Group & OPCC)

2022/23 £000	Software Licenses	2023/24 £000
	<b>Balance at start of year</b>	
7,619	Gross carrying amounts	4,802
(5,384)	Accumulated amortisation	(2,498)
<b>2,235</b>	<b>Net carrying amount at start of year</b>	<b>2,304</b>
626	Additions	428
(3,597)	Disposals	(43)
154	Transfers	-
(705)	Amortisation for the period	(676)
3,591	Amortisation on disposals	27
<b>2,304</b>	<b>Net carrying amount at end of year</b>	<b>2,040</b>
	Comprising:	
4,802	Gross carrying amounts	5,187
(2,498)	Accumulated amortisation	(3,147)
<b>2,304</b>		<b>2,040</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 has been completed as at the 31<sup>st</sup> December 2023 in accordance with the 'code' requirement to undertake a valuation at least every 5 years. The valuer subsequently confirmed that there have been no material changes in the property values between the 31<sup>st</sup> December 2023 and the 31<sup>st</sup> March 2024. The impact of the revaluations is reflected in the figures below.

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 land & buildings net carrying amount below includes £264k in respect of the land at Spinney Hill. The land is held under a finance lease. The figure also includes £27.5k in respect of two rooms at Market Bosworth and £248k in relation to the shared building with the Fire Service at Coalville, both of these are classed as Finance Leases. Also included in the buildings net carrying amount is an amount of £344k in relation to the shared building with East Midlands Ambulance Service at Market Harborough Police Station, which has a 25 year lease agreement.

	Land and buildings	Vehicles	Equipment	Assets under construction	Total PPE
2023/24	£000	£000	£000	£000	£000
<b>Cost or valuation</b>	68,826	10,669	15,457	1,462	96,414
At 1 April 2023					-
Additions	435	570	6,199	1,459	8,663
Revaluations / impairments recognised in the Revaluation Reserve	11,514	-	-	-	11,514
Revaluations / impairments recognised in the surplus/deficit on the provision of services	5,694	-	-	-	5,694
Disposals	-	(694)	(2,223)	-	(2,917)
Transfers	-	1,632	35	(1,667)	-
<b>At 31 March 2024</b>	<b>86,469</b>	<b>12,177</b>	<b>19,468</b>	<b>1,254</b>	<b>119,367</b>
<b>Accumulated depreciation and impairment</b>	(463)	(6,450)	(9,116)		(16,029)
At 1 April 2023					-
Depreciation charge	(1,410)	(1,405)	(3,664)	-	(6,479)
Impairment Losses	-	-	-	-	-
Disposals	-	597	2,006	-	2,603
Adjustment due to revaluations – Depreciation written out to the Revaluation Reserve	1,120	-	-	-	1,120
Adjustment due to revaluations – Depreciation written out to the Comprehensive Income and Expenditure	753	-	-	-	753
<b>At 31 March 2024</b>	<b>-</b>	<b>(7,258)</b>	<b>(10,774)</b>	<b>-</b>	<b>(18,032)</b>
<b>Net book value</b>					
<b>at 31 March 2024</b>	<b>86,469</b>	<b>4,919</b>	<b>8,694</b>	<b>1,254</b>	<b>101,335</b>
at 31 March 2023	68,363	4,219	6,341	1,462	80,385

## Notes to the core financial statements

	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	95,858
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	<b>63,917</b>	<b>3,293</b>	<b>7,080</b>	<b>1,001</b>	<b>75,291</b>

### 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 – 40 years
- Aerial Masts – 20 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 2024, the OPCC had entered into a number of contracts for the construction or enhancement of property, plant and equipment to be completed in 2024/25 and future years. The amounts are:

- Estates – a total of £1.6m – Significant spends on Euston Street Cooling System £493k and Implementation of Solar Panels £330k.
- IT – a total of £3.9m on a range of investments for Information Technology.
- Other Corporate Projects – a total of £1.3m – Digital Forensics Technical Solution £715k, CMD Refurbishment £441k, and ANPR Camera Refresh £193k.

### 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 A15 (note 43) for further information.

### Assets under Construction

As at 31<sup>st</sup> March 2024 we had 31 vehicles classed as Assets Under Construction as these had not been commissioned for operational purposes, 8 Buildings where work had not been fully completed and 1 computer system under development.

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

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

2022/23 £000		2023/24 £000
33,914	<b>Opening capital financing requirement</b>	33,652
	<i>Capital investment</i>	
5,526	Operational assets	7,761
1,732	Non-operational assets	1,459
	<i>Sources of finance</i>	
(14)	Capital receipts	(110)
(225)	Government grants & other contributions	(770)
(63)	Use of Government Grant Reserve	-
(3,723)	Revenue contribution	(1,128)
(3,495)	Revenue provision (incl. MRP)	(3,537)
<b>33,652</b>	<b>Closing capital financing requirement</b>	<b>37,327</b>
	<b>Explanations of movements in year</b>	
-	Increase/ (decrease) in underlying need to borrow (supported by government financial assistance)	-
(262)	Increase/ (decrease) in underlying need to borrow (unsupported by government financial assistance)	3,675
<b>(262)</b>	<b>Increase/(decrease) in capital financing requirement</b>	<b>3,675</b>

The figure shown above for capital expenditure during 2023/24 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

2022/23 £000		2023/24 £000
7,258	Capital expenditure for the year (as above)	9,220
(136)	<b>Less:</b> Revenue expenditure financed from capital resources under statute (REFCUS) in the year	(129)
<b>7,122</b>		<b>9,091</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 2024.

### 16. Debtors (Group & OPCC)

#### 16.1 Long-Term Debtors

At the balance sheet date, two car loans to employees were outstanding (2023/2024 - 2). 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 2023			31st March 2024	
OPCC £000	Group £000		OPCC £000	Group £000
		<b>Short-term debtors</b>		
20,000	20,035	Central Government Bodies	17,540	17,585
7,958	7,985	Other Local Authorities	8,687	8,711
6,357	6,441	Other Entities and Individuals	5,103	5,197
<b>34,315</b>	<b>34,461</b>		<b>31,330</b>	<b>31,493</b>

Central government bodies (above) includes the Home Office pension fund top up grant of £5,603k (£3,563k in 2022/23)

Included within the Local authorities figures above are debtors in respect of the OPCC/Group's share of council tax collection fund debtors of £5,569k (£5,198k in 2022/23).

Debtors of £3.7m 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 2023 £000		31st March 2024 £000
2,821	Bank accounts & petty cash	666
14,029	Cash investments (less than three months maturity)	13,572
(2,046)	Adjustment for cash & cash equivalents held on behalf of joint arrangements	(3,021)
<b>14,804</b>	<b>Total cash &amp; cash equivalents</b>	<b>11,217</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. Inventories (Group & OPCC)**

31st March 2023 £000		31st March 2024 £000
88	Police uniforms	847
102	Vehicle parts and fuel	102
19	Catering supplies	19
<b>209</b>		<b>968</b>

From 1<sup>st</sup> April 2024 the supply of Police uniforms to staff was moved from DHL to the force's internal stores department.

During 2023/24 the re-supply of uniform internally resulted in a significant movement of inventory held by the force. Key factors impacting the amount of uniform being stocked included delivery lead times from suppliers and the increase in new police officers joining the force compared with numbers prior to the DHL uniform contract.

**19. Creditors (Group & OPCC)**

31st March 2023			31st March 2024	
OPCC £000	Group £000		OPCC £000	Group £000
		<b>Short-term creditors</b>		
(541)	(4,642)	Central Government Bodies	(419)	(4,939)
(21,738)	(23,254)	Other Local Authorities	(16,733)	(16,733)
(44)	(44)	NHS Bodies	(42)	(42)
(5,339)	(11,839)	Other Entities and Individuals	(7,342)	(12,539)
<b>(27,662)</b>	<b>(39,779)</b>		<b>(24,536)</b>	<b>(34,253)</b>

## Notes to the core financial statements

Included within the local authorities figure above are creditors in respect of a number of Home Office grants totalling £7,380k (£14,300k). The force is acting as an agent for these grants with the funds being due to relevant police forces in 2023/24.

Included within the local authorities figures above are creditors in respect of the OPCC/Group's share of council tax collection fund creditors of £5,571k (£4,757k in 2022/23)

Included within the other entities and individuals figure above are creditors in respect of employee accumulated absences £5,226k (£6,652k in 2022/23). Further details are found in Note 32 (Accumulated Absences Account).

### 20. Borrowing (Group & OPCC)

#### 20.1 Long term Borrowing

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

31st March 2023 £000	Maturity	31st March 2024 £000
-	not more than 2 years	-
(9,027)	more than 2 years - not more than 5 years	(9,027)
(5,542)	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>(14,569)</b>		<b>(14,569)</b>

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

#### 20.2 Short term Borrowing

31st March 2023 £000		31st March 2024 £000
-	Short Term Loan - less than 1 year maturity	(4,000)
-	Interest Accrual on Short-term Loan < 1 year	(3)
(93)	Interest Accrual on PWLB < 1 year	(93)
<b>(93)</b>		<b>(4,096)</b>

### 21. 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 2024, 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 2023		Group / OPCC	31st March 2024	
Carrying amount	Fair value		Carrying amount	Fair value
£000	£000		£000	£000
		<b>Financial liabilities</b>		
(14,569)	(14,226)	PWLB - long term borrowing	(14,569)	(14,488)
<b>(14,569)</b>	<b>(14,226)</b>		<b>(18,665)</b>	<b>(14,488)</b>

### 22. Provisions (Group & OPCC)

	Balance at 1 April 2023 £000	additional provisions made £000	amounts used £000	unused amounts reversed £000	Balance at 31 March 2024 £000
Civil claims	(1,229)	(829)	918	78	(1,062)
<b>Total</b>	<b>(1,229)</b>	<b>(829)</b>	<b>918</b>	<b>78</b>	<b>(1,062)</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.

### 23. 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 2023 £000		Note	31st March 2024 £000
(27,089)	Earmarked reserves	25	(25,976)
(420)	Capital grants and contributions unapplied	28	(420)
(5,000)	General fund		(5,000)
<b>(32,509)</b>	<b>Total usable reserves</b>		<b>(31,396)</b>

### 24. 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 2023	31st March 2023		Note	31st March 2024	31 <sup>st</sup> March 2024
OPCC £000	Group £000			OPCC £000	Group £000
(40,190)	(37,448)	Capital adjustment account	30	(44,813)	(44,813)
(9,084)	(9,084)	Revaluation reserve	29	(21,860)	(21,860)
(441)	(441)	Collection fund adjustment account	31	2	2
-	1,744,122	Pension reserve	26	-	1,710,145
25	6,652	Accumulated absences account	32	34	5,226
<b>(49,690)</b>	<b>1,701,059</b>	<b>Total unusable reserves</b>		<b>(66,637)</b>	<b>1,648,700</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.

## Notes to the core financial statements

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

These reserves are earmarked for the specific purposes noted below:

Reserve name	Balance at 1 April 2022	transfers out 2022/23	transfers in 2022/23	Balance at 31 March 2023	transfers out 2023/24	Transfers in 2023/24	Balance at 31 March 2024
	£000	£000	£000	£000	£000	£000	£000
Capital expenditure	(662)	360	-	(302)	-	-	(302)
Budget equalisation	(13,843)	85	(54)	(13,812)	411	(750)	(14,152)
Proceeds of Crime Act	(1,642)	284	(71)	(1,429)	78	(389)	(1,740)
Carry-forwards (specific)	(2,929)	2,929	(2,819)	(2,819)	2,819	(2,476)	(2,476)
Civil claims	(1,316)	-	-	(1,316)	-	-	(1,316)
Adult & Child Referral Centres	(202)	-	(20)	(222)	7	-	(215)
Fleet insurance	(717)	-	(105)	(822)	-	(166)	(988)
Equipment Replacement	(1,234)	-	(586)	(1,820)	988	(65)	(897)
DBS	(85)	-	-	(85)	-	(9)	(94)
Collection Fund	(71)	71	-	-	-	-	-
Commissioning	(861)	138	(475)	(1,198)	769	(670)	(1,099)
Strategic Partnership Development Fund	-	-	-	-	-	-	-
OPCC	(368)	23	(63)	(408)	92	(87)	(403)
OPCC - Legacy	(684)	276	-	(408)	144	-	(264)
Other	(50)	3	-	(47)	31	-	(16)
Community Partnership Fund	(596)	133	-	(463)	236	-	(227)
<b>Subtotal : OPCC/Group (direct control)</b>	<b>(25,260)</b>	<b>4,302</b>	<b>(4,193)</b>	<b>(25,151)</b>	<b>5,574</b>	<b>(4,612)</b>	<b>(24,189)</b>
Jointly Controlled Operations	(864)	20	(109)	(953)	175	(51)	(829)
<b>Subtotal : OPCC/Group (incl. jointly controlled reserves)</b>	<b>(26,124)</b>	<b>4,322</b>	<b>(4,302)</b>	<b>(26,104)</b>	<b>5,749</b>	<b>(4,663)</b>	<b>(25,018)</b>
<b>Funds held on behalf of partners</b>							
Operation Liberal	(11)	11	-	-	-	-	-
Regional collaboration	(368)	-	-	(368)	-	-	(368)
RSU Reserve	(569)	-	(48)	(617)	140	(113)	(590)
<b>Grand total : OPCC/Group (incl. reserves held on behalf of partners)</b>	<b>(27,072)</b>	<b>4,333</b>	<b>(4,350)</b>	<b>(27,089)</b>	<b>5,889</b>	<b>(4,776)</b>	<b>(25,976)</b>
movement in the year			(17)			1,113	

#### 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 2024/25 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.

### 26. 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.

2022/23 OPCC £000	2022/23 Group £000	Group	Note	2023/24 OPCC £000	2023/24 Group £000
-	2,722,332	<b>Balance at 1<sup>st</sup> April</b>		-	1,744,122
-	(1,103,024)	Total remeasurements on pensions assets and liabilities (gains/losses)	27	-	(112,544)
-	28,161	Asset Ceiling Adjustment	27	-	32,575
-	137,673	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		-	89,838
-	(41,020)	Employer's pensions contributions and direct payments to pensioners payable in the year	27	-	(43,846)
-	1,744,122	<b>Balance at 31<sup>st</sup> March</b>		-	1,710,145

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

### 27. 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. The Actuary to the fund is Hymans Robertson LLP.

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 2023/24 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	
	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24
	Group	Group	Group	Group	Group	Group
	£000	£000	£000	£000	£000	£000
<b>Cost of services:</b>						
Current service cost	23,841	11,426	65,147	25,748	88,988	37,174
Past service cost		17			-	17
(Gain) / loss from settlements	-	-			-	-
	23,841	11,443	65,147	25,748	88,988	37,191
<b>Other Operating Expenditure:</b>						
Home Office grant	-	-	(26,869)	(29,590)	(26,869)	(29,590)
<b>Financing &amp; investment income/expenditure:</b>						
Net Interest cost	3,123	(67)	72,431	82,304	75,554	82,237
<b>Net charge to surplus / deficit on provision of services</b>	<b>26,964</b>	<b>11,376</b>	<b>110,709</b>	<b>78,462</b>	<b>137,673</b>	<b>89,838</b>
<b>Other comprehensive income &amp; expenditure:</b>						
Return on Plan Assets (excluding the amount included in the net interest expense)	12,443	(15,731)	-	-	12,443	(15,731)
Actuarial (gains)/losses on changes in demographic assumptions	(2,200)	(1,720)	(15,370)	(34,712)	(17,570)	(36,432)
Effect of Ceiling Adjustment	28,161	32,575	-		28,161	32,575
Actuarial gains and losses arising on changes in financial assumptions	(184,146)	(20,828)	(1,084,258)	(59,201)	(1,268,404)	(80,029)
Other (if applicable)	23,500	9,070	147,007	10,578	170,507	19,648
<b>Net charge to total comprehensive income &amp; expenditure</b>	<b>(95,278)</b>	<b>14,742</b>	<b>(841,912)</b>	<b>(4,873)</b>	<b>(937,190)</b>	<b>9,869</b>
<b>Statement of Movement in Reserves:</b>						
Reversal of items not permitted to be charged to the general fund by statute	(23,500)	(9,070)	841,912	(10,578)	818,412	(19,648)
Employer Contributions	12,957	14,294	28,063	29,552	41,020	43,846
<b>Net charge to general fund</b>	<b>(105,821)</b>	<b>19,966</b>	<b>28,063</b>	<b>14,101</b>	<b>(77,758)</b>	<b>34,067</b>
Retirement benefits payable to pensioners						
<b>Analysed as:</b>						
Employers' contributions payable to schemes based on contribution rate	12,957	14,294	25,420	26,620	38,377	40,914
Employers' contributions payable to schemes – Cash Top-Up						
Direct payments - Injury awards payable	-	-	2,643	2,932	2,643	2,932
<b>Total</b>	<b>12,957</b>	<b>14,294</b>	<b>28,063</b>	<b>29,552</b>	<b>41,020</b>	<b>43,846</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	
	2022/23 Group	2023/24 Group	2022/23 Group	2023/24 Group	2022/23 Group	2023/24 Group
	£000	£000	£000	£000	£000	£000
Present value of the defined benefit obligation	(286,392)	(294,265)	(1,744,122)	(1,709,698)	(2,030,514)	(2,003,962)
Fair value of plan assets	314,553	355,891	-	-	314,553	355,891
Asset Ceiling Adjustment	(28,161)	(62,074)	-	-	(28,161)	(62,074)
<b>Sub total</b>	-	(448)	(1,744,122)	(1,709,698)	(1,744,122)	(1,710,145)
Other movements in the liability (asset) (if applicable)	-	-	-	-	-	-
<b>Net liability arising from defined benefit obligation</b>	-	(448)	(1,744,122)	(1,709,698)	(1,744,122)	(1,710,145)

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

	Local Government Pension Scheme		Police Pension Schemes	
	2022/23 Group	2023/24 Group	2022/23 Group	2023/24 Group
	£000	£000	£000	£000
Opening fair value of scheme assets	307,960	314,553	-	-
Interest Income	8,605	15,186	-	-
<b>Remeasurement gain/(loss)</b>				
The return on plan assets; excluding the amount included in the net interest expense	(12,443)	15,731	-	-
Other (if applicable)	-	-	-	-
The effect of changes in foreign exchange rates	-	-	-	-
Contributions from employer	12,957	14,255	28,063	29,552
Employer Contributions (Top Up Grant)	-	-	26,869	29,590
Contributions from employees into the scheme	3,415	3,699	10,696	11,495
Benefits paid	(5,941)	(7,572)	(65,628)	(70,637)
Other (if applicable)	-	39	-	-
<b>Closing fair value of scheme assets</b>	<b>314,553</b>	<b>355,891</b>	<b>-</b>	<b>-</b>

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

	Local Government Pension Scheme		Police Pension Schemes	
	2022/23	2023/24	2022/23	2023/24
	Group	Group	Group	Group
	£000	£000	£000	£000
Opening balance at 1 April	(416,195)	(286,392)	(2,614,097)	(1,744,122)
Current Service Cost	(23,841)	(11,426)	(65,147)	(25,748)
Interest Cost	(11,728)	(13,781)	(72,431)	(82,304)
Contributions from scheme participants	(3,415)	(3,699)	(10,696)	(11,495)
<b>Remeasurement (gains) and losses</b>				
Actuarial gains/losses arising from changes in demographic assumptions	2,200	1,720	15,370	34,712
Actuarial gains/losses arising from changes in financial assumptions	184,146	20,828	1,084,258	59,201
Other (if applicable)	(23,500)	(9,070)	(147,007)	(10,578)
Past service cost (including curtailments)	-	(17)	-	-
Losses/(gains) on curtailment (where relevant)	-	-	-	-
Liabilities assumed on entity combinations	-	-	-	-
Benefits paid	5,941	7,572	65,628	70,637
Liabilities extinguished on settlements (where relevant)	-	-	-	-
<b>Closing balance at 31 March</b>	<b>(286,392)</b>	<b>(294,265)</b>	<b>(1,744,122)</b>	<b>(1,709,697)</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 £1,710m has a substantial impact on the net worth of the OCC as recorded in the balance sheet, resulting in a negative overall balance of £1,617m. However, the statutory arrangements for funding the deficit mean that the financial position of the OCC remains stable.

In 2023/24, the local government pension scheme has a net asset in respect of the funded obligations due to changes in the financial assumptions and an excess return on assets over and above the expected accounting return. The total investment return achieved by the Fund over the accounting period was 9.6% compared to the expected return of 4.75% leading to a gain on the balance sheet. In accordance with proper accounting practice, an asset ceiling calculation has been undertaken which shows that the net asset cannot be realised. As a result, the OCC's net assets is reduced by £62m.

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 2023 the employer's contribution rate was 24.9%, no change from the previous year and is due to remain the same for 2025/26.

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 2023/24. The results of 2020 Police Pension valuation have now been received and the employers contribution will increase to 35.3% from the 1<sup>st</sup> April 2024.

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. Both valuations take account of the implementation of the Public Service Pensions and Judicial Offices Act 2022. This legislates for how schemes will remove the age discrimination identified by the courts in the way that the 2015 reforms were introduced for some members. 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.

### Basis for Estimating Assets and Liabilities

	Local Gov't Scheme		Police Schemes	
	2022/23	2023/24	2022/23	2023/24
	Years	Years	Years	Years
<b>Mortality assumptions:</b>				
<b>Longevity at 65 (60 for police schemes) for current pensioners:</b>				
- Men	21.2	21.1	26.7	26.1
- Women	24.2	24	29	28.5
<b>Longevity at 65 (60 for police schemes) for future pensioners:</b>				
- Men	22.1	21.9	28.7	28
- Women	25.8	25.6	30.9	30.3

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

	Local Gov't Scheme		Police Schemes	
	2022/23	2023/24	2022/23	2023/24
<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>	3.45%	3.25%	2.70%	2.60%
	3.45%	3.25%	4.20%	4.10%
	2.95%	2.75%	2.80%	2.70%
	4.75%	4.85%	4.80%	4.90%

## Notes to the core financial statements

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

2022/23 Group	Fair Value of Scheme Assets	2023/24 Group
£000		£000
7,077	<b>Cash and cash equivalents</b>	28,409
	<i>Equity instruments: by industry type</i>	
33	Consumer	109
158	Manufacturing	-
325	Energy and utilities	228
100	Financial institutions	256
54	Health and care	351
61	Information technology	-
258	Other	212
<b>989</b>	<b>Sub total equity</b>	<b>1,155</b>
	<i>Bonds: by sector</i>	
14,487	UK Government	15,680
1,329	Other	1,434
<b>15,816</b>	<b>Sub total bonds</b>	<b>17,114</b>
	<i>Property: by type</i>	
22,292	UK Property	23,078
	Overseas Property	-
<b>22,292</b>	<b>Sub total property</b>	<b>23,078</b>
	<i>Private equity</i>	
21,535	All	21,773
<b>21,535</b>	<b>Sub total private equity</b>	<b>21,773</b>
	<i>Other investment funds:</i>	
137,737	Equities	151,986
-	Bonds	-
1	Hedge Funds	2
8,079	Commodities	8,240
25,732	Infrastructure	30,557
75,151	Other	73,556
<b>246,700</b>	<b>Sub total other investment funds</b>	<b>264,341</b>
	<i>Derivatives</i>	
144	Forward foreign exchange contracts	21
<b>314,553</b>	<b>Total assets</b>	<b>355,891</b>

### 28. 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.

2022/23 £000		2023/24 £000
43	Amounts receivable in the year	49
(106)	Amounts applied to finance new capital investment in the year	(49)
<b>(63)</b>	<b>Total increase / (decrease) in the year</b>	-
483	Balance brought forward at 1 <sup>st</sup> April	420
<b>420</b>	<b>Balance carried forward at 31<sup>st</sup> March</b>	<b>420</b>

### 29. 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.

2022/23 £000		2023/24 £000
	<b>Movements in unrealised value of non-current assets</b>	
(1,771)	Gains on upward revaluation of non-current assets	(12,733)
-	Downward revaluation of non-current assets and impairment losses not charged to the surplus/deficit on the provision of services	99
(84)	Transfer to capital adjustment account in respect of non-current asset depreciation (on a revaluation gain)	(142)
-	Transfer to capital adjustment account in respect of residual gains held at the point of disposal of a non-current asset	-
<b>(1,855)</b>	<b>Total movement on reserve in the year</b>	<b>(12,776)</b>
<b>(7,229)</b>	<b>Opening balance at 1<sup>st</sup> April</b>	<b>(9,084)</b>
<b>(9,084)</b>	<b>Closing balance at 31<sup>st</sup> March</b>	<b>(21,860)</b>

### 30. 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.

2022/23	<i>(See note 1 for further details)</i>	2023/24
<b>£000</b>		<b>£000</b>
6,078	Charges for depreciation and amortisation of non-current assets	7,155
84	Amounts transferred from revaluation reserve in respect of depreciation/amortisation	142
(2,683)	Transfer from Comprehensive Income & Expenditure Statement in respect of non-current asset revaluations	(6,447)
136	Revaluation on non-current assets held for sale Revenue Expenditure funded from Capital under Statute (REFCUS)	129
-	Transfer from revaluation reserve in respect of residual gains held at the point of disposal of a non-current asset	-
332	Transfer from Comprehensive Income & Expenditure Statement in respect of carrying value of non-current asset disposals	330
<b>3,947</b>	<b>Net amount written-out of the cost of non-current assets consumed in the year</b>	<b>1,309</b>
(3,723)	Capital expenditure charged against the general fund	(1,128)
(14)	Use of the capital receipts reserve to finance new capital expenditure	(110)
(225)	Capital grants & contributions credited to the Comprehensive Income & Expenditure Statement that have been applied to capital financing	(770)
(63)	Application of grants to capital financing from the capital grants unapplied account	-
(1,005)	Revenue provision (including MRP)	(1,085)
(2,490)	Voluntary revenue provision for capital financing	(2,452)
-	Movements in the market value of investment properties charged to the Comprehensive Income & Expenditure Statement	(391)
(7,520)	Capital financing applied in year	(5,936)
<b>(3,573)</b>	<b>Total movement during the year</b>	<b>(4,627)</b>
<b>(36,617)</b>	<b>Opening balance at 1<sup>st</sup> April</b>	<b>(40,190)</b>
-	<b>Adjustment to Opening Balance</b>	<b>4</b>
<b>(40,190)</b>	<b>Closing balance at 31<sup>st</sup> March</b>	<b>(44,813)</b>

### 31. 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 2022/23 and 2023/24, 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 debit balance (deficit) of **£2k** at 31<sup>st</sup> March 2024 (2022/23- credit balance of **£441k**).

2022/23 £000		2023/24 £000
(269)	<b>Balance at 1<sup>st</sup> April</b>	(441)
(172)	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	443
<b>(441)</b>	<b>Balance at 31<sup>st</sup> March</b>	<b>2</b>

### 32. 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 2023/24 Police Officer Annual Leave decreased from £1,339k to £975k. Rest days in lieu decreased from £2,365k to £1,424 and Time off in lieu increased from £774k to £876k. Police Staff Annual leave decreased from £1,053k to £919k and Time off in lieu decreased from £458k to £445k. Officer RDIL decreased due to robust management that has been put into place during 2023/24. A new policy ensures that officers take their rest days in a shorter time period, and therefore the number of rest days on cards is decreasing. TOIL is expected to be slightly higher than previous year, this is due to officers opting to take TOIL, due to increased demands on overtime budgets.

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

2022/23 OPCC £000	2022/23 Group £000		2023/24 OPCC £000	2023/24 Group £000
(24)	(5,395)	<b>Balance at 1<sup>st</sup> April</b>	(25)	(6,652)
24	5,395	Reversal of opening accrual made at the end of the preceding year	25	6,652
(25)	(6,652)	Amounts accrued at the end of the current year	(34)	(5,226)
(1)	(1,257)	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	(9)	1,426
<b>(25)</b>	<b>(6,652)</b>	<b>Balance at 31<sup>st</sup> March</b>	<b>(34)</b>	<b>(5,226)</b>



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

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

2022/23 OPCC £000	2022/23 Group £000		Note	2023/24 OPCC £000	2023/24 Group £000
(464)	(464)	Interest Received		(1,428)	(1,428)
561	561	Interest Paid		652	652
<b>97</b>	<b>97</b>			<b>(776)</b>	<b>(776)</b>

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

2022/23 OPCC £000	2022/23 Group £000		Note	2023/24 OPCC £000	2023/24 Group £000
(5,373)	(5,373)	Depreciation	13	(6,479)	(6,479)
	-	Impairment and downward valuations			-
(705)	(705)	Amortisation	12	(676)	(676)
	-	Increase/(decrease) in impairment bad debts		(1)	(1)
(9,204)	(9,213)	Increase/(decrease) in creditors/RIA		3,847	3,838
7,214	7,223	Increase/(decrease) in debtors/PIA		(2,738)	(2,729)
72	72	Increase/(decrease) in inventories		760	760
-	(96,653)	Movement in pension liability	2.1	-	(45,992)
(332)	(332)	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised		(330)	(330)
2,230	974	Other non-cash items charged to the net surplus or deficit on the provision of services		6,825	8,260
<b>(6,097)</b>	<b>(104,006)</b>			<b>1,208</b>	<b>(43,349)</b>

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

2022/23 OPCC £000	2022/23 Group £000		2023/24 OPCC £000	2023/24 Group £000
-	-	Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	-	-
14	14	Proceeds from the sale of PP&E, investment property and intangible assets.	110	110
224	224	Any other items for which the cash effects are investing or financing flows	770	770
<b>238</b>	<b>238</b>		<b>880</b>	<b>880</b>

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

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

2022/23 OPCC £000	2022/23 Group £000		2023/24 OPCC £000	2023/24 Group £000
7,542	7,542	Purchase of Property, Plant and Equipment, Investment property and intangible assets	9,239	9,239
(147)	(147)	Purchase of short-term and long-term investments		
		Other Payments for Investing Activities		
		Proceeds from the sale of Property, Plant and Equipment, Investment property and intangible assets	(576)	(576)
26	26	Proceeds from short-term and long-term investments		
		Other receipts from investing activities	43	43
<b>7,421</b>	<b>7,421</b>	<b>Total Investing Activities cash flows</b>	<b>8,706</b>	<b>8,706</b>

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

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

2022/23 OPCC £000	2022/23 Group £000		2023/24 OPCC £000	2023/24 Group £000
(5,000)	(5,000)	Cash receipts of short-term and long-term borrowing	(4,003)	(4,003)
1,107	1,107	Repayment of short-term and long term borrowing	-	-
<b>(3,893)</b>	<b>(3,893)</b>	<b>Total Financing Activities cash flows</b>	<b>(4,003)</b>	<b>(4,003)</b>

**36. 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 5th July 2024. 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.

**37. Contingent Assets and liabilities (Group & OPCC)**

The Civil Claims earmarked reserve (see Note 25 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 Home Office and Airwave Services Ltd (provider of communication services used by all UK police forces) are in dispute over the application of indexation to the Airwave contracts. In January 2024, Airwave issued discounted invoices to the OPCC/Group. These credits have not been recognised in the 2023/24 accounts due to the ongoing dispute and the risk that Airwave could be entitled to reclaim all or part of the discount.

In respect of the McCloud Pension case, claimants have lodged claims for compensation under two active sets of litigation, Aarons and Penningtons. 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. As at 31 March 2024, it is not possible to reliably estimate the extent or likelihood of Penningtons claims being successful, and therefore no liability in respect of compensation claims is recognised in these accounts.

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

In applying the accounting policies set out in Note 43 the OPCC/Group has had to make certain judgements about complex transactions or those involving uncertainty about future events.

There is a high degree of uncertainty about the future levels of funding for the Police Service. However, it is considered that this uncertainty is not yet sufficient to provide an indication that the assets might be impaired as a result of a need to close facilities or 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.

### 39. 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 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 2024 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

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 £36k 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. 68% 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 2023/24 the value of the 'specialised' land and buildings increased by £7.2m.

## Notes to the core financial statements

Property, plant and equipment	<p>32% 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.</p> <p>The OPCC/Group's external valuers provided valuations for all of these assets as at the 31<sup>st</sup> December 2023.</p>	<p>The net book value of the land and buildings using market evidence is £26.9m. the value of these would need to fall by 25% to have a material impact on the PCC balance sheet.</p>
Pensions liability	<p>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.</p> <p>A firm of consulting actuaries is engaged to provide the OPCC/Group with expert advice about the assumptions to be applied.</p>	<p>The effects on the net pension liability of changes in individual assumptions can be measured. Sensitivities are shown below.</p> <p>However, the assumptions interact in complex ways. During 2023/24, the OPCC's actuaries advised that the net pensions liability had decreased by £34k as a result of changes to the financial and demographic assumptions..</p>
<b>Sensitivity of pension liabilities: Local Government Pension Scheme</b>		
<i>Change in assumptions</i>		£000
0.1% decrease in real discount rate		6,645
1 year increase in member life expectancy		11,771
0.1% increase in salary increase rate		296
0.1% increase in the pension increase rate		6,471
<b>Sensitivity of pension liabilities: Police Pension Schemes</b>		
<i>Change in assumptions</i>		£000
0.5% increase in real discount rate		1,570,896
1 year increase in member life expectancy		1,746,080
0.25% increase in inflation		1,786,875
0.25% increase in salary increase rate		1,726,241

### 40. 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 2023/24) 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.

### 41. 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 4.63% of total income (2022/23 – 4.23%). 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 £4k has been allowed for in 2023/24 (2022/23 – £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).

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 20.1 - Long term borrowing.

All standard creditors are due to be paid within one year – further information can be found in Note 19 - 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.

## **42. Accounting Standards Issued but not yet adopted**

Under The Code of Practice on Local Authority Accounting disclosure of the impact of accounting standards issued but not yet adopted is required. Following a review of the relevant standards it has been determined that there would be not material changes to the accounts if these were to be adopted.

The most relevant standard being adopted for 2024/25 is IFRS 16 Leases, when implementation is mandatory.

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

### **A1 General principles**

The statement of accounts summarise the Office of the Police and Crime Commissioner (OPCC) and the Group's transactions for the 2023/24 financial year and its position at the year end of 31 March 2024. The OPCC/Group is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015 which require the statements to be prepared in accordance with proper accounting practice. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, 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.

All accounting policies that are material to the production of the accounts are described in this note.

### **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.

## Notes to the core financial statements

- 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 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.

### **A4 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.

### **A5 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
- 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.

### **A6 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.

### **A7 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 is 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:

- 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.

## **A8 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.

## **A9 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 or, in the case of trade payables, when the goods and services are received. Financial liabilities are recognised at Fair Value.

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.

### A10 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.

### A11 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 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.

### **A12 Jointly controlled operations**

The OPCC/Group has interests in a number of jointly controlled operations. All of these collaborations are governed by formal Section 22 agreements. The activities undertaken by the OPCC/Group in conjunction with other joint operators involve the use of assets and resources of those joint operators. The OPCC/Group shares are fully incorporated in the Comprehensive Income and Expenditure statement, Balance Sheet Movement in Reserves and Cash Flow Statement. Further details are shown in Note 7

### **A13 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 have been accrued and accounted for in period to which they relate. Operating leases are not recognised as assets but the associated rentals are recognised as an expense costs with the Comprehensive Income and Expenditure Statement.

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).

#### **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 credit to the Comprehensive Income and Expenditure Statement.

### **A14 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.

### **A15 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.

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:

- 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

## Notes to the core financial statements

- 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.

### **A16 Provisions & Contingent Liabilities**

Provisions are made where an event has taken place on or before the Balance Sheet Date:

That gives the OPCC/Group a present obligation (legal or constructive)  
That probably requires settlement by a transfer of economic benefits or service potential, and  
Where a reliable estimate can be made of the amount of the obligation

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

### **A17 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. 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.

### **A18 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.



## 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:

2022/23 £000		2023/24 £000
	<b>Contributions receivable:</b>	
	<b>OPCC/Group</b>	
(24,868)	■ employer's contributions	(26,522)
(553)	■ early retirements	(762)
(10,696)	■ officers' contributions	(11,494)
(36,117)		(38,778)
(195)	<b>Transfers in from other pension schemes</b>	(283)
	<b>Benefits payable:</b>	
52,539	■ pensions	58,027
9,311	■ commutations and lump sum retirement benefits	9,086
616	■ ill-health commutations and lump sum retirement benefits	1,272
569	■ lump sum death benefits	123
63,035		68,508
	<b>Payments to and on account of leavers:</b>	
123	■ refund of contributions	92
23	■ transfers out to other police Forces	51
146		143
<b>26,869</b>	<b>Net amount payable for the year</b>	<b>29,590</b>
-	<b>Additional funding Receivable from the Police Fund</b>	

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

31st March 2023 £000		31st March 2024 £000
3,563	<b>Current assets</b> Contributions due from the OPCC/Group	5,603
-	<b>Current liabilities</b> Unpaid pensions benefits	-
<b>3,563</b>		<b>5,603</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 be 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 results of 2020 Police Pension valuation have now been received and the employers contribution will increase to 35.3% from the 1st April 2024.

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

## Introduction

In the financial year 2023-24, the implications of the Police Reform and Social Responsibility Act 2011 continued for the two corporations' sole of the Office of the Police and Crime Commissioner (OPCC) and the Office of the Chief Constable (OCC). The year was the third year of Rupert Matthew's term in office and the paragraphs below detail the governance and assurance arrangements that have been in place throughout the year.

### 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 Joint 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 Joint 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 2023-24 following extensive consultation and ratified at Corporate Governance Board in March 2024.

### 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 Joint 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 2023-24, Mazars were appointed as Internal Auditors for the region for a further 4 years. 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 2023-24 Regional Collaboration audits and the Regional Collaboration Internal Audit Plan and the proposed workplan and timescales for 2024-25.

The effectiveness of audit committees should be carried out periodically. A self-assessment effectiveness review was undertaken by the OPCC and JARAP members during 2023-24 using CIPFA guidance. The findings were reported to the JARAP at its meeting on 17 April 2024. Overall, the review concluded that the JARAP is operated in an effective manner.

The 2023-24 Internal Audit Plan was considered and approved at the JARAP meeting held on 17 April 2023. 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.

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. These reports are reviewed and scrutinised by the PCC 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 which detailed the approach to engagement with partners and to commissioning appropriate outcomes through third party providers;
- Engagement in value for money benchmarking such as is conducted by Her Majesty's Inspectorate of Constabulary (HMICFRS);
- A well-researched and coherent Joint 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 Joint Corporate Governance Framework which aligns to the Code of Corporate Governance and which provides guidance on expected behaviours to ensure integrity. 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.

The PCC has produced a Sustainability and Environmental Policy Statement to establish a process to ensure the work undertaken by the OPCC (including Commissioned Services) do all that is reasonable to minimise the impact on the environment.

### **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 Group. 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.

The PCC produces a Commissioning Framework which sets out to support the delivery of the Police and Crime Plan through commissioning activities.

### **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. The PCC continues to support the CC to recruit a diverse workforce which is reflective of the communities they represent.

The Force's Team Leicestershire Academy, supported by the PCC, has ensured that the workforce have the right skills, are continuously developing, and have the right capabilities to deliver an efficient and effective police service.

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

Performance forms a significant part of the regular Corporate Governance Board meetings and a representative from the OPCC attend the Business Delivery Board 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.

The Joint Corporate Governance Framework 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 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.

The OPCC and OCC continued to invest in an Internal Audit programme in 2023-24 to provide assurance under the arrangements for the two corporation soles. These ensured specific local audits on:

- Core Financials
- Payroll
- Estates Management
- Vetting
- Risk Management
- Procurement
- IT Strategy and Operating Model
- Asset Management/Stock Control
- Counter Fraud
- MTEP/Budget Control

- OPCC Communications and Community Engagement
- Staff Retention
- Portfolio Management
- Occupational Health Unit

During 2023-24, the following collaborative audits or specific assignments were carried out:

- EMSOU – Capital Programme
- EMSOU – Workforce Planning
- EMSOU – HMICFRS Action Plan

**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 2023 to 31 March 2024 and reported to and considered by, the JARAP in August 2024. 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 2023-24 were as follows:

*“On the basis of our 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 management and control. Certain weaknesses and exceptions were highlighted by our internal audit work, in particular limited assurance opinions were provided during the period in respect of Risk Management, IT Identity Access Management, Counter Fraud and Portfolio Management.”*

The basis of Mazars’ opinion was as follows:

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

### **Corporate Governance**

*The purpose of internal audit is to provide the Joint Audit, Risk & Assurance Panel (JARAP), with an independent and objective opinion on governance, risk management and internal control and their effectiveness in achieving the OPCC and Force’s agreed objectives. It also has an independent and objective advisory role to help line managers improve governance, risk management and internal control.*

### **Risk Management**

*Audit completed a specific review with respect to ‘Risk Management’ during the year and issued a ‘Limited’ assurance opinion which included a total of one ‘High’, two ‘Medium’ and two ‘Low’ priority recommendations. Overall, Audit testing highlighted that there are weaknesses in the control framework such that it could become inadequate or ineffective.*

*During the course of delivering the 2023/24 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..*

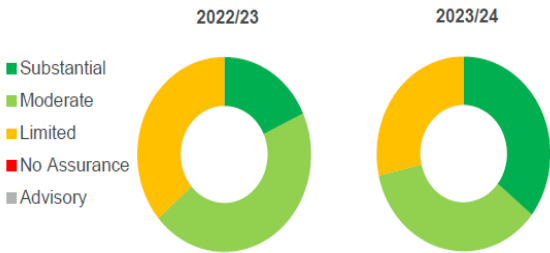
### **Internal Control**

*Of the 14 audits undertaken, where a formal assurance level has been provided, five received a substantial level of assurance and five audits received a moderate level of assurance. A limited level of assurance has been awarded in four instances.*

*We have made a total of 45 new recommendations during the year at the Force and OPCC, with three categorised as ‘High’, 21 as ‘Medium’ and 21 as ‘Low’.*

*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 management and control.*

Comparison of Assurance Levels

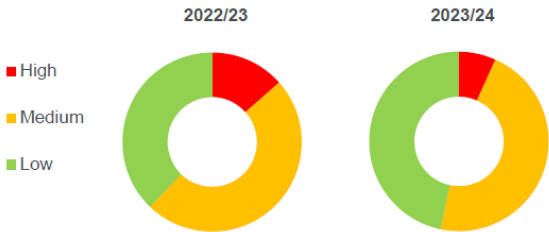


In 2022/23, there were 11 audits completed. Two received 'Substantial' assurance, five received 'Moderate' assurance and four received a 'Limited' opinion.

Of the 14 strategic audits conducted in 2023/24, five received 'Substantial' assurance, five received a 'Moderate' assurance and four received a 'Limited' opinion.

It should be noted though that the areas of review will not typically be the same given the risk-based nature of the Internal Audit Plan year on year and that caution should be exercised in comparing years.

Comparison of Recommendation Gradings



The total number of recommendations raised in 2022/23 were 37.

The total number of recommendations made in 2023/24 was 45. There have been three High priority recommendations raised this year.

As noted above, the areas of review each year will not typically be the same.

**Compliance with Professional Standards**

We employed a risk-based approach to determining the audit needs of Leicestershire Police 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 JARAP. We have received positive feedback on our work from the JARAP and staff involved in the audits.

Regular planned discussions on progress against the Audit Plan have taken place with the JARAP.

**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.

Due to continued delays across the audit sector the audit of the 2021-22 and 2022-23 statement of accounts have not been completed by our external auditors, Ernst Young LLP. The challenges facing the existing framework for local authority audit are well-documented and have been highlighted by auditors, the Redmond Review, the National Audit Office, the Public Sector Audit Appointments Ltd (PSAA), the Local Government Association and Parliament. The government have put forward a proposal that will help to reset local authority audit, with auditors able to focus on providing assurance on public bodies' most recent financial statements. The proposed measures are likely to result in a significant number of local authority accounts receiving modified or disclaimer opinions.



A new external auditor has been appointed as part of the PSAA national auditor appointment arrangements and Grant Thornton have been awarded the contract for Leicestershire PCC and CC for 2023-24 up to 2027-28.

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 2024, reviewed their terms of reference and produced an annual report of their work.

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 2023-24 internal auditors, Mazars, carried out 14 audits. Four of the audits undertaken were given limited assurance which indicates some improvements are required. The audits that received limited assurance were:

- Risk Management
- IT Identity Access Management
- Counter Fraud
- Portfolio Management

#### Risk Management

There was one priority one (high) recommendation, two priority two (medium) recommendations and two priority three (low) recommendations.

The priority one recommendation centred on Safety, Sustainability and Risk (SSR) Unit Staffing. It recommended that the Risk Officer job specification should be completed, approved and the role advertised promptly, or the role delegated amongst the SSR team.

This recommendation was agreed by management and is in the process of being implemented. Progress against the recommendations is routinely reported to the JARAP meeting.

#### IT Identity Access Management

There was one priority one (high) recommendation and two priority two (medium) recommendations.

The priority one recommendation centred on privileged access restrictions. It recommended that the policy and approach to granting privileged access is reviewed, review of the individuals with privileged access and adjusted in line with policy, and training is provided for individuals assigned privileged access.

This recommendation was agreed by management and is in the process of being implemented. Progress against the recommendations is routinely reported to the JARAP meeting.

#### Counter Fraud

There was one priority one (high) recommendation and three priority two (medium) recommendations.

The priority one recommendation centred on fraud training. It recommended the Force should carry out a training needs analysis to establish which areas of the organisation have a higher risk of fraud and need specific/tailored training. The Force should ensure that there is an appropriate provision of training to meet the needs of the organisation highlighted from the training needs analysis. The delivery of all training should be monitored centrally for its effectiveness and completion rates and regularly reviewed to ensure it is meeting the needs of the organisation.

This recommendation was agreed by management and is in the process of being implemented. Progress against the recommendations is routinely reported to the JARAP meeting.

## Portfolio Management

There was five priority two (medium) recommendations and one priority three (low) recommendation.

Although there wasn't any priority one recommendations, the number of priority two recommendations resulting in the limited assurance. The priority two recommendations centred on incomplete control registers for individual projects and for Portfolio Management Office (PMO), insufficient detail of reporting on key project information to Layer Boards, a lack of resource profile for the PMO, and for upcoming projects and a lack of gap analysis to establish an understanding of available and missing skills.

These recommendations were agreed by management and are in the process of being implemented. Progress against the recommendations is routinely reported to the JARAP meeting.

## Police and Crime Plan and Resources

The Budget Requirement and Precept report was presented and agreed at the Police and Crime Panel on 1<sup>st</sup> February 2024. Although the report highlighted a balanced budget for 2024/25, this was with an efficiency savings target of £5.4m. The report also highlighted a financial deficit over the remaining three years of the MTFP of £9.68m for 2025/26, £10.76m for 2026/27 and £9.59m for 2026/27. The Force are working on a transformation and sustainability plan to overcome the budget deficit and deliver a sustainable budget for 2024/25 and into 2025/26. The Force have recognised that they will need to move away from high vacancy factor rates (currently 6% for 2024/25) and the use compulsory redundancies is likely to be required to close the budget deficit for 2025/26 and beyond.

## Her Majesty's Inspectorate of Constabulary, Fire and Rescue Services Findings for PEEL 2021-22

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**

**INNOVATION** – Importantly, 8 Areas of 'Innovative Practice' were identified by HMI inspectors, which is one of the highest currently [June 2022 - 15 forces results published so far].

- **Disrupting Serious and Organised Crime SOC** – Very positive de-brief received from Her Majesty's

Inspectorate. Final grade: Outstanding  
The OPCC for Leicestershire

Annual Financial Report

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

The force has significantly improved on its PEEL performance grades last awarded 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 received the following step-change in recognised performance:

- **3 Outstanding grades**
- **4 Good grades**
- **2 Adequate grades**

Areas of notable improvement include:

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

Leicestershire Police are:

- one of three forces awarded 'Outstanding' for Protecting Vulnerable People (PVP);
- one of the forces with the lowest number of Areas for Improvement identified by HMI
- one of the forces with the highest number of 'innovations' identified by HMI
- on a par with West Yorkshire Police; a metropolitan force that receives a significantly larger budget settlement.

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

### a) High priority strategic risks

At the end of March 2024, the Strategic Risk Register highlighted 9 strategic risks relating to the OCC and 6 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.
- Violence, abuse and intimidation against women and girls
- Year on year increase in complaints from members of the public
- Failure of IT Server affecting cyclops database
- Loss of all IT functionality due to overheating at Euston Street
- Risk of cyber attack
- Lack of PIP 2 detectives
- Risk associated with the transition to an alternatively fuelled fleet

#### OPCC

- Failure to meet the General Data Protection Regulations (GDPR)
- Single Source of Failure – Chief Finance Officer
- Arrangements in place do not secure an efficient and effective Police Service
- The Financial Challenge - 2022/23 – 2025/26
- Risk of Cyber Attack

The OPCC also has a high risk which has been redacted due to its sensitive nature and the reputational impact it may have on a third party.

All of these risks are being managed through the Organisational Risk Board (ORB), OPCC SMT Meetings and the JARAP.

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

Claire Trewartha  
Chief Executive, OPCC

Kira Hughes  
Chief Finance Officer, OPCC

Xxxxxxxxxx 2024

xxxxxx 2024

Xxxxxxx 2024

## **ANNUAL GOVERNANCE STATEMENT FOR REGIONAL COLLABORATION 2023/24**

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.**

ACC (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 05/06/2024

Diane Coulson  
**ACC (East Midlands)**

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

**Opinion**



.....  
XXXXXXXXXX

*The maintenance and integrity of the Police & Crime Commissioner for Leicestershire’s web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.*



### **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  
2023/24

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).

**The Office of the  
Chief Constable  
for Leicestershire (OCC)**

**DRAFT  
Annual Financial Report**

**2023/24**

	<b>Page</b>
<b>Statement of Accounts</b>	
<i>Core financial statements</i>	
• Comprehensive Income & Expenditure Statement	11
• Balance Sheet	12
• Statement of Movement in Reserves	13
• Cash Flow Statement	14
Notes to the core financial statements	15
<i>Supplementary financial statements</i>	
• Pension fund account	43
<b>Non audited information documents</b>	
Narrative Report by the Chief Finance Officer	1
Statement of responsibilities	10
Annual governance statement	45
Audit opinion	56
Glossary of terms	59

# Narrative Report by the Chief Finance Officer

---

These accounts set out the overall financial position of the Chief Constable (CC), who is responsible for the Leicestershire Police Service, for the year ended the 31<sup>st</sup> March 2024.

The accounts for 2023/24 are presented in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (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 is based on International Financial Reporting Standards (IFRS), and has been developed by the CIPFA/LASAAC Code Board under the oversight of the Financial Reporting Advisory Board.

The Police Reform and Social Responsibility Act 2011 introduced a new governance structure for way the police in England and Wales are governed and held accountable. The Act introduced the Office of the Police and Crime Commissioner and at the same time the CC was established as a separate body and made responsible for the Leicestershire Police Service.

The CC of Leicestershire is responsible for the delivery of the policing service to the communities of Leicester, Leicestershire and Rutland and has direction and control over officers and staff operating with the Force. The CC holds office under the Crown and is appointed by the Police and Crime Commissioner (PCC).

The 2011 Act requires the PCC to hold the Chief Constable to account for the operational delivery of policing including the strategic policing requirement, thereby securing an efficient and effective police force for the electorate of Leicester, Leicestershire and Rutland.

For accounting purposes the OPCC and the Office of the Chief Constable together are known as the OPCC group. A separate set of statutory accounts has been published for the OPCC and the OPCC Group to recognise all the financial transactions incurred during 2022/23 on policing activities.

In order to gain a fuller picture of the financial performance of the public-facing police service for Leicester, Leicestershire and Rutland, it is recommended that this statement of accounts is read in conjunction with the statement of accounts for the OPCC/Group.

The financial report comprises two elements:

- a. The statement of accounts
- b. Non audited supplementary documents

## **The Statement of Accounts**

The purpose of the Statement of Accounts is to provide clear information to readers on how the OCC has utilised available financial resources based on International Financial Reporting Standards (IFRS). This document provides details of the comprehensive income and expenditure for the financial year 2023/24.

All of the assets, liabilities and reserves were transferred to the OPCC and have remained under the OPCC's control during 2023/24. The OPCC receives all income and funding and makes all payments for the Group from the OPCC Police Fund.

From 1 April 2014, under the Police Reform and Social Responsibility Act 2011 the contracts of employment for the majority of police staff transferred to the CC.

The OCC fulfils its statutory functions under the Act within an annual budget. This is set by the PCC in consultation with the CC. A Corporate Governance Framework is in place which sets out the respective responsibilities of the two bodies.

Other supporting statements are provided to help to explain the figures in the accounts. In addition, a glossary can be found at the back of this publication to help explain some of the technical terms.

The main accounts and statements that you will see in this document, their purpose and the relationship between them are outlined below.

# Narrative Report by the Chief Finance Officer

---

## **The core financial statements:**

The presentation of the 2023/24 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 CC (i.e. the budget received from the PCC) for the year has been used in providing services in comparison with those resources consumed or earned by authority in accordance with generally accepted accounting practices.

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 CC.

### Movement in Reserves Statement

This summarises the movements to and from the reserves for the year 2023/24. This shows the unusable reserves held by the Chief Constable.

### Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with International Financial Reporting Standards. It recognises the financial resources belonging to the OPCC consumed at the request of the OCC for the whole of the financial year.

### Balance Sheet

The value at the end of the reporting period (31st March) of the assets, liabilities and reserves of the OCC are shown on the balance sheet. The net assets of the OCC (assets less liabilities) are matched by the unusable reserves held by the OCC. These reserves are a product of the application of the Code and IFRS, it should be noted that the OCC does not hold usable reserves – they are all held by the OPCC/Group.

### Cash Flow statement

This statement shows the movement in cash and cash equivalents of the OCC during the reporting period. Whilst the OCC does not hold cash or cash equivalents on its balance sheet, it does have transactions within its comprehensive income and expenditure statement that require disclosure within the Cash Flow statement and supporting notes. The OCC reports a nil movement in cash and cash equivalents as a result.

## **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 OCC's activities.

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.

## **Non-audited supplementary documents**

### Narrative Report

The purpose of this 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 OCC's financial position.

### Statement of responsibilities

The purpose of the Statement of Responsibilities is for the Chief Finance Officer to sign a statement that the accounts present a true and fair view of the financial position of the OCC 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.

## **Overview of 2023/24**

The Police Grant Final Settlement was announced on 1<sup>st</sup> February 2023 and confirmed a £0.3m increase in revenue grant funding. A further grant of £4.1m was made available to maintain the uplift in offices from 2020 to 2023. This was an increase of 2m compared to the previous final year. The precept referendum threshold was confirmed at £15 for a Band D property.

Financial year 2022/23 was the last year of the Government's uplift programme for police Officers. 2023/24 was focussed on maintaining the uplift numbers of 298 officers. The receipt of the Police Uplift Grant was linked to the maintenance of police officer numbers, which was achieved.

The Commissioner was briefed on the current and emerging operational challenges, both nationally and locally by the Chief Constable and the PCC allocated additional funding of £2.239m for additional police staff posts and supporting organisational infrastructure, deemed essential to deliver both service transformation and to support the growth in officer numbers.

A net annual revenue budget for 2023/24 of £230m was set for the service as a whole, an increase of 3.1% over 2022/23. £225.1m was managed by the CC with the remaining £4.9m (net of grants and transfers from reserves) relating to the costs of the OPCC (£1.6m) and commissioning activities (£3.3m).

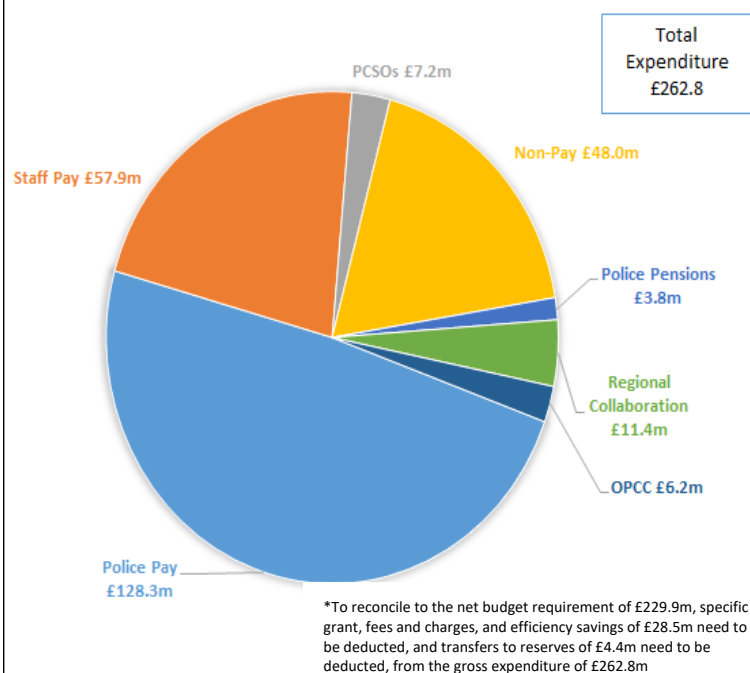
As part of the budget proposals, the Commissioner agreed with the Chief Constable that an efficiency savings target of £3.9m would be included in order close the funding gap for 2023/24. Any year on year efficiency savings realised in 2023/24 have been built into the Medium Term Financial Plan and will contribute towards reducing the deficits in future years.

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

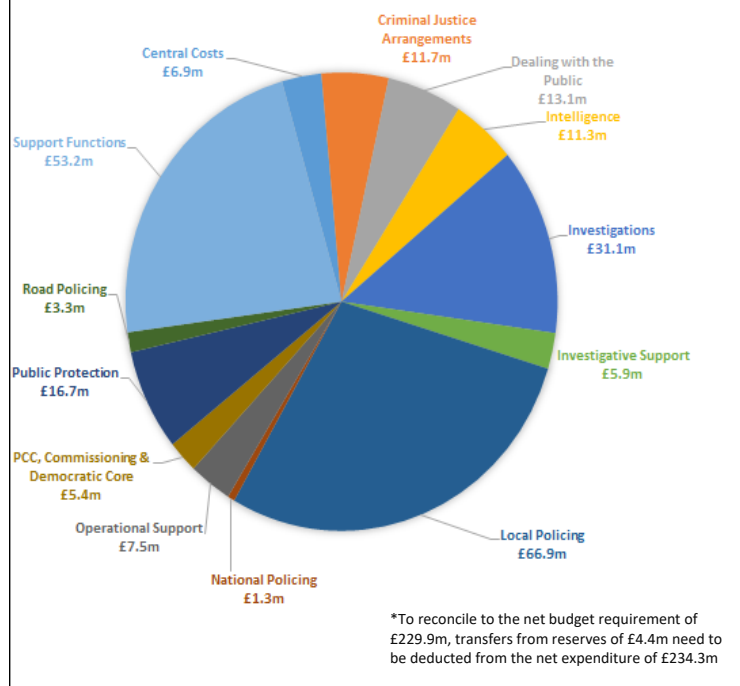


# Narrative Report by the Chief Finance Officer

## 2023/24 GROSS EXPENDITURE ANALYSIS



## 2023/24 NET BUDGET BY POA CATEGORY



## Performance against budget

The Office of the Chief Constable for Leicestershire underspent the 2023/24 budget by £0.7m, after the transfer of funds to earmarked reserves, including £2.5m to meet future commitments in 2024/25. This was attributable to:

### The Office of the Chief Constable for Leicestershire – £0.7m underspend.

- An overspend on police pay and allowances of £0.178m. The Force successfully maintained the police officer uplift targets and ended the year with 2,226 FTE against an authorised establishment of 2,242 FTE. In addition the Force's baseline uplift figures the Force secured funding for an additional 3 officers during the year. Whilst increased expenditure on unsocial allowances were incurred this was offset by additional grant income and over recovery of seconded officer income.
- An overspend on corporate budgets of £0.813m due to increased legal expenditure on provisions for national legal cases and civil claims, and not drawing down a budgeted transfer from reserves due to the over achievement of the efficiency target. Offset by Ill heath retirements costs below the budget due to a lower level of retirements, the over recovery of investment income following the rise in interest rates, an over recovery of special police services income and delays in the implementation of investment proposals and projects.
- Over achievement of the efficiency target / approved pressures by £2.567m. The 2023/24 budget setting process identified the requirement for efficiency savings of £3.91m. Savings have been identified across the Force, including, utilities, fuel, investment income, debt charges and changes to regional officer costs. Despite this, the majority of savings have been generated through staff vacancy management. A total of £7.7m of savings have been realised in 2023/24. These savings were offset by pressures of £1.3m, the most significant being the September 2023 pay award of 7%. Whilst the Home Office provided additional funding of £4.9m. This was not sufficient to cover the whole costs of the pay award resulting in a shortfall of £783k.
- An overspend of £0.031m on policing functions provided regionally.
- A net overspend of £0.827m in the delegated budgets as a result of increased overtime costs to meet demand and contractual pressures

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

As the resources are consumed by the OPCC at the request of the OCC the £2.5m to meet future commitments is held in the Carry Forward Reserve.

## Operational Performance

From the 2023-2024 financial year, operational demand for Leicestershire Police continues to increase year on year. This is during a back drop of significant operations both locally and nationally which has seen an increase in protest activity which places a huge demand on resources.

Total contacts in the force has moved from 868,051 to 972,791 which is a 11.3% increase. This is on top of 13% increase from 2022/23 financial year.

A total of 267,531 Emergency Contacts were recorded which is 47,023 more than the previous year, and a 20.7% increase. Of these emergency contacts 47,538 were classified as 'Emergency' which is a 1% increase from the previous financial year. Whilst there were 55,337 contacts which were classified as 'Priority' which is a 14% reduction from the previous financial year.

The reduction shows a commitment to identifying better ways of engaging with members of the public through the use of modern technology and signposting them to the most appropriate agency.

Of all the Emergency contacts made 20,092 were domestic related an increase of 12.5% and 19,189 were mental health related an increase of 30% compared to the last financial year.

## HMICFRS PEEL Inspection

Leicestershire Police is currently undergoing an inspection by Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) which will conclude in August 2024 and it is anticipated that the findings will be published later in the Autumn. The last PEEL inspection (Police Effectiveness Efficiency and (HMICFRS) was during 2021/22. The detailed report can be viewed on the HMICFRS website.

In 2014, HMI introduced the police effectiveness, efficiency and legitimacy (PEEL) inspections, which assess the performance of all 43 police forces in England and Wales. Since then, HMI have been continuously adapting their approach and this year has seen the most significant changes yet.

## Her Majesty's Inspectorate of Constabulary – Findings for PEEL 2021-22

HMI's 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 do not make graded judgements in this overall area**
- 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**
  - **Leicestershire Police is good at operating efficiently.**
  - **The force has an effective strategic planning and performance management framework.**
  - **The force manages demand well.**
  - **Some adjustments are required to where staff are based.**
  - **The force has a good understanding of the capabilities of its workforce.**

## Narrative Report by the Chief Finance Officer

- **The force equips its volunteers to work effectively on its priorities.**
- **The force uses its finance effectively and is adaptable to changing budgetary requirements The force collaborates to improve services**
- **The force improves productivity through technological solutions**

➤ Disrupting serious and organised crime – **OUTSTANDING**

### Reserves

The reserves of the Group are held by the OPCC and are available with agreement for the CC to utilise in the performance of his duties. The reserves and their purpose can be viewed in the OPCC Statement of Accounts.

### Capital spending

The CC is not responsible for the acquisition, disposal and maintenance of assets. However the CC does make use of the assets in providing the policing service.

A total of £9.2m 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 £9.1m 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).

No new long term PWLB loans were taken out during the year. Outstanding long term external debt at the year-end was £14.6m (excluding accruals for interest payable).

The 'Estates' projects undertaken include:

- The completion of the Coalville car park
- completion of the Firearms locker room and classroom
- commencement of the improvements to the Euston Street computer room cooling system
- Refurbishment of the Occupational Health Unit accommodation

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

- Investment in the data network and storage to ensure network performance and support new services.
- The purchase of additional oracle licenses to ensure compliance with the licensing requirements
- Replacement of the smartphone fleet to facilitate the on-going use of agile services
- The continuation of investment in the personal computer estate to support agile working.
- A refresh of the Body Worn Video cameras
- Provision for the on-going development of Pronto.
- A complete fleet replacement of airwave terminals to extend their use until the emergency services network is delivered. This is now be scheduled for 2027/28
- Continuation of the upgrade to the SmartStorm command and control software.

During 2023/24, the Transport Unit purchased a total of 109 Vehicles including 4 electric cars.

No properties were disposed of during 2023/24.

### Retirement Benefits

The 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.

# Narrative Report by the Chief Finance Officer

**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.

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 2023/24 the LGPS valuation has returned a net asset in respect of the funded obligations, this is primarily due to changes in the financial assumptions and an excess return on assets over and above the expected accounting return. The total investment return achieved by the Fund over the accounting period was 9.6% compared to the expected return of 4.75% leading to a gain on the balance sheet.

In accordance, with proper accounting practice, an asset ceiling calculation has been undertaken which shows that the net asset cannot be realised. As a result the net pension asset in the LGPS scheme is reduced by £62m leaving a residual liability of £448k relating to unfunded obligations. 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 2023/24 Statement of Accounts has therefore resulted in an overall pension liability of £1,710m, all of which relates to the Police scheme.

The pension liability includes provision for the implementation of the Public Service Pensions and Judicial Offices Act 2022. This legislates for how schemes will remove the age discrimination identified by the courts in the way that the 2015 reforms were introduced for some members

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.

## Outlook for 2023/24

The December 2023 grant settlement announced that Leicestershire's core funding for 2024/25 would increase by £7.7m and the specific uplift grant by £2.5m. This is intended to maintain the increase in police officer numbers as part of the Government's national Police Uplift Programme.

The PCC also acknowledged the assumption contained within the settlement that the precept could increase locally by £13 in 2024/25, to ensure that police spending is protected and make further significant investments in policing services.

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 and higher inflation on contractual services, have put significant pressure on the Force's budget in 2024/25 and beyond. This has resulted in budgeted deficit of £5.4m for 2024/25. The Force has a Budget Sustainability plan to close the funding gap.

Investment items totalling £1.611m are contained within the budget proposals for 2024/25 and beyond. This is to meet the demand in the Call Management Centre, investment in a new Head of Prevention and Partnership post, resources to meet additional training needs and investment in the HR system.

In July 2022 it was agreed that 7m of the Budget Equalisation Reserve would be utilised for Business Transformation costs, it is anticipated that £2.1m will be spent in 2024/25. In addition, £1.511m is planned to be used to fund the 2024/25 investments, detailed above.

Against this background, the PCC set 2024/25 net revenue and capital budgets of £243.2m and £7.1m respectively. A precept of £286.23 for a Band D property was set for the year, an increase of £13.00 (4.76%) over 2023/24.

# Narrative Report by the Chief Finance Officer

---

Whilst the funding made available to the Police and Crime Commissioner increased during 2024/25 this was the final year of the 2021 comprehensive spending review (SR2021) and 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
- 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-2024-2025.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.
- Violence, abuse and intimidation against women and girls
- Year on year increase in complaints from members of the public
- Failure of IT Server affecting cyclops database
- Loss of all IT functionality due to overheating at Euston Street
- Risk of cyber attack
- Lack of PIP 2 detectives
- 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)
- Single Source of Failure – Chief Finance Officer
- Arrangements in place do not secure an efficient and effective Police Service
- The Financial Challenge - 2022/23 – 2025/26
- Risk of Cyber Attack

**Paul Dawkins**  
**Chief Finance Officer**  
**xxxxxx 2024**

### ***The Chief Constable's responsibilities***

The CC 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 OCC, that officer is the Chief Finance Officer
- approve the statement of accounts

### ***Chief Constable's approval***

The Statement of Accounts for the year to 31<sup>st</sup> March 2024 has been prepared and were approved at the Joint Risk Assurance Panel (JARAP) on xxx

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

The Chief Finance Officer (CFO) is responsible for the preparation of the Chief Constable'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 and in harmony with the OPCC/Group
- made judgements and estimates that were reasonable and prudent
- complied with the Local Authority Code.

The CFO 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 Office of the Chief Constable for Leicestershire at the reporting date and of its income and expenditure for the year ended 31<sup>st</sup> March 2024.

**Paul Dawkins**  
**Chief Finance Officer**  
**xxxxxx 2024**

## Comprehensive Income & Expenditure Statement

This statement shows the accounting cost in the year of the resources consumed by the OCC in delivering the policing plan for Leicestershire. It is prepared using generally accepted accounting practices, rather than the amount to be funded from taxation. The OPCC/Group raises taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The intra-group transfer shown below is cancelled out with the corresponding entry on the OPCC Comprehensive Income & Expenditure Statement when the Group accounts are consolidated.

2022/23				Note	2023/24		
Gross expenditure £000	Gross income £000	Net expenditure £000			Gross expenditure £000	Gross income £000	Net expenditure £000
295,312	(31,187)	264,125	Policing Services		256,117	(40,977)	215,140
145	-	145	Corporate & Democratic		171	-	171
-	-	-	Core				
			Non-Distributed Costs	14	17		17
<b>281,361</b>	<b>(27,324)</b>	<b>254,037</b>	<b>Cost of services</b>		<b>256,305</b>	<b>(40,977)</b>	<b>215,328</b>
(241,915)	-	(241,915)	Other operating expenditure			(253,008)	(253,008)
75,554	-	75,554	Financing and investment income & expenditure	3	82,237	-	82,237
<b>129,096</b>	<b>(31,187)</b>	<b>97,909</b>	<b>(Surplus) or deficit on provision of services</b>		<b>338,542</b>	<b>(293,985)</b>	<b>44,557</b>
		(1,074,863)	Actuarial (gains) / losses on pension assets/liabilities	13			(79,969)
		<b>(1,074,863)</b>	<b>Other comprehensive income &amp; expenditure</b>				<b>(79,969)</b>
		<b>(976,954)</b>	<b>Total comprehensive income &amp; expenditure</b>				<b>(35,412)</b>


## Balance Sheet

The Balance Sheet shows the value of the OCC's assets and liabilities at the balance sheet date. The net assets or liabilities (shown below) are matched by the OCC's reserves. Reserves are separated into *usable* (i.e. those amounts the OCC 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).

31st March 2023 £000		Note	31st March 2024 £000
10	<b>Non-current assets</b> Long term debtors		3
<b>10</b>	<b>Total long term assets</b>		<b>3</b>
146	<b>Current assets</b> Short term debtors	9	164
5,334	Inter – Group debtor		4,359
<b>5,480</b>			<b>4,523</b>
(12,117)	<b>Current liabilities</b> Short term creditors	10	(9,718)
-	Inter-Group creditor		-
<b>(12,117)</b>			<b>(9,718)</b>
<b>(6,637)</b>	<b>Net current assets</b>		<b>(5,195)</b>
(1,744,122)	<b>Long term liabilities</b> Liability related to defined benefit pension schemes	14	(1,710,145)
<b>(1,744,122)</b>			<b>(1,710,145)</b>
<b>(1,750,749)</b>	<b>Net assets / (liabilities)</b>		<b>(1,715,337)</b>
1,750,749	Unusable reserves	12	1,715,337
<b>1,750,749</b>	<b>Total reserves</b>		<b>1,715,337</b>

### Certification

The draft financial statements on pages 1 to 58 were authorised for issue on the 5th July 2024.





## Statement of Movement in Reserves

The OCC does not hold any usable reserves but does hold unusable reserves as a result of its application of both the Code and IFRS. Those transactions not balanced by the intra-group transfer with the OPCC/Group are represented below.

2023/24	General Fund Balance	Total Usable Reserves	Unusable Reserves	Total Reserves
	£000	£000	£000	£000
<b>Balance at 31 March 2023</b>	-	-	1,750,749	1,750,749
<b>Movement in reserves during 2023/24</b>				
Surplus or deficit on the provision of services	44,557	44,557	-	44,557
Other Comprehensive Income and Expenditure	-	-	(79,969)	(79,969)
<b>Total Comprehensive Income and Expenditure</b>	<b>44,557</b>	<b>44,557</b>	<b>(79,969)</b>	<b>(35,412)</b>
Adjustments between accounting basis and funding basis under regulations	(44,557)	(44,557)	44,557	-
<b>Net Increase or Decrease before Transfers to Earmarked Reserves</b>	<b>-</b>	<b>-</b>	<b>(35,412)</b>	<b>(35,412)</b>
Transfers to/from Earmarked Reserves	-	-	-	-
<b>Increase or Decrease in 2023/24</b>	<b>-</b>	<b>-</b>	<b>(35,412)</b>	<b>(35,412)</b>
<b>Balance at 31 March 2024</b>	<b>-</b>	<b>-</b>	<b>1,715,337</b>	<b>1,715,337</b>

2022/23	General Fund Balance	Total Usable Reserves	Unusable Reserves	Total Reserves
	£000	£000	£000	£000
<b>Balance at 31 March 2022</b>	-	-	2,727,703	2,727,703
<b>Movement in reserves during 2022/23</b>				
Surplus or deficit on the provision of services	97,909	97,909	-	97,909
Other Comprehensive Income and Expenditure	-	-	(1,074,863)	(1,074,863)
<b>Total Comprehensive Income and Expenditure</b>	<b>97,909</b>	<b>97,909</b>	<b>(1,074,863)</b>	<b>(976,954)</b>
Adjustments between accounting basis and funding basis under regulations	(97,909)	(97,909)	97,909	-
<b>Net Increase or Decrease before Transfers to Earmarked Reserves</b>	<b>-</b>	<b>-</b>	<b>(976,954)</b>	<b>(976,954)</b>
Transfers to/from Earmarked Reserves	-	-	-	-
<b>Increase or Decrease in 2022/23</b>	<b>-</b>	<b>-</b>	<b>(976,954)</b>	<b>(976,954)</b>
<b>Balance at 31 March 2023</b>	<b>-</b>	<b>-</b>	<b>1,750,749</b>	<b>1,750,749</b>

## Cash Flow Statement

All cash balances are held by the OPCC on behalf of the Group. All resources that are consumed by the OCC are paid for by the OPCC and recharged using the intra-group transfer seen on the Comprehensive Income & Expenditure Statement. Certain transactions occur due to application of the Code and IFRS, they are reflected below.

2022/23 £000		Note	2023/24 £000
97,909	<b>Net (surplus) or deficit on the provision of services</b>		44,557
(97,909)	Adjustments to net (surplus) or deficit on the provision of services for non-cash movements	16.1	(44,557)
-	Adjustments for items included in the net (surplus) or deficit on the provision of services that are investing and financing activities		-
-	<b>Net cash flows from operating activities</b>		-
-	Investing activities		-
-	Financing activities		-
-	<b>Net (increase) or decrease in cash and cash equivalents</b>		-
-	Cash and cash equivalents at the beginning of the reporting period		-

## Notes to the core financial statements

### 1. Adjustments between accounting basis and funding basis under regulations

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

2023/24	General Fund Balance	Movement in Unusable Reserves
	£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)	(45,992)	45,992
Holiday pay (transferred to the Accumulated Absences reserve)	1,435	(1,435)
<b>Total Adjustments</b>	<b>(44,557)</b>	<b>44,557</b>

2022/23	General Fund Balance	Movement in Unusable Reserves
	£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)	95,653
Holiday pay (transferred to the Accumulated Absences reserve)	(1,256)	1,256
<b>Total Adjustments</b>	<b>(97,909)</b>	<b>97,909</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.

2022/23			CC	2023/24		
Net Expenditure Chargeable to the General Fund	Adjustments	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to the General Fund	Adjustments	Net Expenditure in the Comprehensive Income and Expenditure Statement
£000	£000	£000	Notes	£000	2.1 £000	£000
218,439	45,686	264,125	Policing Services	227,007	(11,867)	215,140
145	-	145	Corporate & Democratic Core	171	-	171
-	-	-	Commissioning	-	-	-
-	-	-	Non-Distributed Costs	-	17	17
<b>218,584</b>	<b>45,686</b>	<b>264,270</b>	<b>Net Cost of Services</b>	<b>227,178</b>	<b>(11,850)</b>	<b>215,328</b>
(218,584)	52,223	(166,361)	Other Income and Expenditure	(227,178)	56,407	(170,771)
-	<b>97,909</b>	<b>97,909</b>	<b>Surplus or Deficit on Provision of Services</b>	-	<b>44,557</b>	<b>44,557</b>
			Opening Combined General Fund Balance			
-			Plus / less Surplus or Deficit on the General Fund for the Year (Statutory basis)	-		
-			<b>Closing Combined General Fund Balance</b>	-		

#### 2.1 Note to Expenditure and Funding Analysis

	2023/24				
	Net Capital Statutory Adjustments	Net Pensions Statutory Adjustments	Other Statutory Adjustments	Other Differences	Total Adjustments
	£000	£000	£000	£000	£000
Policing Services	(224)	(6,673)	(4,970)	-	(11,867)
Corporate & Democratic Core	-	-	-	-	-
Commissioning	-	-	-	-	-
Non-Distributed Costs	-	17	-	-	17
<b>Net Cost of Services</b>	<b>(224)</b>	<b>(6,656)</b>	<b>(4,970)</b>	<b>-</b>	<b>(11,850)</b>
Other Income and Expenditure	224	52,648	3,535	-	56,407
<b>Difference between the Statutory Charge and the Surplus or Deficit in the Comprehensive Income and Expenditure Statement</b>	<b>-</b>	<b>45,992</b>	<b>(1,435)</b>	<b>-</b>	<b>44,557</b>

## Notes to the core financial statements

	2022/23				
	Net Capital Statutory Adjustments £000	Net Pensions Statutory Adjustments £000	Other Statutory Adjustments £000	Other Differences £000	Total Adjustments £000
Policing Services	(41)	47,968	(2,241)	-	45,686
Corporate & Democratic Core	-	-	-	-	-
Commissioning	-	-	-	-	-
Non-Distributed Costs	-	-	-	-	-
<b>Net Cost of Services</b>	<b>(634)</b>	<b>47,968</b>	<b>(2,243)</b>	<b>-</b>	<b>45,686</b>
Other Income and Expenditure	41	48,685	3,497	-	52,223
<b>Difference between the Statutory Charge and the Surplus or Deficit in the Comprehensive Income and Expenditure Statement</b>	<b>-</b>	<b>96,653</b>	<b>1,256</b>	<b>-</b>	<b>97,909</b>

### 2.2 Expenditure and Income Analysed by Nature

This note provides an alternative breakdown of the OCC's *cost of services* using descriptions used in the OCC's internal management reporting. It is provided to allow the reader of these financial statements an opportunity to see what resources were consumed during the year in delivering the policing plan.

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 budget of the OCC. These items include: pension actuarial adjustments, revenue expenditure financed from capital resources and depreciation/amortisation. These items are included to ensure that the cost of the resources consumed is fully captured in accounting terms.

2022/23 Outturn £000		Note	2023/24 Outturn £000
131,076	Police officer pay and allowances		135,960
64,944	Police staff pay and allowances		69,010
3,262	Police pensions		3,792
47,968	IAS 19 Current Cost Adjustment (pensions)	14	(6,673)
1,734	Other employees expenses		1,890
6,845	Premises		7,649
4,290	Transport		4,242
21,396	Supplies and services		25,131
7,581	Agency and contracted services		7,831
<b>289,096</b>	<b>Total Expenses</b>		<b>248,832</b>

2022/23 £000	Grant Income	2023/24 £000
	<b>Credited to services:</b>	
(1,281)	Op Energy	(8)
(4,400)	Dedicated Security Grant	(4,500)
(342)	Proceeds of Crime Act/Incentivisation	(747)
(1,281)	EMSOU (22.9% Share)	(1,093)
(691)	Serious Violent Crime Initiatives	(662)
(1,903)	Police Pensions Grant	(1,903)
(1,041)	Police Officer 2023 Pay Award Grant	(4,907)
(2,687)	Uplift PUP Grant	(4,232)
(990)	Others	(1,573)
<b>(14,616)</b>	<b>Total</b>	<b>(19,624)</b>

The grant income identified above is received by the Police and Crime Commissioner but made available to the Chief Constable as part of the resources employed to deliver the Police & Crime Plan.

### 3. *Financing and investment income & expenditure*

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

2022/23 Outturn £000		<i>Note</i>	2023/24 Outturn £000
75,554	Pensions net interest cost	14	82,237
<b>75,554</b>			<b>82,237</b>

**4. Officers' remuneration**

Senior officers and relevant police officers emoluments – (salary is between £50,000 and £150,000 per year)

2023/24	Notes	Salary	Benefits in kind	Other payments	Expense Allowances	Pension contributions	Total
		£	£	£	£	£	£
				Note 1	Note 2		
<b>The Office of the CC</b>							
Chief Constable – Mr R Nixon		174,971	-	3,376	8,500	20,485	207,332
Deputy Chief Constable		136,523	5,514	-	500	42,322	184,859
<b>Assistant Chief Constables</b>							
Senior Police Officer P	4	61,964	-	1,331	2,541	19,209	85,045
Senior Police Officer Q		119,916	291	-	4,135	34,014	158,356
Senior Police Officer R	5	70,277	452	-	1,112	21,786	93,627
Senior Police Officer S	6	63,903	-	-	3,091	15,623	82,617
<b>Assistant Chief Officers</b>							
Finance & Resources		109,512	-	-	5,585	27,268	142,365
ACO Human Resources		94,937	-	-	5,527	23,639	124,103
		<b>832,003</b>	<b>6,257</b>	<b>4,707</b>	<b>30,991</b>	<b>204,346</b>	<b>1,078,304</b>

**Note 1** – Housing allowance for uniformed officers

**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** – Senior Police Officer P retired on the 2nd October 2023 on annualised salary of £129,600.

**Note 5** – Senior Police Officer R joined the Force on the 21st August 2023 on annualised salary of £115,026

**Note 6** – Senior Police Officer S was promoted on the 11th September 2023 on annualised salary of £115,026 to undertake a national role in Criminal Justice but was also part of the Leicestershire Chief Officer Team. The costs of this post were externally funded

2022/23	Notes	Salary	Benefits in kind	Other payments	Expense allowances	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
<b>Assistant Chief Constables</b>							
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
<b>Assistant Chief Officers</b>							
Finance & Resources		105,375			5,542	26,133	137,050
ACO Human Resources		91,197			5,527	22,617	119,341
		<b>718,002</b>	<b>6,268</b>	<b>6,358</b>	<b>31,547</b>	<b>204,015</b>	<b>966,190</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 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.



## 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:

Remuneration band £	2022/23		2023/24	
	number of employees			
50,000 to 54,999		36		45
55,000 to 59,999		12		25
60,000 to 64,999		4		6
65,000 to 69,999		4		9
70,000 to 74,999		5		4
75,000 to 79,999		2		5
80,000 to 84,999		1		1
85,000 to 89,999		-		2
90,000 to 94,999		2		3
95,000 to 99,999		1		1
120,000 to 124,999		-		1

- The bandings only include the remuneration of employees and relevant police officers who have not been disclosed individually; i.e. above the rank of Superintendent.
- Three 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, Major Crime and East Midlands Collaborative Human Resources Service (EMCHRS) Learning & Development, 20 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:

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 £	
	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24
£0 - £20,000	3	3	-	1	3	4	16,127	25,057
£20,001 - £40,000	-	1	1	-	1	1	22,563	25,747
£40,001 - £60,000	-	-	1	-	1	-	60,000	-
£60,001 - £80,000	-	-	-	-	-	-	-	-
£80,001 - £100,000	-	-	-	-	-	-	-	-
£100,001 - £150,000	-	-	-	-	-	-	-	-
<b>total</b>	<b>3</b>	<b>4</b>	<b>2</b>	<b>1</b>	<b>5</b>	<b>5</b>	<b>98,690</b>	<b>50,803</b>

### 5. Jointly Controlled Operations

The OCC 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).

#### 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 Legal Services	All 5 Forces	22.90 %	Derbyshire
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.

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

2022/23 £000		2023/24 £000
2,847	Police pay & allowances	3,291
5,970	Police Staff pay & allowances	6,073
,653	Other employees expenses	209
163	Premises	192
189	Transport	229
1,288	Supplies & services	1,055
(1,750)	Income from Government Grants	(1,093)
(286)	Income from Fees & charges	(284)
(9,328)	Funding provided to the pooled budget	(9,658)
231	Depreciation & Amortisation	280
40	(Surplus / Deficit on revaluation of non-current assets (not covered by accumulated revaluation gains)	(267)
<b>17</b>	<b>Cost of Services</b>	<b>27</b>
(7)	Gains / Losses on disposal of non-current assets	(1)
(43)	Capital Grants & Contributions	(58)
<b>(33)</b>	<b>(Surplus) / Deficit on Provision of Services</b>	<b>(32)</b>
(28)	(Surplus) / Deficit on revaluation on non-current assets (covered by accumulated revaluation gains)	99
<b>(61)</b>	<b>Total Comprehensive Income &amp; Expenditure</b>	<b>67</b>

### 6. Related parties

The OCC is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the OCC or to be controlled or influenced by the OCC. Disclosure of these transactions allows readers to assess the extent to which the OCC 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 OCC.

Central government has significant control over the general operations of the OPCC and OCC (and therefore the Group). It is responsible for providing the statutory framework within which the OCC operates, and provides the majority of funding in the form of general or specific grants payable to the OPCC. The OPCC has effective control over the activities of the OCC in that the Police and Crime Commissioner sets the policing plan in consultation with the Chief Constable. The OPCC then provides resources to the OCC such that the requirements of that policing plan may be satisfied.

Senior officers of the OCC may be able to influence significantly the OCC's financial and operating policies although overall control is retained by the Police and Crime Commissioner and articulated within the Corporate Governance Framework. No material related party transactions have been identified following consultation with members and relevant officers.

The OCC participates in eight jointly controlled operations (JCO) with other neighbouring Forces. See Note 5 for further details.

In addition to the above, the OPCC also had transactions during the year with other local authorities and public bodies. The impact of many of these transactions is represented within the OCC's accounts via the intra-group transfer.

### 7. External audit costs

In 2023/24 the OCC incurred the following fees relating to external audit.

2022/23 £000	Costs	2023/24 £000
12	Scale Fee	51
29	Additional Fees	-
-	Redmond Grant	(7)
<b>41</b>	<b>Total</b>	<b>44</b>

The OCC received a grant of £7k during 2023/24, 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.

### 8. Leases

All leases (whether as lessee or lessor) are held in the name of the Police and Crime Commissioner and hence appear within the OPCC/Group financial statements for disclosure purposes.

Under the Corporate Governance Framework, the Police and Crime Commissioner grants the Chief Constable the use of the assets, equipment and resources (whether leased or otherwise) held by the OPCC in order that the requirements of the policing plan can be fulfilled. No financial consideration is made between both parties for the use of any assets, equipment or resources other than the intra-group recharge shown on the Comprehensive Income & Expenditure Account. A formal agreement is in place that grants the Chief Constable use of the assets and chattels of the Police and Crime Commissioner, a peppercorn rent of £1 is payable on demand for the usage.

The intra-group transfer made between the OPCC and the OCC includes the costs for the use and consumption of the resources of the OPCC. It therefore includes the costs of insuring, maintaining and repairing assets together with charges mirroring depreciation incurred by the OPCC due to the finite life of those assets.

### 9. Debtors

#### 9.1 Long-Term Debtors

At the balance sheet date two car loans to employees were outstanding (2022/23 – 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.

## 9.2 Short-Term Debtors

31st March 2023 £000		31st March 2024 £000
	<b>Short-term debtors</b>	
35	Central government bodies	45
27	Local authorities	25
84	Other Entities & Individuals	94
<b>146</b>		<b>164</b>

## 10. Creditors

31st March 2023 £000		31st March 2024 £000
	<b>Short-term creditors</b>	
(4,101)	Central government bodies	(4,520)
(1,516)	Local authorities	-
(6,500)	Other Entities & Individuals	(5,198)
<b>(12,117)</b>		<b>(9,718)</b>

The figure shown in Other Entities and Individuals relates to accumulated absences. Further details can be found in Note 15.

## 11. Financial Instruments

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).

The financial assets as disclosed in the balance sheet 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 the short-term assets). 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.

The carrying amounts and fair values of all financial assets and liabilities are therefore the same as those shown in the balance sheet.

## 12. Unusable reserves

The following reserves constitute *unusable reserves* as shown on the 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.

## Notes to the core financial statements

31st March 2023 £000		Note	31st March 2024 £000
1,744,122	Pension reserve	13	1,710,145
6,627	Accumulated absences account	15	5,192
<b>1,750,749</b>	<b>Total unusable reserves</b>		<b>1,715,337</b>

The OCC's unusable reserves are in deficit due in the main to the pension reserve. The pension reserve reflects the deficit on the OCC'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.

### 13. Pensions reserve

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 OCC 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 OCC 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 OCC 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.

2022/23 £000		Note	2023/24 £000
<b>2,722,332</b>	<b>Balance at 1st April</b>		<b>1,744,122</b>
(1,103,024)	Actuarial gains or losses on pensions assets and liabilities		(112,544)
28,161	Asset Ceiling Adjustment		32,575
137,673	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	14/1	89,838
(41,020)	Employer's pensions contributions and direct payments to pensioners payable in the year	1	(43,846)
<b>1,744,122</b>	<b>Balance at 31st March</b>		<b>1,710,145</b>

Note 14 – Defined benefit pension schemes provides further analysis of the figures shown above together with an explanation for their existence.

### 14. Defined benefit pension schemes

*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 OCC offers retirement benefits. Although these benefits will not actually be payable until employees retire, the OCC has a commitment to make payments that need to be disclosed at the time that employees earn their future entitlement.

The OCC 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. The Actuary to the fund is Hymans Robertson LLP.

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.

From the 1<sup>st</sup> April 2015 The Police Pension Scheme 2015 (CARE) scheme was introduced (under the Public Pension Services Act 2013), and members who are not covered by protection or the transitional arrangements in the previous schemes now accrue pension entitlements based on their career-average rather than their final salary.

Three schemes were in operation during 2023/24 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 OCC 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 OCC 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 are as follows:

## Notes to the core financial statements

	Local Government Pension Scheme		Police Pension Schemes		Comprehensive Income & Expenditure Account	
	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24
	£000	£000	£000	£000	£000	£000
<b>Cost of services:</b>						
Current service cost	23,841	11,426	65,147	25,748	88,988	37,174
Past service cost	-	17	-	-	-	17
(Gain) / loss from settlements	-	-	-	-	-	-
	23,841	11,443	65,147	25,748	88,988	37,191
<b>Other Operating Expenditure:</b>						
Funding from OPCC	-	-	(26,869)	(29,590)	(26,869)	(29,590)
<b>Financing &amp; investment income/expenditure:</b>						
Net Interest cost	3,123	(67)	72,431	82,304	75,554	82,237
<b>Net charge to surplus / deficit on provision of services</b>	<b>26,964</b>	<b>11,376</b>	<b>110,709</b>	<b>78,462</b>	<b>137,673</b>	<b>89,838</b>
<b>Other comprehensive income &amp; expenditure:</b>						
Return on Plan Assets (excluding the amount included in the net interest expense)	12,443	(15,731)	-	-	12,443	(15,731)
Actuarial (gains)/losses on changes in demographic assumptions	(2,200)	(1,720)	(15,370)	(34,712)	(17,570)	(36,432)
Effect of Asset Ceiling Adjustment	28,161	32,575				32,575
Actuarial gains and losses arising on changes in financial assumptions	(184,146)	(20,828)	(1,084,258)	(59,201)	(1,268,404)	(80,029)
Other (if applicable)	23,500	9,070	147,007	10,578	170,507	19,648
<b>Net charge to total comprehensive income &amp; expenditure</b>	<b>(95,278)</b>	<b>14,742</b>	<b>(841,912)</b>	<b>(4,873)</b>	<b>(937,190)</b>	<b>9,869</b>
<b>Statement of Movement in Reserves:</b>						
Reversal of items not permitted to be charged to the general fund by statute	(23,500)	(9,070)	841,912	(10,578)	818,412	(19,648)
Employer Contributions	12,957	14,294	28,063	29,552	41,020	43,846
<b>Net charge to general fund</b>	<b>(105,821)</b>	<b>19,966</b>	<b>28,063</b>	<b>14,101</b>	<b>(77,758)</b>	<b>34,067</b>
Retirement benefits payable to pensioners						
<b>Analysed as:</b>						
Employers' contributions payable to schemes	12,957	14,294	25,420	26,620	38,377	40,914
Employers' contributions payable to schemes – Cash Top-Up	-	-	-	-	-	-
Direct payments - Injury awards payable	-	-	2,643	2,932	2,643	2,932
<b>Total</b>	<b>12,957</b>	<b>14,294</b>	<b>28,063</b>	<b>29,552</b>	<b>41,020</b>	<b>43,846</b>

### 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	
	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24
Present value of the defined benefit obligation	(286,392)	(294,265)	(1,744,122)	(1,709,697)	(2,030,514)	(2,003,962)
Fair value of plan assets	314,553	355,891	-	-	314,553	355,891
Asset Ceiling Adjustment	(28,161)	(62,074)	-	-	(28,161)	(62,074)
<b>Sub total</b>	-	(448)	(1,744,122)	(1,709,697)	(1,744,122)	(1,710,145)
Other movements in the liability (asset) (if applicable)	-	-	-	-	-	-
<b>Net liability arising from defined benefit obligation</b>	<b>-</b>	<b>(448)</b>	<b>(1,744,122)</b>	<b>(1,709,697)</b>	<b>(1,744,122)</b>	<b>(1,710,145)</b>

## Notes to the core financial statements

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

	Local Government Pension Scheme		Police Pension Schemes	
	2022/23	2023/24	2022/23	2023/24
	£000	£000	£000	£000
Opening fair value of scheme assets	307,960	314,553	-	-
Interest Income	8,605	15,186	-	-
<b>Remeasurement gain/(loss)</b>				
The return on plan assets; excluding the amount included in the net interest expense	(12,443)	15,731	-	-
Other (if applicable)	-	-	-	-
The effect of changes in foreign exchange rates	-	-	-	-
Contributions from employer	12,957	14,255	28,063	29,552
Employer Contributions (Top Up Grant)			26,869	29,590
Contributions from employees into the scheme	3,415	3,699	10,696	11,495
Benefits paid	(5,941)	(7,572)	(65,628)	(70,637)
Other (if applicable)		39		
<b>Closing fair value of scheme assets</b>	<b>314,553</b>	<b>355,891</b>	<b>-</b>	<b>-</b>

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

	Local Government Pension Scheme		Police Pension Schemes	
	2022/23	2023/24	2022/23	2023/24
	£000	£000	£000	£000
<b>Opening balance at 1 April</b>	<b>(416,195)</b>	<b>(286,392)</b>	<b>(2,614,097)</b>	<b>(1,744,122)</b>
Current Service Cost	(23,841)	(11,426)	(65,147)	(25,748)
Interest Cost	(11,728)	(13,781)	(72,431)	(82,304)
Contributions from scheme participants	(3,415)	(3,699)	(10,696)	(11,495)
Remeasurement (gains) and losses				
• Actuarial gains/losses arising from changes in demographic assumptions	2,200	1,720	15,370	34,712
• Actuarial gains/losses arising from changes in financial assumptions	184,146	20,828	1,084,258	59,201
• Other (if applicable)	(23,500)	(9,070)	(147,007)	(10,578)
Past service cost	-	(17)	-	-
Losses/(gains) on curtailment (where relevant)	-	-	-	-
Liabilities assumed on entity combinations	-	-	-	-
Benefits paid	5,941	7,572	65,628	70,637
Liabilities extinguished on settlements (where relevant)	-	-	-	-
<b>Closing balance at 31 March</b>	<b>(286,392)</b>	<b>(294,265)</b>	<b>(1,744,122)</b>	<b>(1,709,697)</b>

The police pension schemes are unfunded in nature and hence have no scheme assets.

The liabilities show the underlying commitments that the OCC has in the long run to pay for retirement benefits. The total net liability of £1,710m has a substantial impact on the net worth of the OCC as recorded in the balance sheet, resulting in a negative overall balance of £1,715m. However, the statutory arrangements for funding the deficit mean that the financial position of the OCC remains stable.

In 2023/24, the local government pension scheme has a net asset in respect of the funded obligations due to changes in the financial assumptions and an excess return on assets over and above the expected accounting return. The total investment return achieved by the Fund over the accounting period was 9.6% compared to The Office of the Chief Constable for Leicestershire



the expected return of 4.75% leading to a gain on the balance sheet. In accordance with proper accounting practice, an asset ceiling calculation has been undertaken which shows that the net asset cannot be realised. As a result, the OCC's net assets is reduced by £62m.

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 1st April 2023 the employer's contribution rate was 24.9%, no change from the previous year and is due to remain the same for 2025/26.

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 31st 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 2023/24. The results of 2020 Police Pension valuation have now been received and the employers contribution will increase to 35.3% from the 1st April 2024.

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. Both valuations take account of the implementation of the Public Service Pensions and Judicial Offices Act 2022. This legislates for how schemes will remove the age discrimination identified by the courts in the way that the 2015 reforms were introduced for some members. 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.

## Notes to the core financial statements

### Basis for Estimating Assets and Liabilities

	Local Gov't Scheme		Police Schemes	
	2022/23	2023/24	2022/23	2023/24
	Years	Years	Years	Years
<b>Mortality assumptions:</b>				
<b>Longevity at 65 (60 for police schemes) for current pensioners:</b>				
• Men	21.2	21.1	26.7	26.1
• Women	24.2	24	29.0	28.5
<b>Longevity at 65 (60 for police schemes) for future pensioners:</b>				
• Men	22.1	21.9	28.7	28
• Women	25.8	25.6	30.9	30.3

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

	Local Gov't Scheme		Police Schemes	
	2022/23	2023/24	2022/23	2023/24
• rate of inflation (increase or decrease by 1%)	3.45%	3.25%	2.70%	2.60%
• rate of increase in salaries (increase or decrease by 1%)	3.45%	3.25%	4.20%	4.10%
• rate of increase in pensions (increase or decrease by 1%)	2.95%	2.75%	2.80%	2.70%
• rate for discounting scheme liabilities (increase or decrease by 1%)	4.75%	4.85%	4.80%	4.90%

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

## Notes to the core financial statements

### Local Government Pension Scheme assets comprised

2022/23 £000	Fair Value of Scheme Assets	2023/24 £000
7,077	Cash and cash equivalents	28,409
	<i>Equity instruments: by industry type</i>	
33	Consumer	109
158	Manufacturing	-
325	Energy and utilities	228
100	Financial institutions	256
54	Health and care	351
61	Information technology	-
258	Other	212
<b>989</b>	<b>Sub total equity</b>	<b>1,155</b>
	<i>Bonds: by sector</i>	
14,487	UK Government	15,680
1,329	Other	1,434
<b>15,816</b>	<b>Sub total bonds</b>	<b>17,114</b>
	<i>Property: by type</i>	
22,292	UK Property	23,078
-	Overseas Property	-
<b>22,292</b>	<b>Sub total property</b>	<b>23,078</b>
	<i>Private equity</i>	
21,535	All	21,773
<b>21,535</b>	<b>Sub total private equity</b>	<b>21,773</b>
	<i>Other investment funds</i>	
137,737	Equities	151,986
-	Bonds	-
1	Hedge Funds	2
8,079	Commodities	8,240
25,732	Infrastructure	30,557
75,151	Other	73,556
<b>246,700</b>	<b>Sub total other investment funds</b>	<b>264,341</b>
	<i>Derivatives</i>	
144	Forward foreign exchange contracts	21
<b>314,553</b>	<b>Total assets</b>	<b>355,891</b>

### 15. Accumulated absences account

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 2023/24 Police Officer Annual Leave decreased from £1,339k to £975k. Rest days in lieu decreased from £2,365k to £1,424 and Time off in lieu increased from £774k to £876k. Police Staff Annual leave decreased from £1,037k to £890k. Officers RDIL decreased due to robust management that has been put into place during 2023/24. A new policy ensures that officers take their rest days in a shorter time period, and therefore the number of rest days on cards is decreasing. TOIL is expected to be slightly higher than previous year, this is due to officers opting to take TOIL, due to increased demands on overtime budgets.

## Notes to the core financial statements

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

2022/23 £000		2023/24 £000
(5,371)	<b>Balance at 1<sup>st</sup> April</b>	(6,627)
5,371 (6,627)	Reversal of opening accrual made at the end of the preceding year Amounts accrued at the end of the current year	6,627 (5,192)
(1,256)	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	<b>1,435</b>
(6,627)	<b>Balance at 31<sup>st</sup> March</b>	(5,192)

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

### 16. Cash flow statement – operating activities

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

2022/23 OCC £000		Note	2023/24 OCC £000
-	Increase/(decrease) in impairment bad debts		-
9	Increase/(decrease) in creditors/RIA		(9)
(9)	Increase/(decrease) in debtors/PIA		9
-	Increase/(decrease) in inventories		-
(96,653)	Movement in pension liability		(45,992)
-	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised		-
(1,256)	Other non-cash items charged to the net surplus or deficit on the provision of services		1,435
(97,909)			(44,557)

### 17. Events after the balance sheet date

Events after the balance sheet date have been considered for inclusion in the accounts up to the authorised for issue 5<sup>th</sup> July 2024. 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.'

### 18. Contingent Assets and liabilities

The Home Office and Airwave Services Ltd (provider of communication services used by all UK police forces) are in dispute over the application of indexation to the Airwave contracts. In January 2024, Airwave issued discounted invoices to the OPCC/Group. These credits have not been recognised in the 2023/24 accounts due to the ongoing dispute and the risk that Airwave could be entitled to reclaim all or part of the discount.

In respect of the McCloud Pension case, claimants have lodged claims for compensation under two active sets of litigation, Aarons and Penningtons. 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 brought 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. As at 31 March 2024, it is not possible to reliably estimate the extent or

likelihood of Penningtons claims being successful, and therefore no liability in respect of compensation claims is recognised in these accounts.

### **19. Critical judgements in applying accounting policies**

In applying the accounting policies set out in Note 23, the OCC has had to make certain judgements about complex transactions or those involving uncertainty about future events.

There is a high degree of uncertainty about the future levels of funding for the Police Service. However, it is considered that this uncertainty is not yet sufficient to provide an indication that the assets might be impaired as a result of a need to close facilities or 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 5. These arrangements are judged to be jointly controlled operations due to the joint management and decision making structure of the agreement. Leicestershire's OCC's share of transactions and balances are consolidated into the financial statements in accordance with the CIPFA Code of Practice.

### **20. Assumptions made about the future and other major sources of estimation uncertainty**

The Statement of Accounts contains estimated figures that are based on assumptions made by the OCC/OPCC about the future or 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.

Some of the key areas that could be affected are covered within the OPCC/Group statement of accounts (note 39) and the OCC could potentially be affected by those sensitivities or movements via either the intra-group transfer from the OPCC or those costs directly charged to the OCC.

### **21. Going Concern**

The concept of a going concern assumes that the functions of the Chief Constable 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 2023/24) 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.

### **22. Nature and extent of risks arising from financial instruments (OCC)**

The OCC's activities expose it to a variety of financial risks which are interlinked with those of the OPCC/Group:

- *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 on behalf of the OCC
- *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 Markets). 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 4.63% of total income (2022/23 – 4.23%). 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 Finance Officer for the OCC 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 £4k has been allowed for in 2023/24 (2022/23 – £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).

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 20.1 – Long term borrowing of the Group Accounts.

All standard creditors are due to be paid within one year – further information can be found in Note 19 - 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.

## **23. Accounting policies used by the Office of the Chief Constable for Leicestershire**

### **A1 General principles**

The statement of accounts summarise the Office of the Chief Constable (OCC) transactions for the 2023/24 financial year and its position at the year end of 31 March 2024. The OCC is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015 which require the statements to be prepared in accordance with proper accounting practice. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, 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.

All accounting policies that are material to the production of the accounts are described in this note.

### **A2 Cost and intra-group income recognition**

All external income is received by the OPCC, which holds the Police Fund and all related financial reserves and cash balances. The OPCC provides an annual budget to the OCC. All resources consumed at the request of the Chief Constable are funded by the OPCC, including the wages of police officers and staff, and no actual cash transactions take place between the two entities.

From an accounting perspective costs are recognised in the OCC accounts to reflect the financial resources consumed and economic benefit derived in the direction and control of day to day policing at the request of the Chief Constable. For example, an economic benefit is recognised to reflect the utilisation of OPCC owned fixed assets which mirrors depreciation of property, plant and equipment amortisation of intangible assets, impairments and revaluations.

Income is recognised in the Comprehensive Income and Expenditure Statement of the OCC accounts, to reflect the funding received from the OPCC.

In addition the OCC's accounts reflect the employment and post-employment liabilities in accordance with IAS19 which states that liabilities relating to these benefits should follow the cost of employment. The OCC's Total Comprehensive Income and Expenditure reflects the movement in the OCC's unusable reserves as all other net expenditure is met by a transfer of resources from the OPCC and no usable reserves are held by the OCC.

## **A3 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:

- Intra-group income is recognised when it is probable that economic benefits or service potential associated with the transaction will flow to the OCC.
- Supplies are recorded as expenditure when it is probable that economic benefits or service potential associated with the transaction will flow to the OCC.
- 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.

## **A4 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 OCC'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.

## **A5 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.

### **A6 Provisions & Contingent Liabilities**

Provisions are made where an event has taken place that gives a present (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.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement (CIES) in the year that the OCC 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.

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.

Under the Corporate Governance arrangements for the OPCC / OCC the revenue charge for provisions recognised on the OPCC balance sheet is recognised in the CIES of the OCC.

#### **Contingent Liabilities**

A contingent liability arises where an event has taken place that gives the OCC 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, if appropriate.

### **A7 Revenue Recognition / Income**

Specific grants and contributions are included in the 'cost of services' of the CIES where the OPCC has provided additional resources to the OCC for specific operational activities. A similar approach is adopted for fees and charges.

### **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 leave, eg time off in lieu) earned by employees but not taken before the year-end that employees can carry forward in to 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 OCC 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 at the earlier of when the OCC can no longer withdraw the offer of those benefits or when the authority recognises costs for a restructuring.

#### **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, 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. 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 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 OCC 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 OCC 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:

- 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 OCC 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 OCC has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff 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 Jointly controlled operations**

The OCC has interests in a number of jointly controlled operations. All of these collaborations are governed by formal Section 22 agreements. The activities undertaken by the OCC in conjunction with other joint operators involve the use of assets and resources of those joint operators. The OCC shares are fully incorporated in the Comprehensive Income and Expenditure statement, Balance Sheet Movement in Reserves and Cash Flow Statement. Further details are shown in Note 5

## **A10 Events after the reporting period**

Events after the reporting period are those events, both favourable and unfavourable, that occur between the end of 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 except in circumstances where their effect is considered to have already taken place using the “substance over form convention”.

## **A11 Overheads and Support Services**

The costs of overheads and support services are charged to service segments in accordance with the authority’s arrangements for accountability and financial performance.

### **A12 Reserves**

Certain reserves are kept to manage the accounting processes for retirement and employee benefits and do not represent usable reserves for the authority.

### **A13 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.

## 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.

The fund receives income each year from:

- Employer's contributions from the OCC based on a percentage of pay
- Additional Funding from the OPCC (received from the Home Office)
- 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:

2022/23 £000		2023/24 £000
	<b>Contributions receivable:</b>	
	<b>OPCC/Group</b>	
(24,868)	■ employer's contributions	(26,522)
(553)	■ early retirements	(762)
(10,696)	■ officers' contributions	(11,494)
(36,117)		(38,778)
(195)	<b>Transfers in from other pension schemes</b>	(283)
	<b>Benefits payable:</b>	
52,539	■ pensions	58,027
9,311	■ commutations and lump sum retirement benefits	9,086
616	■ ill-health commutations and lump sum retirement benefits	1,272
569	■ lump sum death benefits	123
63,035		68,508
	<b>Payments to and on account of leavers:</b>	
123	■ refund of contributions	92
23	■ transfers out to other police Forces	51
146		143
<b>26,869</b>	<b>Net amount payable for the year</b>	<b>29,590</b>
-	<b>Additional funding Receivable from the Police Fund</b>	-

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

31st March 2023 £000		31st March 2024 £000
3,563	<b>Current assets</b> Contributions due from the OPCC/Group	5,603
-	<b>Current liabilities</b> Unpaid pensions benefits	-
<b>3,563</b>		<b>5,603</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 will be 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 pension fund account 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 23 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 OCC's long-term pension obligations can be found in the notes to the OCC's core financial statements at note 14.

### 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 results of 2020 Police Pension valuation have now been received and the employers contribution will increase to 35.3% from the 1st April 2024.

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

## 1) Scope of Responsibility

The Chief Constable (CC) of Leicestershire is responsible for the delivery of policing services to the communities of Leicester, Leicestershire and Rutland and has direction and control over officers and staff operating with the Force. The CC holds office under the Crown and is appointed by the Police and Crime Commissioner (PCC).

The CC is accountable in law for the exercise of policing powers and to the PCC for the delivery of efficient and effective policing, management of resources and expenditure by the Force. In discharging his overall responsibilities, the CC is responsible for establishing and maintaining appropriate risk management processes, governance arrangements and ensuring that there is a sound system of internal control which facilitates the effective exercise of these functions.

The CC 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.

The CC has adopted the Corporate Governance Framework approved by the PCC, which is consistent with the principals of the CIPFA / SOLACE Framework *Delivering Good Governance in Local Government*. A copy of the Framework can be obtained from the Office of the Police and Crime Commissioner (OPCC), Leicestershire Police Headquarters, St Johns, Enderby, Leicester, LE19 2BX or on our website at [www.leics.pcc.police.uk](http://www.leics.pcc.police.uk).

This statement explains how the CC has complied with the code and also meets the requirements of the Accounts and Audit Regulations 2015 in relation to the publication of an annual governance statement.

The Chief Constable as a standalone corporation sole is legally required to produce an Annual Governance Statement. The statement assists the PCC in holding the CC to account for efficient and effective policing. The statement sits alongside the statutory accounts for the CC and gives assurance to the PCC of the CC's governance arrangements. The PCC produces their own statement.

## 2) The Purpose of the Governance Framework

The Joint Corporate Governance Framework comprises the systems and processes, and culture and values, by which the CC is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the CC 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 CC'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 Joint 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 2023-24 following extensive consultation and ratified at Corporate Governance Board in March 2024.

## 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 Joint 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 2023-24, Mazars were appointed as Internal Auditors for the region for a further 4 years. 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 2023-24 Regional Collaboration audits and the Regional Collaboration Internal Audit Plan and the proposed workplan and timescales for 2024-25.

The effectiveness of audit committees should be carried out periodically. A self-assessment effectiveness review was undertaken by the OPCC and JARAP members during 2023-24 using CIPFA guidance. The findings were reported to the JARAP at its meeting on 17 April 2024. Overall, the review concluded that the JARAP is operated in an effective manner.

The 2023-24 Internal Audit Plan was considered and approved at the JARAP meeting held on 17 April 2023. 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.

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. These reports are reviewed and scrutinised by the PCC 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 which detailed the approach to engagement with partners and to commissioning appropriate outcomes through third party providers;
- Engagement in value for money benchmarking such as is conducted by Her Majesty's Inspectorate of Constabulary (HMICFRS);
- A well-researched and coherent Joint 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.

## Chief Finance Officer

The CC formally appointed a professionally qualified Chief Financial Officer (CFO) for the Force with the effect from 22<sup>nd</sup> November 2012. Under the Police Reform and Social Responsibility Act 2011 the OCC CFO has a personal fiduciary duty by virtue of their appointment as the person responsible for the financial administration of the OCC. This includes requirements and formal powers to safeguard lawfulness and propriety of expenditure (Section 114 of the Local Government Act 1988 as amended by paragraph 188 of Schedule 16 to the Police Reform and Social Responsibility Act 2011). The CC's Chief Financial Officer also undertakes the statutory functions on behalf of the PCC.



The OCC complies with the CIPFA statement on the Role of the Chief Financial Officer in the Public Sector, the key principles and requirements which are summarised below.

The Chief Financial Officer in a public service organisation:

- is a key member of the Leadership Team, helping it to develop and implement strategy and to resource and deliver the Force's strategic objectives sustainably and in the public interest;
- must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and alignment with the Force's financial strategy; and
- must lead the promotion and delivery by the whole Force of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.

#### 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, Integrity and Complaints Committee 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.

The PCC has produced a Sustainability and Environmental Policy Statement to establish a process to ensure the work undertaken by the OPCC (including Commissioned Services) do all that is reasonable to minimise the impact on the environment.

### **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 Group. 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.

The PCC produces a Commissioning Framework which sets out to support the delivery of the Police and Crime Plan through commissioning activities.

### **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. The PCC continues to support the CC to recruit a diverse workforce which is reflective of the communities they represent.

The Force's Team Leicestershire Academy, supported by the PCC, has ensured that the workforce have the right skills, are continuously developing, and have the right capabilities to deliver an efficient and effective police service.

### **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 Business Delivery Board 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.

In this last financial year the Office of the PCC has employed a new Performance Manager who is provided a greater level and depth of scrutiny to the performance information provided by the Force.

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.

The Joint Corporate Governance Framework 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, Integrity and Complaints Committee, 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 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.

The OPCC and OCC continued to invest in an Internal Audit programme in 2023-24 to provide assurance under the arrangements for the two corporation soles. These ensured specific local audits on:

- Core Financials
- Payroll
- Estates Management
- Vetting
- Risk Management
- Procurement
- IT Strategy and Operating Model
- Asset Management/Stock Control
- Counter Fraud
- MTFP/Budgetary Control
- OPCC Communications and Community Engagement
- Staff Retention
- Portfolio Management
- Occupational Health Unit

During 2023-24, the following collaborative audits or specific assignments were carried out:

- EMSOU – Capital Programme
- EMSOU – Workforce Planning
- EMSOU – HMICFRS Action Plan

**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 2023 to 31 March 2024 and reported to and considered by, the JARAP in August 2024. 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 2023-24 were as follows:

*“On the basis of our 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 management and control. Certain weaknesses and exceptions were highlighted by our internal audit work, in particular limited assurance opinions were provided during the period in respect of Risk Management, IT Identity Access Management, Counter Fraud and Portfolio Management.”*

The basis of Mazars' opinion was as follows:

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

## Corporate Governance

The purpose of internal audit is to provide the Joint Audit, Risk & Assurance Panel (JARAP), with an independent and objective opinion on governance, risk management and internal control and their effectiveness in achieving the OPCC and Force's agreed objectives. It also has an independent and objective advisory role to help line managers improve governance, risk management and internal control.

## Risk management

Audit completed a specific review with respect to 'Risk Management' during the year and issued a 'Limited' assurance opinion which included a total of one 'High', two 'Medium' and two 'Low' priority recommendations. Overall, Audit testing highlighted that there are weaknesses in the control framework such that it could become inadequate or ineffective.

During the course of delivering the 2023/24 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..

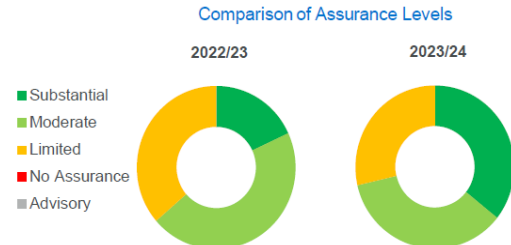
## Internal Control

Of the 14 audits undertaken, where a formal assurance level has been provided, five received a substantial level of assurance and five audits received a moderate level of assurance. A limited level of assurance has been awarded in four instances.

We have made a total of 45 new recommendations during the year at the Force and OPCC, with three categorised as 'High', 21 as 'Medium' and 21 as 'Low'.

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 management and control.

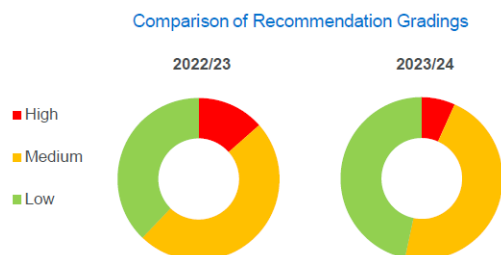
S



In 2022/23, there were 11 audits completed. Two received 'Substantial' assurance, five received 'Moderate' assurance and four received a 'Limited' opinion.

Of the 14 strategic audits conducted in 2023/24, five received 'Substantial' assurance, five received a 'Moderate' assurance and four received a 'Limited' opinion.

It should be noted though that the areas of review will not typically be the same given the risk-based nature of the Internal Audit Plan year on year and that caution should be exercised in comparing years.



The total number of recommendations raised in 2022/23 were 37.

The total number of recommendations made in 2023/24 was 45. There have been three High priority recommendations raised this year.

As noted above, the areas of review each year will not typically be the same.

## 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 JARAP. We have received positive feedback on our work from the JARAP and staff involved in the audits.

Regular planned discussions on progress against the Audit Plan have taken place with the JARAP.

## **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.

Due to continued delays across the audit sector the audit of the 2021-22 and 2022-23 statement of accounts have not been completed by our external auditors, Ernst Young LLP. The challenges facing the existing framework for local authority audit are well-documented and have been highlighted by auditors, the Redmond Review, the National Audit Office, the Public Sector Audit Appointments Ltd (PSAA), the Local Government Association and Parliament. The government have put forward a proposal that will help to reset local authority audit, with auditors able to focus on providing assurance on public bodies' most recent financial statements. The proposed measures are likely to result in a significant number of local authority accounts receiving modified or disclaimer opinions.

A new external auditor has been appointed as part of the PSAA national auditor appointment arrangements and Grant Thornton have been awarded the contract for Leicestershire PCC and CC for 2023-24 up to 2027-28.

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 2024, reviewed their terms of reference and produced an annual report of their work.

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 2023-24 internal auditors, Mazars, carried out 14 audits. Four of the audits undertaken were given limited assurance which indicates some improvements are required. The audits that received limited assurance were:

- Risk Management
- IT Identity Access Management
- Counter Fraud
- Portfolio Management

## **Risk Management**

There was one priority one (high) recommendation, two priority two (medium) recommendations and two priority three (low) recommendations.

The priority one recommendation centred on Safety, Sustainability and Risk (SSR) Unit Staffing. It recommended that the Risk Officer job specification should be completed, approved and the role advertised promptly, or the role delegated amongst the SSR team.

This recommendation was agreed by management and is in the process of being implemented. Progress against the recommendations is routinely reported to the JARAP meeting.

### IT Identity Access Management

There was one priority one (high) recommendation and two priority two (medium) recommendations.

The priority one recommendation centred on privileged access restrictions. It recommended that the policy and approach to granting privileged access is reviewed, review of the individuals with privileged access and adjusted in line with policy, and training is provided for individuals assigned privileged access.

This recommendation was agreed by management and is in the process of being implemented. Progress against the recommendations is routinely reported to the JARAP meeting.

### Counter Fraud

There was one priority one (high) recommendation and three priority two (medium) recommendations.

The priority one recommendation centred on fraud training. It recommended the Force should carry out a training needs analysis to establish which areas of the organisation have a higher risk of fraud and need specific/tailored training. The Force should ensure that there is an appropriate provision of training to meet the needs of the organisation highlighted from the training needs analysis. The delivery of all training should be monitored centrally for its effectiveness and completion rates and regularly reviewed to ensure it is meeting the needs of the organisation.

This recommendation was agreed by management and is in the process of being implemented. Progress against the recommendations is routinely reported to the JARAP meeting.

### Portfolio Management

There was five priority two (medium) recommendations and one priority three (low) recommendation.

Although there wasn't any priority one recommendations, the number of priority two recommendations resulting in the limited assurance. The priority two recommendations centred on incomplete control registers for individual projects and for Portfolio Management Office (PMO), insufficient detail of reporting on key project information to Layer Boards, a lack of resource profile for the PMO, and for upcoming projects and a lack of gap analysis to establish an understanding of available and missing skills.

These recommendations were agreed by management and are in the process of being implemented. Progress against the recommendations is routinely reported to the JARAP meeting.

### Police and Crime Plan and Resources

The Budget Requirement and Precept report was presented and agreed at the Police and Crime Panel on 1<sup>st</sup> February 2024. Although the report highlighted a balanced budget for 2024/25, this was with an efficiency savings target of £5.4m. The report also highlighted a financial deficit over the remaining three years of the MTFP of £9.68m for 2025/26, £10.76m for 2026/27 and £9.59m for 2026/27. The Force are working on a transformation and sustainability plan to overcome the budget deficit and deliver a sustainable budget for 2024/25 and into 2025/26. The Force have recognised that they will need to move away from high vacancy factor rates (currently 6% for 2024/25) and the use compulsory redundancies is likely to be required to close the budget deficit for 2025/26 and beyond.

### Her Majesty's Inspectorate of Constabulary, Fire and Rescue Services Findings for PEEL 2021-22

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**

**INNOVATION** – Importantly, 8 Areas of ‘Innovative Practice’ were identified by HMI inspectors, which is one of the highest currently [June 2022 - 15 forces results published so far].

- Disrupting Serious and Organised Crime SOC – Very positive de-brief received from Her Majesty’s Inspectorate. Final grade: Outstanding

## Key Highlights reported in 2021-22 by Her Majesty’s Inspectorate of Constabulary:

*The force has significantly improved on its PEEL performance grades last awarded 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 received the following step-change in recognised performance:*

- **3 Outstanding grades**
- **4 Good grades**
- **2 Adequate grades**

*Areas of notable improvement include:*

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

Leicestershire Police are:

- one of three forces awarded 'Outstanding' for Protecting Vulnerable People (PVP);
- one of the forces with the lowest number of Areas for Improvement identified by HMI
- one of the forces with the highest number of 'innovations' identified by HMI
- on a par with West Yorkshire Police; a metropolitan force that receives a significantly larger budget settlement.

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

## a) High priority strategic risks

At the end of March 2024, the Strategic Risk Register highlighted 9 strategic risks relating to the OCC and 6 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.
- Violence, abuse and intimidation against women and girls
- Year on year increase in complaints from members of the public
- Failure of IT Server affecting cyclops database
- Loss of all IT functionality due to overheating at Euston Street
- Risk of cyber attack
- Lack of PIP 2 detectives
- Risk associated with the transition to an alternatively fuelled fleet

### OPCC

- Failure to meet the General Data Protection Regulations (GDPR)
- Single Source of Failure – Chief Finance Officer
- Arrangements in place do not secure an efficient and effective Police Service
- The Financial Challenge - 2022/23 – 2025/26
- Risk of Cyber Attack

The OPCC also has a high risk which has been redacted due to its sensitive nature and the reputational impact it may have on a third party.

All of these risks are being managed through the Organisational Risk Board (ORB), OPCC SMT Meetings and the JARAP.

## 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.

**Rob Nixon**  
**Chief Constable**  
**Xxxxxx 2024**

**Paul Dawkins**  
**Chief Finance Officer**  
**Xxxxxx 2024**



## **ANNUAL GOVERNANCE STATEMENT FOR REGIONAL COLLABORATION 2023/24**

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.**

ACC (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 05/06/2024

Diane Coulson  
**ACC (East Midlands)**

**INDEPENDENT AUDITOR'S REPORT TO THE CHIEF CONSTABLE FOR LEICESTERSHIRE**

**Opinion**



.....  
XXXXXXXXXX

*The maintenance and integrity of the Chief Constable of Leicestershire's web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.*

*Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.*

### **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 OCC's plans in financial terms. A budget is prepared and approved by the Police & Crime Commissioner 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'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.

### **Commutated 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 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's control, or
- 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 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 for work done or services supplied but not received at the end of the period.

### **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 and intended to provide a framework for the proper financial management of the OPCC. 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 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:

- 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.

- 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 is statutorily required to set aside from revenue each year as a provision to meet credit liabilities. For the OPCC 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 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 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 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).