

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.

2019/20 £000		Note	2020/21 £000
62,928	Net (surplus) or deficit on the provision of services		57,553
(76,650)	Adjustments to net (surplus) or deficit on the provision of services for non-cash movements	33.2	(70,578)
1,369	Adjustments for items included in the net (surplus) or deficit on the provision of services that are investing and financing activities	33.3	769
(12,353)	Net cash flows from operating activities		(12,256)
7,598	Investing activities	34	8,338
10,040	Financing activities	35	1,722
5,285	Net (increase) or decrease in cash and cash equivalents		(2,196)
(14,226)	Cash and cash equivalents at the beginning of the reporting period	17	(8,941)
(8,941)	Cash and cash equivalents at the end of the reporting period	17	(11,137)

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 2020-21 our internal auditors, Mazars, carried out 15 audits (three still outstanding) and as detailed on the table one of them was given limited assurance. During 2019-20 none of the 17 audits undertaken were given limited assurance which indicates a sound internal control environment. As a result it is concluded that there are no significant issues or actions that need to be highlighted as part of this Annual Governance Statement.

Police and Crime Plan and Resources

It was also highlighted in the previous year that the medium term financial outlook showed an anticipated deficit emerging over the life of the forecast. However, the Police Precept and Budget was agreed by the Police and Crime Panel on 27 January 2021 which demonstrated that by increasing the precept by the maximum allowed, and through the prudent use of reserves, the medium term financial outlook now showed a balanced position until part way through 2023-24.

However, this position will be reviewed and updated on a regular basis and is likely to change over time given uncertainty about the impact of the Covid 19 pandemic, Brexit and the impending Comprehensive Spending Review.

HMICFRS Inspections and Force Performance

In May 2019 HMICFRS issued their latest 'Police effectiveness, efficiency and legitimacy (PEEL) inspection for the financial year 2018-19. The inspection looks at the effectiveness, efficiency and legitimacy of the force and provides a judgement using the following assessment:

- Outstanding
- Good
- Requires improvement
- Inadequate

The inspection delivered the following results for Leicestershire Police:

- How **effectively** does the force reduce crime and keep people safe? Inspection result – **Good**
- How **efficiently** does the force operate and how sustainable are its services? Inspection result – **Good**
- How **legitimately** does the force treat the public and its workforce? Inspection result – **Good**

This result is an improvement on the previous PEEL inspection which concluded that the force was '**good**' in effectiveness and legitimacy but '**required improvement**' in efficiency.

The full inspection report can be found at the following link:

<https://www.justiceinspectorates.gov.uk/hmicfrs/wp-content/uploads/peel-assessment-2018-19-leicestershire.pdf>

There have no further HMICFRS inspections in this area since.

High priority strategic risks

At the end of March 2021 the Strategic Risk Register highlighted 10 strategic risks that were judged to be high priority. They were:

- Diminished CSI Capacity
- Capacity within I.T. to support and enable digital transformation
- Inability to meet regional Occupational Health demand
- Risk of staff being exposed to COVID virus due to work activities
- Churn of staff and ongoing establishment pressure
- Management of geographical information
- Pension remedy for police pension scheme
- Current JES non-equalities compliant and the implementation of new JES scheme carries risk
- Reputational risk to the force due to delays in the Criminal Justice system
- Complying with Home Office Counting Rules & ensuring high levels of crime data integrity

