

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

**DRAFT
Annual Financial Report**

2023/24

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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 31st 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.

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 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 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.

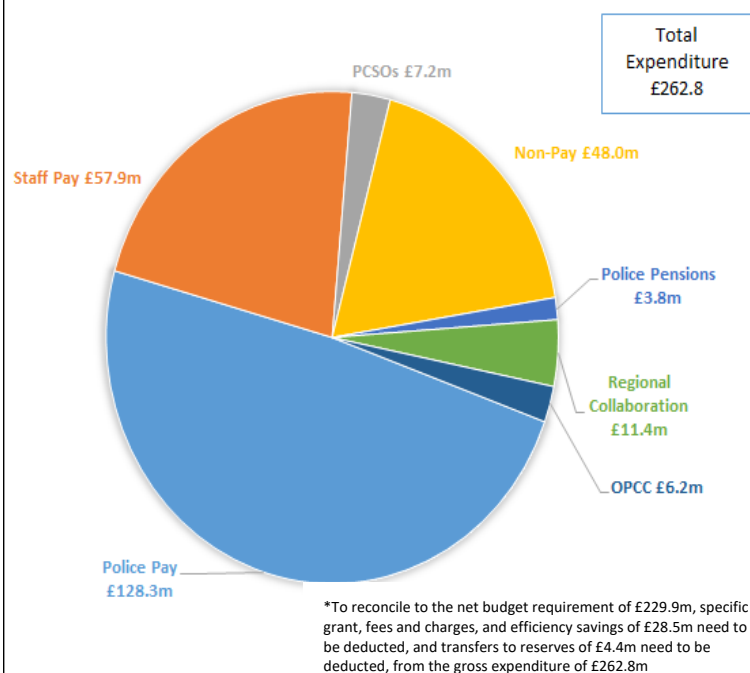
A net annual revenue budget for 2023/24 of £230m was set for the service as a whole, an increase of 3.1% over 2022/23. £225.1m was managed by the CC with the remaining £4.9m (net of grants and transfers from reserves) relating to the costs of the OPCC (£1.6m) and commissioning activities (£3.3m).

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.

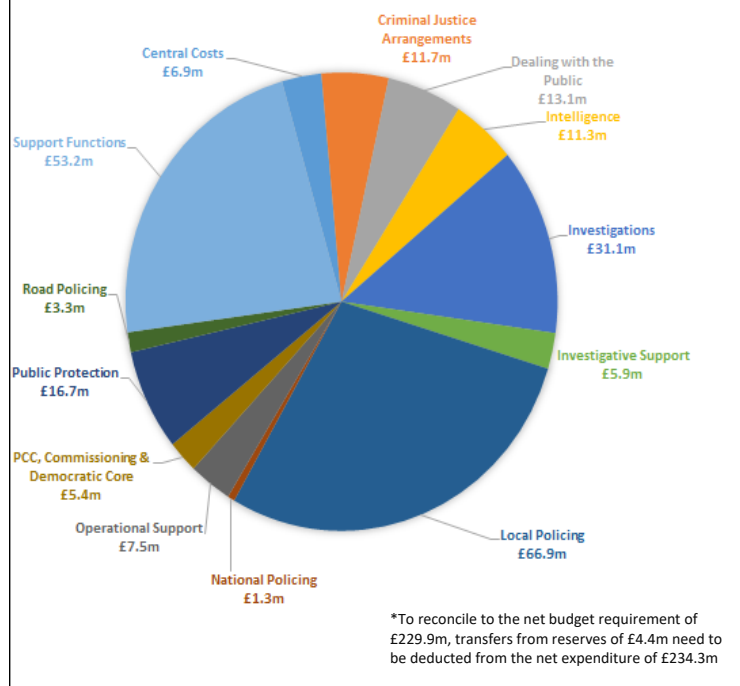
The graphs below demonstrate how the budget was allocated to Police Operational Activities (POA) and by type of expenditure.

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.

Narrative Report by the Chief Finance Officer

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 31st 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 31st 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
281,361	(27,324)	254,037	Cost of services		256,305	(40,977)	215,328
(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
129,096	(31,187)	97,909	(Surplus) or deficit on provision of services		338,542	(293,985)	44,557
		(1,074,863)	Actuarial (gains) / losses on pension assets/liabilities	13			(79,969)
		(1,074,863)	Other comprehensive income & expenditure				(79,969)
		(976,954)	Total comprehensive income & expenditure				(35,412)

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

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

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

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	Net (surplus) or deficit on the provision of services		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		-
-	Net cash flows from operating activities		-
-	Investing activities		-
-	Financing activities		-
-	Net (increase) or decrease in cash and cash equivalents		-
-	Cash and cash equivalents at the beginning of the reporting period		-

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
Adjustments to the Revenue Resources		
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)
Total Adjustments	(44,557)	44,557

2022/23	General Fund Balance	Movement in Unusable Reserves
	£000	£000
Adjustments to the Revenue Resources		
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
Total Adjustments	(97,909)	97,909

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
218,584	45,686	264,270	Net Cost of Services	227,178	(11,850)	215,328
(218,584)	52,223	(166,361)	Other Income and Expenditure	(227,178)	56,407	(170,771)
-	97,909	97,909	Surplus or Deficit on Provision of Services	-	44,557	44,557
			Opening Combined General Fund Balance			
-			Plus / less Surplus or Deficit on the General Fund for the Year (Statutory basis)	-		
-			Closing Combined General Fund Balance	-		

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
Net Cost of Services	(224)	(6,656)	(4,970)	-	(11,850)
Other Income and Expenditure	224	52,648	3,535	-	56,407
Difference between the Statutory Charge and the Surplus or Deficit in the Comprehensive Income and Expenditure Statement	-	45,992	(1,435)	-	44,557

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	-	-	-	-	-
Net Cost of Services	(634)	47,968	(2,243)	-	45,686
Other Income and Expenditure	41	48,685	3,497	-	52,223
Difference between the Statutory Charge and the Surplus or Deficit in the Comprehensive Income and Expenditure Statement	-	96,653	1,256	-	97,909

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
289,096	Total Expenses		248,832

2022/23 £000	Grant Income	2023/24 £000
	Credited to services:	
(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)
(14,616)	Total	(19,624)

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
75,554			82,237

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		
The Office of the CC							
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
Assistant Chief Constables							
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
Assistant Chief Officers							
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

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	£	£
The Office of the CC							
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			419	32,639	148,850
Assistant Chief Constables							
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	268	2,307	4,673	31,568	140,379
Senior Police Officer Q		107,580			5,800	28,786	142,166
Assistant Chief Officers							
Finance & Resources		105,375			5,542	26,133	137,050
ACO Human Resources		91,197			5,527	22,617	119,341
		718,002	6,268	6,358	31,547	204,015	966,190

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	-	-	-	-	-	-	-	-
total	3	4	2	1	5	5	98,690	50,803

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)
17	Cost of Services	27
(7)	Gains / Losses on disposal of non-current assets	(1)
(43)	Capital Grants & Contributions	(58)
(33)	(Surplus) / Deficit on Provision of Services	(32)
(28)	(Surplus) / Deficit on revaluation on non-current assets (covered by accumulated revaluation gains)	99
(61)	Total Comprehensive Income & Expenditure	67

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)
41	Total	44

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
	Short-term debtors	
35	Central government bodies	45
27	Local authorities	25
84	Other Entities & Individuals	94
146		164

10. Creditors

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

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
1,750,749	Total unusable reserves		1,715,337

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
2,722,332	Balance at 1st April		1,744,122
(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)
1,744,122	Balance at 31st March		1,710,145

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 1st 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 1st 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 31st March 2006) the *2006 scheme* (Final Salary) which is based on a maximum pensionable service of 35 years (closed to new entrants on the 31st March 2015)
- the *2015 (CARE) scheme* which was available to new entrants from the 1st 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
Cost of services:						
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
Other Operating Expenditure:						
Funding from OPCC	-	-	(26,869)	(29,590)	(26,869)	(29,590)
Financing & investment income/expenditure:						
Net Interest cost	3,123	(67)	72,431	82,304	75,554	82,237
Net charge to surplus / deficit on provision of services	26,964	11,376	110,709	78,462	137,673	89,838
Other comprehensive income & expenditure:						
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
Net charge to total comprehensive income & expenditure	(95,278)	14,742	(841,912)	(4,873)	(937,190)	9,869
Statement of Movement in Reserves:						
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
Net charge to general fund	(105,821)	19,966	28,063	14,101	(77,758)	34,067
Retirement benefits payable to pensioners						
Analysed as:						
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
Total	12,957	14,294	28,063	29,552	41,020	43,846

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)
Sub total	-	(448)	(1,744,122)	(1,709,697)	(1,744,122)	(1,710,145)
Other movements in the liability (asset) (if applicable)	-	-	-	-	-	-
Net liability arising from defined benefit obligation	-	(448)	(1,744,122)	(1,709,697)	(1,744,122)	(1,710,145)

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	-	-
Remeasurement gain/(loss)				
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		
Closing fair value of scheme assets	314,553	355,891	-	-

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
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)
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)	-	-	-	-
Closing balance at 31 March	(286,392)	(294,265)	(1,744,122)	(1,709,697)

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
Mortality assumptions:				
Longevity at 65 (60 for police schemes) for current pensioners:				
• Men	21.2	21.1	26.7	26.1
• Women	24.2	24	29.0	28.5
Longevity at 65 (60 for police schemes) for future pensioners:				
• 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:

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
989	Sub total equity	1,155
	<i>Bonds: by sector</i>	
14,487	UK Government	15,680
1,329	Other	1,434
15,816	Sub total bonds	17,114
	<i>Property: by type</i>	
22,292	UK Property	23,078
-	Overseas Property	-
22,292	Sub total property	23,078
	<i>Private equity</i>	
21,535	All	21,773
21,535	Sub total private equity	21,773
	<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
246,700	Sub total other investment funds	264,341
	<i>Derivatives</i>	
144	Forward foreign exchange contracts	21
314,553	Total assets	355,891

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 31st 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)	Balance at 1st April	(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	1,435
(6,627)	Balance at 31st March	(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 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.'

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 2023/224 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
	Contributions receivable:	
	OPCC/Group	
(24,868)	■ employer's contributions	(26,522)
(553)	■ early retirements	(762)
(10,696)	■ officers' contributions	(11,494)
(36,117)		(38,778)
(195)	Transfers in from other pension schemes	(283)
	Benefits payable:	
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
	Payments to and on account of leavers:	
123	■ refund of contributions	92
23	■ transfers out to other police Forces	51
146		143
26,869	Net amount payable for the year	29,590
-	Additional funding Receivable from the Police Fund	-

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

31st March 2023 £000		31st March 2024 £000
3,563	Current assets Contributions due from the OPCC/Group	5,603
-	Current liabilities Unpaid pensions benefits	-
3,563		5,603

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.

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 22nd 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

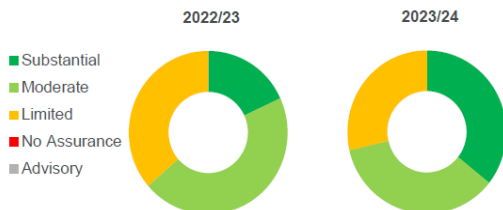
Of the 14 audits undertaken, where a formal assurance level has been provided, five received a substantial level of assurance and five audits received a moderate level of assurance. A limited level of assurance has been awarded in four instances.

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

Comparison of Assurance Levels

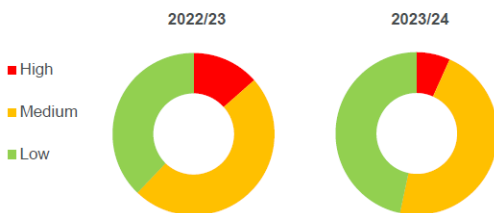


In 2022/23, there were 11 audits completed. Two received 'Substantial' assurance, five received 'Moderate' assurance and four received a 'Limited' opinion.

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 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 1st 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 28th 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

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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.

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 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 1st 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).