



Statement of Accounts 2017-18

The Chief Constable of Nottinghamshire



NOTTINGHAMSHIRE
POLICE
PROUD TO SERVE



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CHIEF FINANCE OFFICER'S NARRATIVE REPORT



NOTTINGHAMSHIRE

Nottinghamshire is a diverse County. It has a mixture of affluent communities and those developing from being former mining areas. The County's major urban area of the City and surrounding conurbation is mainly in the south with the majority of the north and east of the County being rural.

There is a population of approximately 1.1 million within the City and County.

The majority of properties across the City and County fall within Council Tax bands of A and B.

Nottinghamshire is one of five regional forces in the East Midlands and works closely with the others to provide a seamless and efficient service.

The Police and Crime Commissioner determines the level of funding allocated to the Chief Constable for the provision of police services within Nottinghamshire. The amount of funding available for distribution by the Commissioner is reliant on both Central Government funding and the amount received from local council tax payers. This amount is reducing in real terms year on year.

Brexit will continue to create uncertainty about the future of central Government funding and therefore the impact this may have on police funding in the future. The results could be positive or negative, but are not currently quantified.

GOVERNANCE

The Commissioner is responsible for the totality of policing within the policing area; with operational policing being the responsibility of the Chief Constable.

This responsibility is discharged in accordance with statutory requirements, the Oath of Police Officers, the Police Discipline Code, Police Regulations and the Scheme of Delegation.

There is joint responsibility with the Commissioner for ensuring that public money is safeguarded. To discharge this accountability the Commissioner and senior officers must put in place proper procedures for the governance and stewardship of the resources at their disposal.

Our Priorities

Engage our
Communities

Create a Service that
Works for Local People

Become a
Employer of Choice

Our Mission Statement

'Working with partners and the communities we serve to make Nottinghamshire a safe, secure place to live, work and visit'

PERFORMANCE

The force has a dedicated workforce of just under 3,600 officers and staff, who are supported by a growing army of hundreds of special constables, cadets and volunteers.

Local policing is complemented by a range of support units and departments that operate across the force. These include the control room, where staff answer 999 and non-emergency telephone calls, our roads policing section, criminal justice, crime investigation, force intelligence, our dogs section, the forensics officers who work in our scientific support unit and the team that plans for major events and emergencies.

Nottinghamshire is one of five regional forces in the East Midlands and works closely with the other four to provide a seamless and efficient police service.

The graphic on the next page demonstrates a 'typical' day in the life of Nottinghamshire Police Force.

Achievements 2017-18

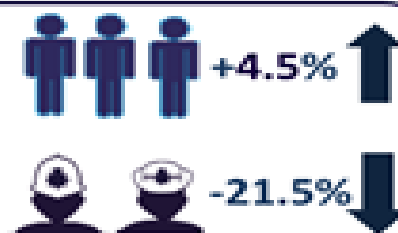
Over the last year we have made significant changes to improve the way in which we work.

- Expenditure has come in below budget and the contribution to reserves was better than anticipated.
- A new target operating model has been implemented which will not only see a reversal of the planned reduction in police officers but also the investment in the recruitment of 80 new officers by the summer of 2018.
- The Force was praised by the Anti-Slavery Commissioner for its work on tackling modern slavery.
- A new geographically based Force structure has been implemented that places greater emphasis on local policing.
- The Forces HMICFRS PEEL inspection rating improved from 'requires improvement' to 'Good'.
- A permanent knife crime team was established, the first outside London.
- We were listed as one of the top 40 employers in the country in Stonewall's annual Workplace Equality Index.
- The Disclosure & Barring Service (DBS) was awarded an 'outstanding' grading against the national Quality Assurance Framework.
- Nottinghamshire Police has worked with partners to secure Purple Flag accreditation for Nottingham. Having Purple Flag status indicates that Nottingham is a great, safe and vibrant place for a night out.

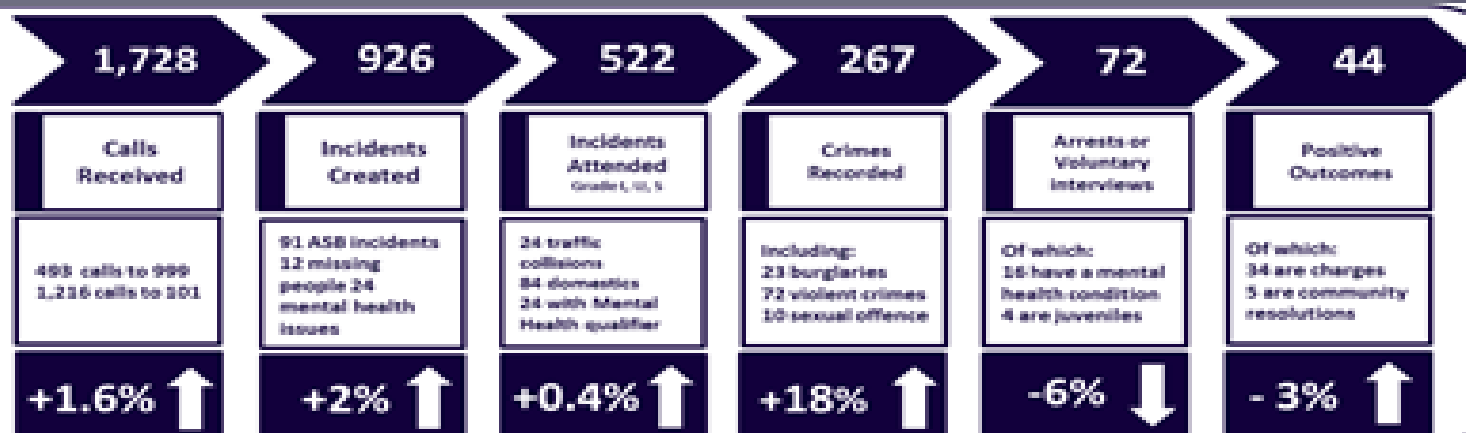
A typical day in Nottinghamshire Police



- The population of Nottinghamshire is 1,135,992 people
- Nottinghamshire Police has 1,917 officers
- Across Nottinghamshire there is approximately one police officer for every 593 members of the public
- Since 2010, officer numbers have fallen while the population of Nottinghamshire has risen



Incoming demand



On-going demand

- As well as responding to the public, proactive work is taking place to safeguard the public, including;
- Supporting 1,522 domestic abuse survivors at the Multi-Agency Risk Assessment Centres
 - Managing 1,642 sexual and violent offenders under Multi Agency Public Protection Arrangement
 - Supporting 2,975 children and young people subject to a Child Protection Plan
 - Supporting 2,968 priority families in the City of Nottingham, 29% of which have ASB or Domestic problems
 - Carrying out 5 stop and searches, with a 34.2% positive outcome rate

FINANCIAL PERFORMANCE

The provisional outturn for the Force is £182.9m which is an underspend of £2.5m against the original budget. Year on year the Force expenditure has reduced by £1.5m or 0.8% from £184.4m.

This is an excellent performance in a year which included an efficiency programme in Supplies & Services of £1.2m, as well as £5.5m in employee efficiencies, to achieve a balanced budget.

In addition, significant changes to the forces operating model were made. This included changes to the command structure placing an increased emphasis in boosting the number of new police officer recruits.

A major review of the Peoples Services & Organisational Development function also took place which promises to deliver significant on-going operational savings in future years.

The underspend will be transferred to reserves held by the Police & Crime Commissioner as a further contribution to repay reserves used to fund a large overspend in the financial year ended 31 March 2016. The major budget variations in the year are as follows:

2017-18 Expenditure v Budget Analysis

Pay & allowances

Pay and allowances spend was £158.3m for the year which was an overspend of £3.4m against the budget, and a year on year increase of £1.9m or 1.2%.

The overspend was largely due to the decision to accelerate recruitment in line with the 1,940 police officer model which saw 197 new officers starting during the year and 25 transferees.

These additional police officer costs were off-set by reduced staff costs, as investment in investigation officers was cancelled in order to boost core police officer numbers. Additional costs of £0.5m for training & recruitment were also associated with the increase in police officer numbers.

There were also additional costs in 2017-18 for the apprenticeship levy payment, which totaled £0.6m, and the pay award. In addition the pay award included a non-consolidated 1% bonus which was unbudgeted. Additional agency costs of £1.5m were incurred in respect of developments for the Tri-Force IT project,

for which grant income was received from the Home Office as part of the Transformation Grant bidding process.

Overtime was £5.5m for the year, which was a planned increase during the year, as this was matched to achieving £1.6m in additional income for policing services.

Premises costs

Premises costs were some £0.3m above budget at £6.3m this was as a result of increased maintenance costs as the rationalisation of police premises took longer than anticipated.

Transport costs

Transport costs were on budget as savings on fuel cost of £0.2m were offset by increased vehicle mileage PFI costs charged by the contractor (Vensons).

Communications & Computing

Delays in the national roll-out of the Emergency Services Network (ESN), was the main reason for the £0.5m underspend.

Clothing & Uniforms

Clothing, uniform & laundry was £0.2m above budget due to the number of additional new recruits.

FINANCIAL PERFORMANCE (continued)

Other Supplies & Services

Other supplies & services costs of £11.8m were £1.0m above budget. This was due to additional project management costs supporting the Fusion upgrade project provided by MFSS (a joint collaboration of police forces providing transactional back office services), increased insurance costs and additional vehicle recovery costs (resulting in additional income). These items were partly offset by reduced forensic costs as a result of improved pricing following a procurement exercise.

Partnership Payment

Partnership payments were £2.5m above budget, this relates mainly to the EMOpSS costs that were offset by additional income.

Collaboration Contributions

Collaboration contribution costs of £10.2m for the year, were £0.4m above budget. This was as a result of increased MFSS costs due to a delay of the project to migrate to Fusion (Oracle cloud based solution), and local costs of £0.2m relating to regional costs for the ESN project.

Capital financing

Capital financing costs were £0.5m lower as borrowing costs and the Minimum Revenue Provision (MRP) were reduced due to the actual 2016-17 capital spend being lower than budgeted.

Income

Income for the year was £22.5m, which was £9.0m above budget. Grant and contributions received during the year accounted for £8.3m of this and was used to offset the overspends explained above.

Earned income was also greater than budgeted for and was partly used to fund additional expenditure. Areas of increased income to note were additional vehicle recovery income of £0.3m, building rents of £0.2m, partnership funding of £0.2m fire arms licences of £0.1m, and charges for services of £0.1m.

FINANCIAL PERFORMANCE (continued)

2018-19 Budget Breakdown

The proposed revenue budget for 2018-19 is £188.2 m as detailed below:-

Net Expenditure Budget	2018-19 £m
Employee	158.2
Premises	5.9
Transport	5.4
Communications & Computing	8.2
Supplies & Services	8.8
Partnership & Collaborations	10.9
Capital Financing	4.1
Income	(13.0)
Efficiencies (not allocated in above)	(0.3)
Net use of reserves	0.0
Total Net Expenditure	188.2



Craig Guildford
Nottinghamshire Chief Constable

OUTLOOK

The Nottinghamshire Police Force is responding positively to the challenges it faces as austerity measures continue to have an impact. This year's underspend has allowed for a faster 'repayment' to PCC reserves than anticipated and Government funding is now more certain.

Going forward significant work has been done in better formulating both our Annual and Medium Term budgeting, and working with the Police Commissioner longer term funding has been agreed to allow for investment in additional police officers.

The Force is keen to demonstrate that all real term funding increases provided by the Commissioner are directed to front line policing operations.

In addition we are moving forward with ensuring there are entry routes into policing for all members of our society; and we are particularly PROUD that we will be one of the first Forces in the country to recruit police officers via the apprentice entry route. The first cohorts of recruits are planned for Autumn 2018.

Although funding looks more stable than before the reality is that inflation and demand pressure will require that the Force maintains a clear emphasis on delivering on-going efficiency savings and ensuring value for money. To this end the Chief Constable personally oversees the Departmental Annual Assessment process that is designed to challenge departmental managers to achieve savings, manage demand and bring forward ideas for improvement.

Nottinghamshire continues to have an ambitious capital programme. The main areas of expenditure for the next few years are:

- New Custody Suite.
- Replacement Control Room.
- Maintaining the existing estate.
- Updating and replacing IT.
- Investment in the national ESN project.
- Replacement of vehicles.

Despite the more stable financial operating position that the Force is now in, Brexit will continue to create uncertainty about the future of Central Government funding, and the impact this may have on police funding in the future. The results could be positive or negative, but are not currently quantified and plans are made assuming that the impact therefore will be neutral.

WHO WORKS FOR NOTTINGHAMSHIRE POLICE

Nottinghamshire Police (including the Office of the Police and Crime Commissioner) employs approximately 1,965 police officers, 193 PCSOs, 175 specials and 1,275 staff in full-time and part-time positions.

Active recruitment plans for 2018-19 include positive action to improve the diversity and reflect more closely that of the County.

The College of Policing is working actively to provide apprenticeship entry into policing and we expect our first cohort of trainees in Autumn 2018.

Nottinghamshire pay an apprenticeship levy equating to 0.5% of the total pay bill.

This can be utilised to pay for apprenticeship training and to accredit specific specialist roles to a professional standard, including degree level.

This will allow us to focus on areas of skills shortage and future skills growth areas.

Overall Equality Characteristics

Gender	Headcount	%
Male	2,022	56.1
Female	1,586	43.9

Age Band	Headcount	%
25 and under	315	8.7
26-40	1,454	40.3
41-55	1,556	43.1
56 or over	283	7.9

Self-Declared Disability	Headcount	%
No	3,458	95.8
Yes	103	2.9
Unspecified	47	1.3

Ethnicity	Headcount	%
Asian/Asian British	97	2.7
Black/Black British	42	1.2
Mixed	44	1.2
White/White British	3,326	92.1
Other	3	0.1
Not known/provided	96	2.7

PRINCIPAL RISKS

A risk management strategy is in place to identify and evaluate risk. There are clearly defined steps to support better decision making through the understanding of risk, whether a positive opportunity or threat and the likely impact. The risk management processes are subject to regular review and updates. The key strategic notes are:

RISK	IMPACT	MITIGATION
Historic child sexual exploitation cases.	Significant resource demand on complex historic cases.	Allocation of dedicated resources. Monitoring of activity by executive management.
Changes to demand and types of crime.	The need for officers to be trained in new areas of growing crime such as on-line crime. Whilst continuing to manage traditional crime such as burglary.	Advances plans for the recruitment and training of officers and staff with the required skills.
Funding Formula Review.	Could result in either a positive or negative impact on the amount of police grant Nottinghamshire receives.	Development of scalable Medium Term operational Plans. Identification of minimum policing model.
Delays in the national implementation of the Emergency Services Network, a replacement for the current Airwave system used by the emergency services to communicate with each other in the event of an emergency response.	Significant cost increase if deployment is delayed.	A nationally managed project. Local and regional resources identified to assist the management of the project.

Explanation of Accounting Statements

The Statement of Accounts sets out the Chief Constable's income and expenditure for the year and its financial position at 31 March 2018. It comprises core and supplementary statements, together with disclosure notes. The format and content of the financial statements are prescribed by the CIPFA Code of Practice on Local Authority Accountancy in the United Kingdom 2017-18; which in turn is underpinned by International Financial Reporting Standards.

A Glossary of terms can be found at the end of this publication.

Figures in these accounts are rounded appropriately, generally to the nearest £1000. Due to this there may appear to be minor inconsistencies or apparent arithmetic errors.

The Core Statements

- **The Comprehensive Income and Expenditure Statement**

This records all income and expenditure for the year.

- **The Movement in Reserves Statement**

This is a summary of the changes to reserves during the course of the year.

- **The Balance Sheet**

This is a "snapshot" of the assets, liabilities, cash balances and reserves at the year end.

- **The Cash Flow Statement**

This shows the reasons for changes in cash balances.

The Supplementary Financial Statements

- **The Notes to the Accounts**

These provide more detail about the accounting policies and individual transactions.



INDEPENDENT AUDITOR'S REPORT TO THE CHIEF CONSTABLE FOR NOTTINGHAMSHIRE

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of the Chief Constable for Nottinghamshire ('the Chief Constable') for the year ended 31 March 2018 which comprise the Chief Constable's Comprehensive Income and Expenditure Statement(s), the Balance Sheet(s), the Movement in Reserves Statement(s), the Cash Flow Statement(s) and the related notes, including the accounting policies.

In our opinion the financial statements:

- give a true and fair view of the financial position of the Chief Constable as at 31 March 2018 and of the Chief Constable's expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Chief Constable in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Other information published with the financial statements

The Chief Financial Officer is responsible for the other information published with the financial statements, including the Narrative Report and the Annual Governance Statement. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information. In our opinion the other information published with the financial statements for the financial year is consistent with the financial statements.



INDEPENDENT AUDITOR'S REPORT CONTINUED

Chief Financial Officer's responsibilities

As explained more fully in the statement set out on page 21, the Chief Financial Officer is responsible for: the preparation of the Chief Constable's financial statements in accordance with proper practices as set out in the CIPFA/ILAS/AAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Chief Constable's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting on the assumption that the functions of the Chief Constable will continue in operational existence for the foreseeable future.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

REPORT ON OTHER LEGAL AND REGULATORY MATTERS

Report on the Chief Constable's arrangements for securing economy, efficiency and effectiveness in its use of resources

Qualified conclusion

On the basis of our work, having regard to the guidance issued by the C&AG in November 2017, with the exception of the matters reported in the basis for qualified conclusion paragraph below, we are satisfied that, in all significant respects, Nottinghamshire Chief Constable did put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.



Basis for qualified conclusion

On 22 March 2017, the Business Case for the upgrade of the Police's back office system by the Multi Force Shared Service (MFSS) to "Oracle Cloud Computing" (project Fusion) was approved. On review of the progress of the project in 2017-18, it was noted that:

- The project was unlikely to be delivered by the expected implementation date of 1 April 2018;
- As a result of the delayed implementation and the addition of a new partner, the project was projected to overspend by £4.995m of which £1.289m would be borne by Nottinghamshire Police and Crime Commissioner and the Chief Constable; and
- The expected functionality of the newly implemented system was not in line with the original scope, which will reduce the recurring revenue savings expected from implementing the project.

In investigating these issues, Nottinghamshire Police identified that MFSS did not have adequate governance and monitoring arrangements in place to enable them to exercise significant influence on the progress of the project. As such we have concluded that these issues are evidence of weaknesses in the Nottinghamshire Chief Constable's arrangements for commissioning services effectively to support the delivery of strategic priorities.

Respective responsibilities in respect of our review of arrangements for securing economy, efficiency and effectiveness in the use of resources

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

We are required under Section 20(1) (c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Chief Constable has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We report if significant matters have come to our attention which prevent us from concluding that the Chief Constable has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Chief Constable's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.



INDEPENDENT AUDITOR'S REPORT CONTINUED

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, as to whether the Chief Constable for Nottinghamshire had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Chief Constable for Nottinghamshire put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

Statutory reporting matters

The Code of Audit Practice requires us to report to you if:

- any matters have been reported in the public interest under Section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of, the audit;
- any recommendations have been made under Section 24 of the Local Audit and Accountability Act 2014;
- an application has been made to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- an advisory notice has been issued under Section 29 of the Local Audit and Accountability Act 2014;
- an application for judicial review has been made under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

This report is made solely to the Chief Constable, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the Chief Constable, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Chief Constable, as a body, for our audit work, for this report, or for the opinions we have formed.



INDEPENDENT AUDITOR'S REPORT CONTINUED

DELAY IN CERTIFICATION OF COMPLETION OF THE AUDIT

Due to work on the WGA Return not being completed by the date of the audit report

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the Chief Constable's Whole of Government Accounts consolidation pack. We are satisfied that this work does not have a material effect on the financial statements or on our value for money conclusion.

Andrew Cardoza
for and on behalf of KPMG LLP, Statutory Auditor Chartered Accountants
One Snowhill
Snow Hill Queensway Birmingham
84 6GH

31 July 2018

STATEMENT OF RESPONSIBILITIES

The Responsibilities of the Chief Constable

The Chief Constable is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has responsibility for the administration of those affairs. The Chief Constable has designated this undertaking to the Chief Finance Officer (CFO).
- Manage its affairs to secure economic, efficient and effective use of resources and to safeguard its assets.
- Ensure that there is an adequate Annual Governance Statement.
- Approve the Statement of Accounts.

The Responsibilities of the Chief Finance Officer

The Chief Finance Officer is responsible for the preparation of the Statement of Accounts in accordance with proper accounting practices as set out in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom. The statement is required to present fairly, the financial position of the Chief Constable as at the accounting date and its Income and Expenditure for the year ended 31 March 2018. In preparing the Accounts the CFO has:

- Selected suitable accounting policies then applied them consistently.
- Made judgements and estimates that are reasonable and prudent.
- Complied with the Code of Practice.
- Kept proper records that are up to date.
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certification

I certify that in my opinion this Statement of Accounts present a true and fair view of the financial position of the Chief Constable as at 31 March 2018 and its income and expenditure for the year ended 31 March 2018.

M. Kimberley, CPFA
Chief Finance Officer Nottinghamshire Police
30 July 2018

Approval

The Statement of Accounts was approved by the Joint Audit and Scrutiny Panel on 24 July 2018

C. Guildford
Nottinghamshire Police Chief Constable

Nottinghamshire Police

Annual Governance Statement 2017-18



1. Introduction

1.1 Scope of responsibility

Nottinghamshire Police is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Force 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.

In discharging this overall responsibility, Nottinghamshire Police (hereafter referred to as the Force) is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

The Chief Constable of Nottinghamshire Police and the Police and Crime Commissioner (PCC) for Nottinghamshire have adopted a Joint Code of Corporate Governance, which is consistent with the principles of the CIPFA 2016 Edition Framework 'Delivering Good Governance in Local Government'. A copy of the Code of Governance can be obtained from the Nottinghamshire Office of Police and Crime Commissioner (NOPCC) website at <http://www.nottinghamshire.pcc.police.uk>.

This Statement has been prepared following an assessment of the key elements of the governance framework, including the role of those responsible for the development and maintenance of the governance environment. The statement explains how the Force has complied with the Code and also meets the requirements of Accounts and Audit (England) Regulations 2011, regulation 4(3), which requires all relevant bodies to prepare an annual governance statement.

1.2 The purpose of the governance framework

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

2.0 The governance framework

The principles which form the basis of the governance framework and how they are applied within the Force are described in the following sections. The Chief Constable and Chief Finance Officer (Head of Finance) have put in place management and reporting arrangements to enable them to be satisfied that the approach to the corporate governance arrangements have been effective and supports the aims of the OPCC, these include:

- The Governance Framework and the principles included within this.
- A Risk Management Strategy and arrangements to embed this within the organisation.
- The Scheme of Delegation.
- The Financial Regulations.
- Contract Standing Orders.
- The PROUD values.

This list is not exhaustive but covers the main documents that set the culture of the method of operation of governance within the organisation.

2.1 Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of the law

- The Force has retained the PROUD values which are explicitly linked to the Code of Ethics.
- The Code of Ethics sits at the centre of the National Decision Model, so is explicitly referenced and considered in any decision making situation.
- There are also clear processes in place around confidential reporting 'whistleblowing' outlined in the Professional Standards Reporting Procedure. Staff are also able to report breaches confidentially to PSD.
- Standards are governed by the quarterly Organisation Risk, Learning and Ethics Board, chaired by the Deputy Chief Constable (DCC).

- Bi-annually, a report on IOPC investigations is presented at the NOPCC's Audit and Scrutiny Panel to inform the OPCC of the Force's application of the IOPC Statutory Guidance.
- There are robust mechanisms in place with respect to the governance of complaints in Force. Complaints are managed in accordance with statutory guidance provided by the IOPC.
- In an effort to ensure consistency and fair practice, the Professional Standards Department are now responsible for monitoring staff conduct. This allows parity on how cases are assessed; ensuring staff and officers are treated fairly and respectfully.
- All gross misconduct hearings are now held in public and the outcomes are published on the force website.
- The Force has dedicated local resolution sergeants, embedded within local policing. Their purpose is to deliver learning from complaints back to the workforce thus creating a learning culture rather than a punitive one.
- Business Interests, Additional Employment and Notifiable Associations are reviewed annually within the Integrity Health check.
- A redacted version of the Register of Approved Business Interests is published on the Force website annually; any changes are reported on a monthly basis to the Organisational Risk, Learning and Ethics Board.
- The Force work to the Contract Standing Orders Procedure Rules to ensure fairness and consistency of approach in line with sound commercial practice for strategic procurement managed by the East Midlands Strategic Commercial Unit (EMSCU).
- The HMICFRS PEEL Legitimacy Inspection 2017 found that Nottinghamshire Police is good at ensuring that its workforce behaves ethically and lawfully. Leaders are positive ethical role models. Members of the workforce have a good understanding of the Code of Ethics and are guided by ethics and values in their decision making. The force clarifies and reinforces expected standards of behaviour.
- The Force is compliant with the CIPFA statement on the Role of the Chief Financial Officer of the Police and Crime Commissioner and the Chief Finance Officer of the Chief Constable (2012), as per the ACO Finance job description (Head of Finance with effect from 1 April 2018).
- The Counter Corruption Unit policy clearly sets out the procedures to be operated that are designed to encourage prevention, promote detection and identify a clear pathway for the investigation of fraudulent or corrupt practices and behaviour.

2.2 Principle B: Ensuring openness and comprehensive stakeholder engagement

- Nottinghamshire Police meets its legal responsibility as a public authority to respond to Freedom of Information Act (FOIA) and Data Protection Subject Access Requests (DPSARs) within legislative deadlines.
- Publication scheme monitoring, review and assurance is reported to the Joint Audit and Scrutiny Panel on an annual basis, this again, is also reported to the Information Assurance Board which is held bi-monthly.
- There are a number of Information Sharing Agreements (ISAs) in place with partners and other agencies which are reviewed on an ad hoc basis.
- In accordance with the Freedom of Information Act, our website is updated pro-actively with force information. This ensures transparency and encourages increased confidence from and accountability to the public and stakeholders.
- The Force is committed to working in partnership to deliver its priorities and provide the best service to its communities.
- There are strong governance processes in place for the City partnerships. Each of the partnerships under the One Nottingham umbrella, including the Crime Drugs Partnership (CDP), have clear terms of reference including a defined purpose, arrangements for information sharing, community engagement and governance and finance.
- The CDP Plan 2015-20 sets out the overall aims and delivery and performance framework of the partnership to deliver the 'safer' agenda of the 'Nottingham Plan to 2020'. The Partnership Plan has been developed with regard to the priorities of the Police and Crime Commissioner.
- There is a robust governance framework in place to oversee the delivery of the Plan. This is directed by the Partnership Board, which provides strategic governance of the partnership.
- The three statutory CSPs are responsible for the delivery of local community safety strategies and action plans. The SNB Delivery Groups support the SNB and CSPs to implement the community safety strategies.
- Each of the three Community Safety Partnership's in the County produces performance information on a monthly basis. This includes reporting on current performance against targets, comparison against most similar force peers and performance of Partnership Plus areas. The SNB Performance Group brings together the CSP Chairs to discuss performance risks and highlights.

- Section 22A of the Police Act 1996 provides for a collaboration agreement to be made between police and crime commissioners or between commissioners and chief officers from more than one force area. There are a range of established collaborations in place for a number of specialist front line policing operations that provide services across the Midlands region, including Nottinghamshire. These arrangements are reviewed on a regular basis by respective Chief Constables and Police & Crime Commissioners.
- The Chief Constable reports with the PCC to the Nottinghamshire Members of Parliament on an annual basis.
- The Force is working towards a bespoke neighbourhood engagement plan for every neighbourhood, including measures for breaking down engagement barriers (such as social exclusion, accessibility issues and concerns over privacy) and engaging with young people.
- Formal engagement mechanisms delivered in the community include Victim Satisfaction Surveys, Neighbourhood Watch Meetings, Neighbourhood priority surveys, Locality Boards, Neighbourhood engagement meetings, Key Individual Networks and Independent Advisory Groups.
- The Force has a strategic Independent Advisory Group (IAG) which represents different community groups across Nottinghamshire. They provide an invaluable service to the Force in three core areas; critical incidents, building trust and confidence and advising on strategies, policies and procedures. The Force has many systems in place for the collection of local survey information that is used to shape the direction of service delivery.

2.3 Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits

- The local direction and priorities for the Force vision are set in the Police and Crime Commissioner's Police and Crime Plan, created following a comprehensive multi-agency strategic assessment.
- At a national level, the Force work to the Strategic Policing Requirement (SPR) which is issued by the Home Office to articulate current national threats and the appropriate national policing capabilities required to counter those threats.
- Requests for investment are directed to the Priority Plan Programme Board (PPPB). The PPPB governs activity throughout its lifecycle, supporting continuous improvement and enabling it to meet its future performance and financial challenges. Following approval at PPPB business cases are submitted to the Force Executive Board (FEB), and then the OPCC where appropriate, for final approval. The purpose of FEB is to direct, set and oversee the strategic development of Nottinghamshire Police.

2.4 Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes

- Decision making is recorded as part of minutes, action plans and decision logs. Key decisions from FEB are published on the Force Intranet under 'News'. This ensures the force's decision making processes are clear, transparent and robust.
- The Force's meeting structure is reviewed annually to ensure it is fit for purpose and that the governance mechanisms are providing an effective decision making.
- During 2016-17 the Force reviewed its approach to business planning and introduced a Priority Plan programme in order to achieve the Chief Constable's vision and strategic priorities.
- The Force produces an annual strategic intelligence assessment which outlines the capacity and capability to meet its greatest threats including those outlined in the strategic policing requirements.
- An enhanced policing establishment is currently being worked towards with a sustainable financial picture to support and deliver this. The Medium Term Financial Plan remains a live document to facilitate the demands and changes that can occur within the police so that we can remain operationally on the front foot. The budgeting and long term planning process is intrinsically linked to the Priority Plan business planning cycle to create a joined up approach identifying opportunities and risks that are present, and, on the horizon.
- As part of the Priority Plan process in 2017 heads of department completed Annual Departmental Assessments which included proposals for business change and key expected benefits.

2.5 Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it

- Opportunities for collaboration continue to be explored with an established supporting governance structure.
- In December 2016 the first phase of the strategic review of transactional services and systems provision (MFSS/Fusion) was completed by Grant Thornton. The force is working closely with MFSS and partner organisations to ensure the implementation of Fusion is delivered and alongside this is internally exploring business processes to better exploit the opportunities offered through the new system. This programme of work is expected to continue throughout 2018-19.
- The NOPCC and Force operate under a comprehensive 'Working Together Agreement' which comprises of the scheme of consent, the Joint Code of Corporate Governance, Financial Regulations and Contract Standing Orders.

- Any changes to financial legislation are monitored through professional network subscriptions, such as CIPFA. Potential changes are discussed by the Finance Team and action taken as appropriate.
- Learning and development is delivered collaboratively by EMCHRS L&D. Each force within the collaboration holds quarterly Training Priority Panels (TPP) which set the learning and development priorities. Training priorities are based on consideration of risk and forthcoming legislative changes; they are informed by both emerging national issues and local priorities.
- Individual training and development needs are assessed as part of the PDR process.
- The Strategic Workforce Planning Group, chaired by the ACC manages the career pathways, secondments and identifies resources risks recognising the need for succession planning.

2.6 Principle F: Managing risks and performance through robust internal control and strong public financial management

- In October 2017 a decision was made to completely overhaul the Risk Management process and for the force to adopt a more sophisticated approach which links risks to our governance methods and internal audit processes. This approach will be signed off by Chief Officer Team and presented to the Joint Audit and Scrutiny Panel in May 2018 and on agreement will be cascaded and embedded into the force.
- The quarterly Organisational Risk and Learning Board has now been revised to include Ethics. This is a force-wide forum for thematic leads and heads of department to identify any emerging strategic opportunities and risks and discuss risk management and organisational learning.
- Performance against the OPCC themed indicators is reported to FEB on a monthly basis.
- A Performance Scorecard is produced for Strategic Resources and Performance at every quarterly meeting. This is a public forum for the OPCC and Deputy to scrutinise the performance of the Force.
- The Financial Performance and Insight Report, including revenue and capital budget monitoring are reported to FEB on a monthly basis.
- The Financial Performance and Insight Report is also presented at the Strategic Resources and Performance quarterly meeting.
- In accordance with the Financial Management Code of Practice for the police service, issued by the Home Office, the PCC and the Chief Constable established a Joint Audit and Scrutiny Panel (the Panel) in 2013. The role of the Panel is to advise the PCC and Chief Constable on the adequacy of the corporate governance and risk management arrangements in place and the associated control environment, advising according to good governance principles and proper practices.

- The Panel also assist the OPCC and the Chief Constable in fulfilling their responsibility for ensuring value for money and they oversee an annual programme of scrutiny of key areas of policing activity on behalf of the OPCC.
- In compliance with CIPFA guidance, the NOPCC and the Force have appointed a Head of Internal Audit. This role is contracted out to Mazars, who are responsible for the organisation's internal audit service, on behalf of the CFO, including drawing up the internal audit strategy and annual plan and giving the internal annual audit opinion.
- In relation to the General Data Protection Requirements (GDPR) a working group is in the process of completing a series of self-assessment gap analysis documents in order to assess our current compliance level. On completion, an implementation plan will be prepared in order to deliver the requirements.
- The force also has a Disclosure and Barring Service (DBS) which helps employers make safer recruitment decisions and prevent unsuitable people from working with vulnerable groups, including children.
- The Force's Financial Regulations are designed to establish overarching financial responsibilities, to confer duties, rights and powers upon the PCC, the Chief Constable and their statutory officers and to provide clarity about the financial accountabilities of groups or individuals. They apply to every member and officer of the service and anyone acting on their behalf.
- The Annual Statement of Accounts is published on the website under 'what we spend' and includes accounting policies and also the report of the auditors.
- The Annual Audit letter is reported to the Joint Audit and Scrutiny Panel on an annual basis.
- The Treasury Management Strategy and annual report are reported annually to the Joint Audit and Scrutiny Panel.
- Internal Audit, Review and Inspection Monitoring and assurance and improvement outcomes are presented to the Joint Audit and Scrutiny Panel at every meeting.
- Budget monitoring reports are presented to the Strategic Resources and Performance meeting on a quarterly basis.

2.7 Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability

- The Police and Crime Panel scrutinises the action and decision of the Police and Crime Commissioner and makes sure information is available for the public. The Force provides reports in accordance with the Police and Crime Panel work programme including specific focus on each of the seven Strategic Priority Themes included in the Police and Crime Plan.

- The Force has a robust process to capture HMICFRS recommendations and track through their lifecycle to formulate the Audit and Inspection Report.
- The Force has an established reporting procedure for our response to HMICFRS recommendations to be received by the NOPCC in line with the timescales dictated in the Police and Crime Bill.
- Existing collaborations have an established supporting governance structure and formal Collaboration Agreements as per Section 22A of the Police Act 1996.

3.0 Chief Finance Officer Role

- The role of Chief Finance Officer (CFO) was fulfilled by the Assistant Chief Officer for Finance and Resources for Nottinghamshire, Northamptonshire and Leicestershire for the whole of the financial year 2017-18, this responsibility now rests with the Head of Finance with effect from 1 April 2018.
- As a key member of the leadership team, the CFO helps to develop and implement strategy and resource and deliver the PCC's strategic objectives sustainably and in the public interest.
- The CFO is actively involved and able to bring influence to bear, on all business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered and aligned with the financial strategy.
- The CFO leads and encourages the promotion and delivery of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.
- The CFO and Chief Constable agree the Force's risk based Internal Audit Annual Plan for delivery each year and this is presented to the Joint Audit and Scrutiny Panel for comment. Delivery of the plan is via external engagement of an appropriately trained and experienced organisation, currently this is provided by Mazars. Award of the work was via a competitive tendering exercise.
- In respect of external audit, progress reports are provided to the Panel by KPMG to provide a summary of the work they plan to undertake for the audit year, together with a high level assessment of the risks that have been considered as part of the initial planning process.
- The CFO is required to maintain continuous professional development to ensure they maintain knowledge, skills and experience to enable them to fulfil the duties and statutory obligations of the post.

4.0 Review of effectiveness

Nottinghamshire Police has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework. The review of effectiveness is informed by the work of the Chief Officer Team, the heads of departments and other senior managers within the Force who have responsibility for the development and maintenance of the systems of internal control. It is also informed by the reports of the Force's internal auditors and external inspectorates, such as HMICFRS.

Where weaknesses in internal controls have been identified, improvement actions have been established, which will be addressed during the forthcoming financial year. Outcomes will be monitored by FEB and the Joint Audit and Scrutiny Panel, on a quarterly basis.

The force was externally reviewed by KPMG in 2016-17. The key findings of the audit were published in September 2017. There were five recommendations raised (as detailed below) which have all been completed.

<p>Code Compliance</p> <p>Our review of the accounts this year identified that the PCC/Group Accounts presented were not code compliant</p>	<p>This issue has since been resolved and will not be a problem next year. In relation to the notes this issue was picked up by the internal management review and was being addressed before the auditors identified it. One of the notes is actually more than required by the Code and will be reviewed in the post audit review. It may be something that is kept as a working paper for the auditors, but removed from the statements as it adds no value to the reader of the statements.</p>
<p>Management Review of the Draft Statement of Accounts</p> <p>The initial draft accounts provided for audit contained numerous errors and had not been subject to a timely or robust management review prior to audit which would have identified these problems.</p>	<p>Casting errors arose where the functionality had not been turned on in the BRB.</p> <p>It should be emphasized that we were a PILOT for the BRB. We did not buy into something that was already fully developed and therefore we knew there would be issues. We also did not become a pilot until very late in the process. Until deciding to use the BRB and CIPFA agreeing to include us we had been making plans and initiating them for a period 11 cut off with period 12 estimates. The use of BRB allowed us to use actual data as at the end of the financial year, but it did concertina this years closedown process. As problems were identified we addressed these and CIPFA were on site or available to assist in turning functionality on. In an ideal world we would have had time to bring in the BRB check that everything in the previous year worked, before even starting this year's closedown. Due to CIPFAs timetable this was not possible.</p> <p>We have already proven that we did get the statements correct and Code compliant by the fact that we have been issued with Unqualified Opinion. These statements will provide the template for next year.</p>

<p>Management Review of Working Papers and version control</p> <p>Our testing this year identified that working papers were once again not subject to a thorough management review. This led to delays and additional work.</p>	<p>The Management review of working papers did not take place this year. All effort was directed at getting the statements correct. With the exception of Officers Emoluments which was put through independent checks by staff and managers and different errors kept feeding through. Each time this identified it was amended.</p> <p>Next year a change in process will ensure a peer review has time to take place before the draft statements are issued to the auditors. As explained previously this was not possible this year. The planned post review of the accounts will ensure items that were not automated in BRB are for next year and all of the manual adjustments made are fully integrated into BRB. The one exception to this may be the rounding corrections that will be made at the very end.</p>
<p>Staff Availability</p> <p>This year the audit was heavily reliant on one member of staff. During the two week audit period the staff member was often on leave or working from home which led to delays in progressing with audit queries.</p>	<p>During the original planned two week audit the key member of staff was absent for 1.5 days, but made herself available via email or telephone. However, due to absence of the senior External Auditor the audit went on beyond that planned two week period. These took the audit into the period of summer holidays and legitimate other absences for personal appointments.</p>
<p>Audit Advert and Publication of Accounts</p> <p>This year we identified that the accounts were advertised for 29 working days instead of the required 30.</p>	<p>The advert was indeed worded that the public inspection period would run from 14 June to 24 July, which does equate to 29 working days not 30. However, the advert was on the website from the 16th and if a member of public had made enquiry or request on either the 13 June or the 25 July we would have responded fully. Indeed if a request is made at any time we would respond. There were no public enquiries.</p> <p>In relation to providing audit evidence. The advert was shared with the Audit Director on the 16 May and following his reply that the dates were “ok” was made live on the website. This error will not be made next year.</p>

5.0 Improvement Actions

The review process to support the production of the Annual Governance Statement in 2017-18 identified a number of improvement actions, which are summarised below. These have been agreed with the respective Divisional and Departmental Heads to address weaknesses identified in the Force's systems of internal control. These issues are significant in that they cover a large proportion of the organisation's activities and/or are key risk controls and therefore require a corporate solution.

Identified improvement action(s):	Lead Department:
1. The force should review its plan to ensure that by April 2018 it has achieved clearance for all those people that it is required to clear.	Supt Leona Scurr
2. The force should continue to undertake appropriate activities to understand fully its leadership capacity and capability, in order to identify any gaps, and put plans in place to address them.	ACC Cooper

We propose over the coming year to take steps to address the improvement actions identified above to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation as part of our next annual review.

Signed:

Signed:

Date:

Date:

C. Guildford
Chief Constable

M. Kimberley
Chief Finance Officer



FINANCIAL STATEMENTS

Comprehensive Income and Expenditure Statement (CIES) (includes Prior Period Adjustment see note 4)

The Comprehensive Income and Expenditure Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation.

Precepts are made to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure Funding Analysis and the Movement in Reserves Statement.

2016-17			2017-18		
Expenditure	Income	Net	Expenditure	Income (Note 12)	Net
£000	£000	£000	£000	£000	£000
221,165	(21,546)	199,619	232,143	(20,971)	211,172
17,411	0	17,411	0	0	0
0	(228,295)	(228,295)	0	(227,536)	(227,536)
238,576	(249,841)	(11,265)	232,143	(248,507)	(16,364)
84,063	(39,519)	44,544	78,034	(5,565)	72,469
322,639	(289,360)	33,279	310,177	(254,072)	56,105
		521,784			(165,866)
		521,784			(165,866)
		555,063			(109,761)

Movement in Reserves Statement (includes Prior Period Adjustment see note 4)

The Movement in Reserves Statement shows the movement during the year on the different reserves held, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The Chief Constable holds no usable reserves.

The Statement shows how the movements in reserves are broken down between gains and losses incurred in accordance with the Code and the statutory adjustments required to return to the amounts chargeable to council tax for the year.

2017-18	General Fund Balance	Unusable Reserves	Total Reserves
	£000	£000	£000
Balance at 31 March 2017	0	2,718,730	2,718,730
Restatement of Opening Balance	0	17,411	17,411
Restated Balance 31 March 2017	0	2,736,141	2,736,141
Movement in reserves during year			
Surplus or deficit on the provision of services	56,105	0	56,105
Other Comprehensive (Income)/Expenditure	0	(165,866)	(165,866)
Total Comprehensive Income and Expenditure	56,105	(165,866)	(109,761)
Adjustments between accounting basis and funding basis under regulations	(56,105)	56,105	0
Increase or Decrease in year	0	(109,761)	(109,761)
Balance at 31 March 2018	0	2,626,380	2,626,380

2016-17	General Fund Balance	Unusable Reserves	Total Reserves
	£000	£000	£000
Balance at 31 March 2016	0	2,181,086	2,181,086
Minor error adjustment to prior year	0	(7)	(7)
Restated Balance 31 March 2016 adjusted	0	2,181,079	2,181,079
Movement in reserves during year			
Surplus or deficit on the provision of services	15,868	0	15,868
Pension apportionment error	17,411		17,411
Other Comprehensive (Income)/Expenditure	0	521,783	521,783
Total Comprehensive Income and Expenditure	33,279	521,783	555,062
Adjustments between accounting basis and funding basis under regulations	(33,279)	33,279	0
Increase or Decrease in year	0	555,062	555,062
Balance at 31 March 2017	0	2,736,141	2,736,141

Balance Sheet (includes restated amount see note 4)

The Balance sheet gives a value of net worth and corresponding reserves at a particular moment in time. All reserves are unusable and reflect valuation estimates on pensions and employee holiday / time owed. All Non-current assets are owned by the Commissioner and all usable reserves are held by the Commissioner

There is a prior year adjustment relating to an error in the allocation of the Pension Reserve between the Chief Constable and the Commissioners accounts. The value of this is £17,411m.

31 March 2017	31 March 2017 Restated		31 March 2018
£000	£000		£000
(3,342)	(3,342)	Short-Term Creditors – accumulated absences	(3,315)
(3,342)	(3,342)	Current Liabilities	(3,315)
(2,715,388)	(2,732,800)	Other Long-Term Liabilities – pension liabilities	(2,623,066)
(2,715,388)	(2,732,800)	Long Term Liabilities	(2,623,066)
(2,718,730)	(2,736,142)	Net Assets	2,626,381
2,718,730	2,736,142	Unusable Reserves	2,626,381
2,718,730	2,736,142	Total Reserves	2,626,381

Cash Flow Statement

The Cash Flow Statement shows that there are no cash flows through the Chief Constable Entity.

2016-17		2017-18
£000		£000
15,868	Net (surplus) or deficit on the provision of services	56,105
(15,868)	Adjustment to (surplus) or deficit on the provision of services for non-cash movements	(56,105)
0	Net cash flows from activities	0



NOTES TO THE ACCOUNTS

Notes to the Accounts including Accounting Policies

Note 1 – General Principles

The Commissioner is a separate entity to the Chief Constable and the relationship is clearly defined in the Governance Arrangements. The Commissioner is the lead controlling influence in the Group.

The Chief Constable employs staff and officers to provide the policing service in Nottinghamshire and in the achievement of the Commissioner's Plan. The legal status has the Commissioner as the source of transactions and the reality of this is borne out through the level of control exerted.

Annual Statement of Accounts are required to be published under the Accounts and Audit Regulations 2011, in accordance with proper accounting practices.

These practices primarily comprise of the Code of Practice on Local Authority Accounting in the United Kingdom 2017-18 (The Code) and the Best Value Accounting Code of Practice 2017-18, supported by International Financial Reporting Standards (IFRS).

The Accounts have been prepared on a 'going concern' basis. Under The Act, The Chief Constable and the Commissioner are separate 'Corporation Sole' bodies. Both are required to prepare separate Statement of Accounts.

Note 2 – Accruals of Income and Expenditure

Revenue is measured at fair value in the year to which it relates, and not when cash payments are made or received. All the expenditure is paid for by the Commissioner, but recognition in the Group and the Chief Constables Accounts is based on the economic benefit of resources consumed.

In particular:

- Fees, charges and rents due are accounted for as income at the date of supply

- Supplies are recorded as expenditure when they are used
- Expenditure in relation to services received is recorded as services are received, rather than when payments are made
- Interest receivable on investments and payable on borrowings is accounted for as income or expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract

- Where debts are doubtful, the debt is written off by a charge to the CIES

Note 3 – Exceptional Items

There are no exception items applicable in the year.

Note 4 – Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

There is a prior year adjustment relating to an historic error in the allocation of the Pension Reserve between the Chief Constable and the Commissioners accounts which occurred several years earlier. The value of this is £17,411m. This is a material amount and the prior year's accounts have been restated. Overall the Group position was not affected. Overall the Group position was not affected. The PCC liability (and corresponding reserve) has decreased and the Chief Constables net worth has reduced by a corresponding amount.

Specifically affected for the Chief Constable in these accounts are the following tables:

The CIES – Page 33

The MIRS – Page 34

Balance Sheet – Page 36

There have been no changes in Accounting Policies, applicable to the Chief Constable in the year.

In applying accounting policies, the Chief Constable has had to make certain judgements about complex transactions or those involving uncertainty about future events. There are no critical judgements made in the Statement of Accounts.

The largest area of estimation included within the accounts is in staff related costs. Accruals for overtime, bonuses, early retirement costs and other one off payments have been checked retrospectively and found to be reasonable.

Note 5 – Charges to the CIES for Non-Current Assets

Although the Chief Constable does not directly hold any non-current assets, a charge for depreciation is included as a proxy for using those assets.

Note 6 – Government Grants and Contributions

All grants, third party contributions and donations are received by the Commissioner.

Note 7 – Joint Operations

These are accounted for in accordance with IAS 31 - Interests in Joint Ventures, according to agreed proportions of use. They are all governed by Section 22 Agreements.

The cost relating to these activities are shown within the accounts. Full details are included within the Group Accounts.

Note 8 – Allocation of Costs

The charges to the Comprehensive Income and Expenditure Account reflect the way management decisions are made.

The Chief Constable is therefore a single service entity.

Note 9 – Provisions

Provisions are made where an event has taken place that gives a legal or constructive obligation that probably requires settlement

by transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

Note 10 - 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.

Note 11 – Resources used in Provision of Police Services

Although all transactions during the year are solely within the Accounts of the Commissioner and all assets are owned and controlled by the Commissioner, the Chief Constable uses resources to provide policing.

It includes the cost of depreciation on assets owned as a proxy for the rental value. It includes all adjustments required under IFRS for accrued employee benefits and pension costs.

Note 12 – Expenditure Funding Analysis (Inc Prior Period Adjustment note 4)

This statement shows how annual expenditure is used and funded from annual resources (government grants and council tax).

This is compared with the CIES Statement which includes economic resources consumed or earned in accordance with

generally accepted accounting practices.

2016-17				2017-18		
Net Expenditure Chargeable to the General Fund £000	Adjustments £000	Net Expenditure in the CIES £000		Net Expenditure Chargeable to the General Fund £000	Adjustments £000	Net Expenditure in the CIES £000 (Notes 13&14)
228,295	(28,676)	199,619	Cost of Police services	227,536	(16,364)	211,172
0	17,411	17,411	Restatement for pension apportionment error			
(228,295)	0	(228,295)	Funding from the Commissioner	(227,536)	0	(227,536)
0	(11,265)	(11,265)	Net Cost of Services	0	(16,364)	(16,364)
0	44,544	44,544	Other (Income) and Expenditure	0	72,469	72,469
0	33,279	33,279	(Surplus) or Deficit on Provision of Services	0	56,105	56,105

Further Analysis			
	Net Pensions Statutory Adjustments £000	Other Statutory Adjustments £000	Total Adjustments £000
2017-18			
Cost of Police services	(16,336)	(28)	(16,364)
Net Cost of Services	(16,336)	(28)	(16,364)
Other Income and Expenditure	72,469	0	72,469
Difference between the Statutory Charge and the (Surplus) or Deficit in the Comprehensive Income and Expenditure Statement	56,133	(28)	56,105
2016-17			
Cost of Police services	(28,285)	(391)	(28,676)
Restatement for pension apportionment error	17,411		17,411
Net Cost of Services	(10,874)	(391)	(11,265)
Other Income and Expenditure	44,544	0	44,544
Difference between the Statutory Charge and the (Surplus) or Deficit in the Comprehensive Income and Expenditure Statement	33,670	(391)	33,279

The Net Change for the Pensions Adjustments is the replacement of pension contributions with of IAS 19 pension related expenditure and income. This is the current service costs and past service costs.

For other income and expenditure this is the net interest on the defined benefit liability, which is charged to the CIES.

Other Differences – represents the difference in accumulated absences charged to the CIES and amounts paid for taxation purposes, (being accrued leave).

Note 13 - Income

Credited to Services		
31 March 2017		31 March 2018
£000		£000
(5,370)	Partnership and Joint Controlled Operations	(5,883)
(1,858)	PFI Grant	(1,858)
(3,857)	Recharge of Officers	(3,002)
(10,461)	Other Income	(10,228)
(21,546)	Total	(20,971)

Note 14 - Expenditure Analysed by Nature (Inc Prior Period Adjustment Note 4)

2016-17		2017-18
£000	Nature of Expenditure or Income	£000
(21,546)	Service Income	(20,971)
172,027	Employee Expenditure	191,945
49,138	Running Expenses	40,198
17,411	Pension Apportionment Error	0
(228,295)	Income from Commissioner	(227,536)
(39,519)	Pensions Interest Income	(5,565)
84,063	Pensions Interest Payment	78,034
33,279	(Surplus) or Deficit for Year	56,105

Note 15- External Audit Costs

KPMG LLP are the appointed external auditors, the cost of which was £0.015m (£0.015m in 2016-17).

Note 16 – Defined Benefit Pension Scheme

Full details of these defined benefit pension schemes can be found within the Accounts of the Group. As part of employment conditions, the Group

makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees

retire, the value of this is included within the CIES. The total value of the liability is carried on the Balance Sheet.

Note 17 – Officers' Remuneration

2017-2018							
Officers Remuneration 2017-18		Salary, Fees & Allowances (Note 1) £	Bonuses £	Expenses Allowances (Note 2) £	Compensation for Loss of Office £	Pension Contribution £	Total £
Chief Constable – C Guildford		156,436	0	12,464	0	36,004	204,904
Deputy Chief Constable – R Barber	3	122,743	0	6,788	0	28,391	157,922
Assistant Chief Constable – S Cooper	4	92,359	0	6,117	0	22,004	120,480
Assistant Chief Constable – S Prior		103,916	0	3,225	0	25,148	132,289
Assistant Chief Officer – Finance and Resources	5	95,349	0	5,435	0	18,879	119,663
Director of Human Resources	5	100,385	0	8,335	0	17,683	126,403
Director of Information Services & IT	5,6,7	49,485	0	6,618	0	6,275	62,378
TOTAL CHIEF CONSTABLE		720,673	0	48,982	0	154,384	924,039

Note 1: Salary, Fees & Allowances include Rent Allowance, Housing Allowance, Compensatory Grant and Compensation for Loss of Office

Note 2: Expenses Allowances include taxable expenses such as mileage, car allowances, medical expenses and mortgage interest payments relating to relocation

Note 3: Deputy Chief Constable was appointed 17 April 2017

Note 4: Assistant Chief Constable was appointed 5 April 2017

Note 5: This is the total earned. The costs are apportioned between Nottinghamshire, Northamptonshire and Leicestershire Police

Note 6: Includes Market Rate Premium

Note 7: Director of Information Services and IT resigned 15 September 2017

Note 17 – Officers' Remuneration

2016-2017							
Officers Remuneration 2016-17		Salary, Fees & Allowances (Note 1) £	Bonuses £	Expenses Allowances (Note 2) £	Compensation for Loss of Office £	Pension Contribution £	Total £
Chief Constable – C Eyre	3	46,373	0	0	0	10,956	57,329
Deputy Chief Constable – S Fish	3	113,166	0	8,285	0	27,181	148,632
Chief Constable – C Guildford	3	25,338	0	11,707	0	5,966	43,011
Deputy Chief Constable – S Fish		29,207	0	4,206	0	6,985	40,398
Deputy Chief Constable – S Torr		98,133	0	2,666	0	23,805	124,604
Assistant Chief Constable – S Torr		21,113	0	889	0	5,006	27,008
Assistant Chief Constable – S Prior		73,011	0	4,848	0	14,275	92,134
Assistant Chief Officer – Finance & Resources	4	95,731	0	5,435	0	17,249	118,415
Director of Human Resources	4	94,955	0	5,494	0	17,363	117,812
Director of Information Services & IT	4,5	110,027	0	500	0	13,300	123,827
TOTAL CHIEF CONSTABLE		707,054	0	44,030	0	142,086	893,170

Note 1: Salary, Fees & Allowances include Rent Allowance, Housing Allowance, Compensatory Grant

Note 2: Expenses Allowances include taxable expenses such as mileage, car allowances, medical expenses and mortgage interest payments relating to relocation

Note 3: Chief Constable C Eyre retired 22 July 2016, Chief Constable S Fish retired 31 March 2017 and Chief Constable C Guildford was appointed 1 February 2017

Note 4: This is the total earned. The costs are apportioned between Nottinghamshire, Northamptonshire and Leicestershire Police

Note 5: Includes Market Rate Premium

The table below does not include the senior officers in the previous tables.

Employees Remuneration over £50,000		
	2016-17	2017-18
£50,001 to £55,000	136	161
£55,001 to £60,000	84	89
£60,001 to £65,000	22	27
£65,001 to £70,000	10	8
£70,001 to £75,000	7	10
£75,001 to £80,000	5	6
£80,001 to £85,000	6	6
£85,001 to £90,000	6	1
£90,001 to £95,000	0	1
Total	276	309

Benefits Payable during Employment

Short-term Employee Benefits are those due to be settled within 12 months of the year-end. This includes salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars).

An accrual is made for the cost of holiday entitlements or any form of leave, (e.g. time off in lieu earned, but not taken before the year-end), which an employee can carry forward into the next financial year.

The accrual is made at the payment rates applicable in the following accounting year, being the period in which the employee takes the benefit.

Other departures agreed cover voluntary redundancies and compromise agreements. All of the costs were included within the CIES. There were no material payments in relation to injury awards during the year ended 31 March 2018,

Exit Packages								
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 (£000)	
	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18
£0-£20,000	4	5	17	1	21	6	192	67
£20,001 - £40,000	1	2	2	0	3	2	85	67
£40,001 - £60,000	0	0	1	0	1	0	50	0
£60,001 - £80,000	0	1	0	0	0	1	0	75
£80,001 - £100,000	0	0	0	0	0	0	0	0
£100,001 - £150,000	0	0	0	0	0	0	0	0
Total	5	8	20	1	25	9	327	209
Total cost included in bandings all included within the CIES							327	209

Note 18 – Related Parties

The Chief Constable is required to disclose material transactions with related parties. These are bodies or individuals that have the potential to control or influence the organisation or vice versa. Disclosure of these transactions allows transparency to the extent that the Chief Constable 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.

The Commissioner as the parent corporation asserts a significant influence over the Chief Constable.

Central Government has significant influence over the general operations of the Chief Constable, as it is responsible for providing the statutory framework within which it operates.

Senior managers complete a declaration of personal interests because they influence decision making.

Joint arrangements and collaborations are areas where significant influence can be exerted by all parties.

Other Local authorities with whom partnership working is important, for instance within the area of anti-social behaviour may be an influencing factor.

Note 19 – Accounting Standards Issued, Not Adopted

The additional disclosures that will be required in the 2018-19 financial statements in respect of accounting changes that are introduced in 2017-18 are:

- IFRS 9 Financial Instruments.
- IFRS 15 Revenue from Customer Contracts.
- Amendments to IAS 12 Income Taxes.
- Amendments to IAS 7 Statement of Cash Flows

The 2018-19 Code confirms that transitional arrangements have been adopted for IFRS 9 and IFRS 15 and Appendix C confirms that there is no requirement to provide financial information relating to the impact of these standards in the 2017-18 accounts.

IAS12 – is not applicable to the Group or Chief Constable.

Amendments to IAS7 – is a disclosure initiative and does not impact on the figures in the accounts for 2017-18.

There are therefore no Accounting Standards that have been issued but not yet adopted that need to be disclosed in these accounts.

A large group of people, mostly men in dark uniforms, are standing in a grid-like formation on a paved area. A few women in civilian clothing are on the left. In the foreground, a man in a suit and another in a uniform stand out. The background shows a building with large windows. The entire image has a blue tint.

GLOSSARY

GLOSSARY

ACCOUNTING PERIOD	ACCOUNTING POLICIES	ACCRUALS
The period of time covered by the accounts, normally a period of twelve months commencing on 1 April. The end of the accounting period is the Balance Sheet date.	These are a set of rules and codes of practice used when preparing the Accounts.	Sums included in the final accounts to recognise revenue and capital income and expenditure earned or incurred in the financial year, but for which actual payment had not been received or made as at 31 March.
ACT	AUDIT OF ACCOUNTS	BALANCE SHEET
The Police Reform and Social Responsibilities Act 2011.	An independent examination of the Authority's financial affairs	A statement of the recorded assets, liabilities and other balances at the end of the accounting period.
BUDGET	CIPFA	CODE
The forecast of net revenue and capital expenditure over the accounting period.	The Chartered Institute of Public Finance and Accountancy.	The CIPFA Code of Practice on Local Authority Accounting governs the content of these accounts
COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT (CIES)	CONSISTENCY	CREDITOR
The account of the Authority that reports the net cost for the year of the functions for which it is responsible and demonstrates how that cost has been financed from precepts, grants and other income.	The concept that the accounting treatment of like items within an accounting period and from one period to the next are the same.	Amount owed by the Authority for work done, goods received or services rendered within the accounting period, but for which payment has not been made by the end of that accounting period.

DEPRECIATION	EVENTS AFTER THE BALANCE SHEET DATE	GOING CONCERN
The measure of the cost of wearing out, consumption or other reduction in the useful economic life of the Authority's fixed assets during the accounting period, whether from use, the passage of time or obsolescence through technical or other charges	Events after the Balance Sheet date are those events, favourable or unfavourable, that occur between the Balance Sheet date when the Statement of Accounts is authorised for issue.	The concept that the statement of Accounts is prepared on the assumption that the Authority will continue in operational existence for the foreseeable future.
GOVERNMENT GRANTS	IFRS	GROUP
Grants made by the Government towards either revenue or capital expenditure in return for past or future compliance with certain conditions relating to the activities of the Authority. These grants may be specific to a particular scheme or may support the revenue spend of the Authority in general.	International Financial Reporting Standards are developed by the International Accounting Standards Board (IASB) and regulate the preparation and presentation of Financial Statements. Any material departures from these Standards would be disclosed in the notes to the Accounts.	Nottinghamshire Office of the Police and Crime Commissioner and its Group.
MATERIALITY	MINIMUM REVENUE PROVISION (MRP)	PRIOR YEAR ADJUSTMENT
The concept that the Statement of Accounts should include all amounts which, if omitted, or mis-stated, could be expected to lead to a distortion of the financial statements and ultimately mislead a user of the accounts.	The minimum amount which must be charged to the revenue account each year in order to provide for the repayment of loans and other amounts borrowed by the Authority.	Material adjustments applicable to previous years arising from changes in accounting policies or from the correction of fundamental errors. This does not include normal recurring corrections or adjustments of accounting estimates made in prior years.

PROVISION	PUBLIC WORKS LOAN BOARD (PWLb)	REMUNERATION
An amount put aside in the accounts for future liabilities or losses which are certain or very likely to occur but the amounts or dates of when they will arise are uncertain.	A Central Government Agency, which provides loans for one year and above to authorities at interest rates only slightly higher than those at which the Government can borrow itself.	All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits. Received other than in cash. Pension contributions payable by the employer are excluded.
REVENUE EXPENDITURE		
The day-to-day expenses of providing services.		