

JOINT AUDIT AND SCRUTINY PANEL

FRIDAY 22 FEBRUARY 2019 at 2.00 PM
CHAPPELL ROOM, GEDLING BOROUGH COUNCIL CIVIC CENTRE,
ARNOT HILL PARK, ARNOLD,
NOTTINGHAMSHIRE NG5 6LU

**(pre-meeting for Panel Members in OPCC Meeting Room, Arnot Hill House
at 1:15 pm)**

Membership
Stephen Charnock (Chair)
Leslie Ayoola
Peter McKay
Philip Hodgson
Vacancy

A G E N D A

1. Apologies for absence
2. Declarations of interest by Panel Members and Officers (see notes below)
3. To agree the minutes of the previous meeting held on 7 November 2018
4. Progress Against Action Tracker
5. Audit and Inspection Update (including Modern Slavery presentation)
6. External Audit Summary Plan 2018-19

7. Assurance Mapping 2019-20
8. Internal Audit Annual Plan 2019-20
9. Internal Audit Progress Report
10. Precept and Budget Reports 2019-20
11. Force Assurance Report Compliance with Freedom of Information and Data Protection Requests
12. OPCC Publication Scheme Monitoring, Review and Assurance
13. Force Report on Monitoring, Review and Assurance of the Publication Scheme
14. Independent Custody Visitor Report
15. Joint Audit and Scrutiny Panel Proposed Work Plan 2019/20
16. Summary of Actions (verbal)

NOTES

- Members of the **public are welcome to attend** to observe this meeting
- For **further information** on this agenda, please contact the Office of the Police and Crime Commissioner on 0115 8445998 or email nopcc@nottinghamshire.pnn.police.uk
- A **declaration of interest** could involve a private or financial matter which could be seen as having an influence on the decision being taken, such as having a family member who would be directly affected by the decision being taken, or being involved with the organisation the decision relates to. Contact the Democratic Services Officer: **Noel McMenamin tel. 0115 993 2670** for clarification or advice prior to the meeting.

**MINUTES OF THE MEETING OF THE NOTTINGHAMSHIRE POLICE AND CRIME
COMMISSIONER JOINT AUDIT AND SCRUTINY PANEL HELD ON WEDNESDAY
7TH NOVEMBER 2018 AT FORCE HEADQUARTERS, SHERWOOD LODGE,
ARNOLD, NOTTINGHAMSHIRE COMMENCING AT 10AM**

MEMBERSHIP

(A – denotes absent)

Mr Stephen Charnock (Chair)

Mr Leslie Ayoola **A**

Dr Phil Hodgson

Mr Peter McKay

Vacancy

OFFICERS PRESENT

Sara Allmond	Democratic Services, Notts County Council
Rachel Barber	Deputy Chief Constable, Notts Police
Kevin Dennis	Chief Executive
Paul Harris	Inspector, Notts Police
Mark Kimberley	Head of Finance, Notts Police
Noel McMenamin	Democratic Services, Notts County Council
Charlie Radford	Chief Finance Officer, OPCC
Leona Scurr	Detective Superintendent, Notts Police
Rich Stapleford	Inspector, Notts Police
Brian Welch	Mazars

1) APOLOGIES FOR ABSENCE

Apologies for absence were received from:

Councillor Leslie Ayoola;

Andrew Cardoza, KPMG;

Craig Guilford, Chief Constable Notts Police;

Paddy Tipping, Police and Crime Commissioner.

2) DECLARATIONS OF INTEREST BY MEMBERS AND OFFICERS

Dr Phil Hodgson declared an interest in item 6 'Audit and Inspection Update' as he was the Head of Law and Social Services, University of Derby who had the contract for apprenticeship training.

3) MINUTES OF THE PREVIOUS MEETING

The minutes of the last meeting held on 24 July 2018, having been circulated to all members, were taken as read and were confirmed and signed by the Chair.

4) PROGRESS AGAINST ACTION TRACKER

Action 012: The Chair and DCC Barber had not yet met lead officers on risks but would arrange to do so.

Action 016: The PA Consulting report on shared services would be shared with Panel members shortly.

5) CHAIR'S TOPIC: SCHOOLS AND EARLY INTERVENTION OFFICERS (SEIO) – PRESENTATION

Inspector Rich Stapleford introduced a report and provided a presentation on the aims, governance and benefits of the Schools and Early Intervention Officer (SEIO) programme.

During discussion, the following points were raised:

- The Youth Parliament had been involved in the recruiting process, and there was an expectation that team members, the majority of whom were already involved in youth/community engagement, would commit to the programme for its full 5 years;
- Anecdotal evidence suggested that the programme had been positively received and was effective in changing negative attitudes and behaviours towards the Police over time;
- Officers on the programme were very sensitive to duplicating or replacing existing youth engagement work in schools, and made sure SEIO activity complemented existing provision where this was in place.

RESOLVED: 2018/028

To note the update and endorse the work of the Schools and Early Intervention Officer Programme.

6) AUDIT AND INSPECTION UPDATE

Dr Phil Hodgson declared an interest in this item as he was the Head of Law and Social Services, University of Derby, the organisation with the contract for apprenticeship training.

Deputy Chief Constable Rachel Barber introduced the report which provided an update progress against recommendations arising from the audits and inspections which had taken place during quarter 2 of 2018/19, a schedule of

planned audits and inspections, and further information on Nottinghamshire Police's Approach to tackling Domestic Abuse.

Inspector Paul Harris provided a presentation on Nottinghamshire Police's Integrated Offender Management (IOM) programme.

During discussion, the following points were raised:

- All Forces ran IOM projects, addressing different priorities in line with local need. The 'top 50' offenders on the Nottingham programme identified using a state-of-the-art Priority Perpetrator Identification Tool had been monitored since 2016, and had had their cases reviewed after one year;
- There was strong evidence that the programme had led to a reduction in the severity of crime committed by these offenders;
- Offenders were not formally made aware that they were on the programme, but were aware from an early stage of significantly increased contact and surveillance, including within prison, which disrupted their opportunity to offend;
- It was confirmed that the programme had positive buy-in from partner organisations, with robust finance governance arrangements in place.

RESOLVED 2018/29

- 1) To note the status of audits and inspections carried out over quarter 2, 2018/19;
- 2) To request further detail on 'Stolen Freedom: the policing response to modern slavery and human trafficking' at its February 2019 meeting.

7) INTERNAL AUDIT PROGRESS REPORT

Brian Welch introduced the report which provided members with an update on progress against the Internal Audit Plan 2018-19 and the findings from audits completed to date. Mr Welch tabled a revised 'Appendix covering Follow-up of Audit Recommendations July 2018' for consideration by the Panel

During discussions the following points were raised:

- Audit reports on the follow-up to the Implementation of the Duty Management System, the Force management of Multi-Force Shared Service (MFSS) arrangements and Corporate Governance will come to the February 2019 Panel meeting;
- There was consensus that, while more scrutiny work could be done through internal audit, the reality was that the Panel required assurance over a wide range of issues. The current level of rigour applied was therefore considered appropriate.

RESOLVED: 2018/030

To note the progress report.

8) ANNUAL AUDIT LETTER 2017-18

RESOLVED: 2018/031

To accept the Annual Audit letter, summarising the key findings in relation to the external audit of the Statement of Accounts for 2017/18.

9) CRIME DATA INTEGRITY INSPECTION ASSURANCE REPORT

Deputy Chief Constable Rachel Barber introduced the report which provided an overview of the findings of the recent HMICFRS Crime Data Integrity Inspection and the work being undertaken by the Force to address areas of concern.

During discussions the following points were raised:

- The overall judgement that Nottinghamshire Police 'Requires Improvement' was disappointing. Performance was strong in recording high level violence, but less so in respect of lower-level domestic violence;
- A compliance team was now in place and both generic and targeted refresher training was being rolled out;
- This was the first cohort dealing with increasingly complex rules around recording of domestic violence.

RESOLVED: 2018/032

To note the report.

10) STRATEGIC RISK MANAGEMENT REPORT FOR FORCE AND NOTTINGHAMSHIRE POLICE AND CRIME COMMISSIONER (NOPCC) QUARTER 2 2018/19

Kevin Dennis introduced the report, which provided the panel with an up to date assessment of strategic risk management across the Force and the Nottinghamshire Office of the Police and Crime Commissioner.

During discussions, the following points were raised:

- Lots of work had been carried out last year to more closely align the respective risk register. It was timely to refresh these registers now given the ongoing struggle in balancing key risks;

- a significant proportion of activity was jointly commissioned, making continued delivery and performance dependent on ongoing financial support from partners, some of whom were reducing budgets;
- it was explained that it was very difficult in risk management to determine the future risk to be mitigated – accepted practice was to mitigate current risk;
- it was explained that the Force and OPCC descriptors for MFSS Business Continuity were slightly different to reflect the nature of the risk facing each organisation;
- assurance mapping work was being worked up, which will make risk management clearer in future.

RESOLVED: 2018/033

- 1) To note the current approach to strategic risk management and assurance issue;
- 2) To note the two very high strategic risks on the Force's risk register, namely Multi-Force Shared Service (MFSS) transfer of payroll system to the new Fusion solution, and compliance with the new General Data Protection Regulations;
- 3) To note the high risks relating to the NOPCC, namely the Multi-Force Shared Service transfer of payroll system to the new Fusion solution and uncertainty in relation to the announcement of the comprehensive spending review and the Police funding formula.

11) BUSINESS CONTINUITY TESTING UPDATE

The Chair introduced the report, which provided the Panel with an update on progress against the Business Continuity testing timetable and advising the Panel of the planned testing schedule for quarters 3 and 4.

During discussion, the following points were raised:

- Testing to date had been primarily a desk-top exercise, but the next phase of testing would involve a more practical approach;
- The Panel was interested in understanding better the correlation between 'identified critical enablers' and individual risk registers.

RESOLVED: 2018/034

- 1) To note the progress made against the Business Continuity testing timetable, noting also forthcoming scheduled testing;

- 2) To receive an update on the correlation between individual risk registers and 'identified critical enablers' at its February 2019 meeting.

12) SUMMARY SET OF ACCOUNTS

Charlie Radford introduced the report, which provided the Panel with the Summary Statement of Accounts for 2017/18. The Summary Statement did not include technical adjustments relating primarily to pension, which could distort the financial performance of the PCC Group.

RESOLVED: 2018/035

To approve the Summary Statement of Accounts for 2017/18.

13) MID-YEAR TREASURY MANAGEMENT REPORT 2018/19

Charlie Radford introduced the report, providing the Panel with the mid-year position in respect of treasury management performance compared with the approved strategy.

During discussions, the following point was raised:

- The £2 million minimum limit for availability of liquid funds had been unchanged for a number of years and it was prudent to increase this, in view of potential cash-flow volatility.

RESOLVED: 2018/36

To approve the increase relating to the minimum availability of fund from £2 million to £5 million.

14) JOINT CODE OF CORPORATE GOVERNANCE AND WORKING TOGETHER (PART A AND PART B)

Kevin Dennis introduced the report, which provided the revised version of the Joint Code of Corporate Governance and Working Together. Part A of the Code focussed on corporate governance, joint working and scheme of consent and delegation, and was available for consideration. Part B covered financial regulations and contract and procurement rules, and was not yet available for comment.

During discussions the following point was raised:

- The Panel commended the work that had gone into producing Part A of the Joint Code, and was happy with the content, noting that it would have the opportunity to consider Part B of the Joint Code at its February 2019 meeting.

RESOLVED: 2018/037

To confirm that Part A of the Joint Code of Corporate Governance and Working Together provided assurance that it enabled the Police and Crime Commissioner to exercise good governance over policing and crime.

15) POLICE AND CRIME COMMISSIONER'S UPDATE REPORT – TO JULY 2018

Kevin Dennis introduced the report, providing the Police and Crime Commissioner's first update report in respect of the Police and Crime Plan 2018-2021.

During discussions, the following points were made:

- the report had been amended following pre-agenda to include a column on the table showing whether the 5 performance measures with the highest decrease represented better or worse performance;
- the Panel suggested that there would be more value in identifying the 5 best- and worst-performing indicators for more detailed scrutiny;
- the Panel received reassurance that the forecast budget over-spend of just over £1 million was not a significant concern at this point of the budget cycle.

RESOLVED 2108:038

To note the contents of the update report.

16) COMPLAINTS AND MISCONDUCT INVESTIGATIONS

Detective Superintendent Leona Scurr introduced the report, which provided an overview of Police complaint and misconduct cases in Nottinghamshire.

During discussion, the following points were made:

- Nottinghamshire had one of the highest increases in complaints nationally, in part reflecting the fact that the Force was correctly applying rules in respect of recording issues and allegations individually;
- There had been a significant and unexplained drop in the number of complaints in the previous year. It could be beneficial to monitor complaints data on a 3-year rolling average basis to help factor out one-off causes of data peaks and troughs
- More needed to be done to ensure complaints were identified and recorded as accurately as possible. While a majority were around low-level anti-social behaviour and road traffic collisions, too many complaints were categorised as 'neglect/failure of duty'.

RESOLVED 2018:039

To agree to further analysis being carried out to more fully understand the category of complaint broadly defined as neglect/failure of duty.

17) IPOC INVESTIGATIONS, RECOMMENDATIONS AND ACTIONS

Detective Superintendent Leona Scurr introduced the report, informing the Panel about cases referred to the Independent Office for Police Conduct in the period 1 April to 31 August 2018.

During discussions, the following point was made:

- 7 of the 11 death and serious injury cases involved suicide or attempted suicide, a majority of which related to prosecutions for child sex offences. Shame and/or loss of reputation were the main triggers for these suicides, which reflected what was happening nationally.

RESOLVED: 2018/040

To note the report.

18) PROFESSIONAL STANDARDS CONFIDENTIAL REPORTING PROCEDURE ('WHISTLEBLOWING')

Detective Superintendent Leona Scurr introduced the report, which informed the Panel about allegations of Police corruption under the Force's Professional Standards 'Whistleblowing' procedure in the period 1 April – 31 July 2018.

RESOLVED: 2018/041

To note the report.

19) JOINT AUDIT AND SCRUTINY PANEL WORK PLAN 2018/19

RESOLVED: 2018/042

To agree the work plan for 2018/19.

20) SUMMARY OF ACTIONS

RESOLVED: 2018/043

To include the following on the action tracker:

Action 18: Stolen Freedom: the policing response to modern slavery and human trafficking – update.

Action 19: Correlation between Individual risk registers and 'Identified Critical Enablers' – update.

The meeting closed at 12.25pm

CHAIR

AUDIT & SCRUTINY PANEL MEETING

Actions arising from previous meetings and progress against action tracker

	ACTION	ALLOCATED TO	TIMESCALES FOR UPDATES	UPDATE
011	Report and presentation on Notts Police strategy on dealing with fraud including how engage with other partners such as charities	DCI Young	Next meeting	Completed at 7 th November 2018 meeting Complete and close
012	Panel members to meet officers who are appointed as lead officers on risks within risk register	DCC Barber / Stephen Charnock	Meetings to start from Autumn 2018	
014	HMIC to be invited to attend a Panel meeting to present on their views of the current landscape in Policing	DCC Barber	To a future meeting	
016	PCC to circulate PA Consulting report on shared services with panel members when available	PCC Tipping	When available – expected Oct 2018	Not now expected until end of October at the earliest
017	Copy of Force Management Statement to be provided to panel members	CC Guildford	Before next meeting	Copy of executive summary circulated. Complete and close
018	Stolen Freedom: the policing response to modern slavery and human trafficking - update	DCC Barber	February 2019 meeting	
019	Correlation between individual risk registers and 'Identified Critical Enablers' - update	DCC Barber		

For Information	
Public/Non Public	Public
Report to:	Joint Audit and Scrutiny Panel (JASP)
Date of Meeting:	22nd February 2019
Report of:	Amanda Froggatt, Strategic Support Officer
Report Author:	Amanda Froggatt, Strategic Support Officer
E-mail:	amanda.froggatt@nottinghamshire.pnn.police.uk
Other Contacts:	n/a
Agenda Item:	5

Audit and Inspection Update

1. Purpose of the Report

- 1.1 The purpose of this report is to provide the Joint Audit and Scrutiny Panel (JASP) with an update on progress against recommendations arising from audits and inspections which have taken place during Quarter 3, 2018/19.
- 1.2 To inform the Board of the schedule of planned audits and inspections.
- 1.3 To provide further information on the area identified for further scrutiny as requested at the last JAS; Appendix 2 – Stolen Freedom – The Policing Response to Modern Slavery and Human Trafficking.

2. Recommendations

- 2.1 It is recommended that the Panel notes the status of audits and inspections carried out over the last quarter.
- 2.2 That the Panel reviews appendix 1 and if required request further detail which will be reported at the next meeting.

3. Reasons for Recommendations

- 3.1 To enable the Panel to fulfil its scrutiny obligations with regard to Nottinghamshire Police and its response to audits and inspections.
- 3.2 To provide the Panel with greater scrutiny opportunities and to reach more informed decisions.
- 3.3 To provide the Panel with the opportunity to shape the focus and data inputs for future HMICFRS inspections.

4. Summary of Key Points

Audit and Inspection Action Updates

- 4.1 The actions referred to in this report are the result of recommendations made by Nottinghamshire Police's internal auditors and external inspectorates, including HMICFRS.
- 4.2 There are currently 0 actions which have exceeded their target date. There are 134 actions showing as 'at risk' of being off target i.e. they will exceed their target date in the next month.
- 4.3 There were 242 actions closed during this quarter.
- 4.4 Recent and forthcoming Inspections are outlined in the table below:

Recent Inspection Activity

Date of Inspection	Inspection Area	Date Report Received	Final Grading	Status
October 2018	Unannounced Custody Visit	-	-	Report received, recommendations being managed through 4Action
October 2018	Biometrics Commissioner Visit	-	-	Awaiting report
December 2018	PREVENT Counter Terrorism	-	-	Awaiting report

Forthcoming HMICFRS Inspections

Date of Inspection	Inspection Area	Status
No scheduled Inspections		

Publications

Date of Publication	Inspection Area	Status
May 2018	Still no Place for Hate	Actions being managed through 4 Action
July 2018	Understanding the Difference the Initial Response to Hate Crime	Actions being managed through 4Action

October 2018	Joint Inspection of the Handling of Cases Involving Disability Hate Crime	Actions being managed through 4Action
November 2018	Policing and Mental Health Picking up the Pieces	Actions being managed through 4Action

4.5 Recent and Forthcoming Audits

Recent Audit Activity

Date of Audit	Auditable Area	Date Report Received	Final Grading	Status
June 2018	MFSS Contract Management	July 2018	Limited Assurance	Report issued actions being managed through 4Action
July 2018	Collaboration – Strategic Financial Planning	September 2018	Satisfactory Assurance	Draft report issued
August 2018	Collaboration – Risk Management	-	-	Report to be issued
September 2018	Collaboration – Business Planning	-	-	Report to be issued
September 2018	Health and Safety	October 2018	Limited Assurance	Report issued, out for management comment
September 2018	Commissioning	November 2018	Satisfactory Assurance	Report issued, actions being managed through 4Action
November 2018	Core Financial Systems	November 2018	Satisfactory Assurance	Draft report issued out for management comment
November 2018	Firearms Licensing	November 2018	Satisfactory Assurance	Report issued actions being

				managed through 4Action
December 2018	GDPR	December 2018	Limited Assurance	Draft report issued out for management comment
December 2018	Late Time Levy	December 2018	Limited Assurance	Draft report issued out for management comment
January 2019	IT Strategy	-	-	Audit currently taking place

Forthcoming Audits

Date of Audit	Auditable Area	Status
Proposed February 2019	Seized Property	Audit to take place 22 nd February 2019
Proposed March 2019	Partnership Working	Audit to take place 31 st March 2019
TBC	Review of DMS	Date not yet confirmed

Overview of all ongoing actions from Audits & Inspections - Appendix 1

Area Identified for further scrutiny: Stolen Freedom – The Policing Response to Modern Slavery and Human Trafficking. See appendix 2 and accompanying presentation.

5. Financial Implications and Budget Provision

- 5.1 If financial implications arise from recommendations raised from audits, inspections and reviews, these implications are considered accordingly. Where an action cannot be delivered within budget provision, approval will be sought through the appropriate means.

6. Human Resources Implications

- 6.1 There are no direct HR implications as a result of this report. HR implications resulting from specific actions will be managed on a case by case basis.

7. Equality Implications

7.1 There are no direct equality implications arising from this report.

8. Risk Management

8.1 Some current actions involve the completion of formal reviews of specific business areas. It is possible that some or all of these reviews will identify and evaluate significant risks, which will then be incorporated into the Force's risk management process.

9. Policy Implications and links to the Police and Crime Plan Priorities

9.1 Any policy implications will be subject to current policy development process.

10. Changes in Legislation or other Legal Considerations

10.1 There are no direct legal implications as a result of this report.

11. Details of outcome of consultation

11.1 Following receipt of a final audit or inspection report a member of the Governance and Planning team consults with the appropriate Lead Officer and other stakeholders to plan appropriate actions in response to each relevant recommendation, or to agree a suitable closing comment where no action is deemed necessary.

11.2 All planned actions are added to the action planning system, 4Action, for management and review until completion.

12. Appendices

12.1 Appendix 1 - Overview of all ongoing actions from Audits and Inspections.

12.2 Appendix 2 – Stolen Freedom – The Policing Response to Modern Slavery and Human Trafficking – Presentation to be given.

Appendix 1 - Overview of all ongoing actions from Audits and Inspections: February 2019

Audit/Inspection	Source Title	Date	Number of Actions	Number Open	Number Closed	Number on Target	Number At Risk	Number Overdue
Audit-Mazars	Implementation of DMS June 2016	June 2016	6	3	3	3	0	0
Audit-Mazars	Data Protection Act Compliance Oct 2016	October 2016	14	4	10	0	4	0
Audit-Mazars	Procurement Follow up Nov 2016	November 2016	9	0	9	0	0	0
Audit-Mazars	Core Financials Systems Assurance Dec 2016	December 2016	9	1	8	1	0	0
Audit-Mazars	HR Recruitment and Selection	January 2017	4	3	1	0	3	0
Audit-Mazars	Data Quality 2016/17	May 2017	4	0	4	0	0	0
Audit-Mazars	Risk Management	May 2017	7	1	6	1	0	0
Audit-Mazars	Fleet Management	August 2017	6	3	3	2	1	0
Audit-Mazars	Workforce Planning	September 2017	12	1	11	0	1	0
Audit-Mazars	Social Value Impact	July 2016	4	1	3	0	1	0
Audit-Mazars	Seized & Found Property	May 2017	11	9	2	0	9	0
Audit-Mazars	Counter Fraud Review	January 2018	25	5	20	0	5	0
Audit-Mazars	Procurement Follow up Sept 2017	September 2017	3	1	2	1	0	0
Audit-Mazars	Core Financials Follow up July 2016	October 2016	12	1	11	0	1	0
Audit-Mazars	EMCHRS Learning & Development Collaboration	August 2017	5	0	5	0	0	0

Appendix 1 - Overview of all ongoing actions from Audits and Inspections: February 2019

Audit/Inspection	Source Title	Date	Number of Actions	Number Open	Number Closed	Number on Target	Number At Risk	Number Overdue
Audit-Mazars	Joint Code of Corporate Governance	November 2015	2	0	2	0	0	0
Audit-Mazars	Safety Camera Partnership	September 2017	4	3	1	0	3	0
Audit-Mazars	Commissioning - Community Safety	May 2016	5	1	4	0	1	0
Audit-Mazars	Implementation of Duty Management System– Follow Up	May 2018	5	5	0	3	2	0
Audit-Mazars	MFSS Contract Management	June 2018	4	4	0	4	0	0
Audit-Mazars	Commissioning	2018	3	3	0	2	1	0
Audit-Mazars	Corporate Governance	2018	4	4	0	2	2	0
Audit-Mazars	Firearms Licensing	2018	4	4	0	0	4	0
Inspection-HMIC	Nottinghamshire Police's approach to tackling Domestic Abuse (local report)	March 2014	14	1	13	0	1	0
Inspection-HMIC	Welfare of Vulnerable People in Custody	March 2015	8	1	7	0	1	0
Inspection-HMIC	Efficiency Nov 2016 'Hot De Brief' actions	November 2016	31	4	27	2	2	0
Inspection-HMIC	Legitimacy 2016	December 2016	10	1	9	1	0	0
Inspection-HMIC	Effectiveness 2016	March 2017	10	1	9	0	1	0
Inspection-HMIC	Neighbourhood Strategy	2018	16	15	1	15	0	0
Inspection-HMIC	Efficiency, Legitimacy and Leadership Hot Debrief 2017	May 2017	9	2	7	0	2	0

Appendix 1 - Overview of all ongoing actions from Audits and Inspections: February 2019

Audit/Inspection	Source Title	Date	Number of Actions	Number Open	Number Closed	Number on Target	Number At Risk	Number Overdue
Inspection-HMIC	Making it Fair: Disclosure of unused material in volume Crown Court Cases	July 2017	6	4	2	1	3	0
Inspection-HMIC	National Child Protection 2015	August 2015	8	0	8	0	0	0
Inspection-HMIC	Stolen freedom: the policing response to modern slavery and human trafficking	October 2017	7	2	5	0	2	0
Inspection-HMIC	PEEL Effectiveness 2017	September 2017	23	7	16	0	7	0
Inspection-HMIC	Additional PEEL Efficiency, Legitimacy, Leadership Actions 2017	2017	7	6	1	0	6	0
Inspection-HMIC	Progress Report on Domestic Abuse	Jan 2018	2	2	0	0	2	0
Inspection-HMIC	Hate Crime Thematic	2018	15	15	0	15	0	0
Inspection-HMIC	PEEL Legitimacy inc Leadership 2017	2017	4	3	1	0	3	0
Inspection-HMIC	PEEL Vulnerability Re Visit 2017	2017	9	8	1	0	8	0
Inspection-HMIC	PEEL Effectiveness National Report	2018	3	3	0	1	2	0
Inspection-HMIC	PEEL Efficiency 2017	2017	5	5	0	0	5	0
Inspection-HMIC	Unannounced Custody Inspection	2018	81	81	0	41	40	0
Inspection-HMIC	Crime Data Integrity	2018	18	18	0	10	8	0
Inspection-HMIC	Understanding the difference-The initial response to Hate Crime	2018	27	11	16	11	0	0
Inspection-HMIC	Still no place for hate	2018	6	6	0	6	0	0
Inspection-HMIC	Policing and Mental Health	2018	3	3	0	3	0	0
Inspection-HMIC	Joint Inspection of the handling of cases involving disability hate crime	2018	4	4	0	4	0	0
IPCC	Use of Force Report	September 2016	15	2	13	0	2	0
IPCO	IPCO Inspection	December 2017	2	1	1	0	1	0

Appendix 2

Stolen Freedom – the Policing Response to Modern Slavery and Human Trafficking

In 2017 Her Majesty's Inspectorate of Constabulary and Fire and Rescue Service (HMICFRS) undertook to examine how police in England and Wales were tackling modern slavery and human trafficking crimes, including using their powers and provisions set out in the Modern Slavery Act 2015. Having interviewed national leads from different agencies, examined a wide range of documentation and data, and assessed operational practice in police forces, regional organised crime units (ROCUs) and within the National Crime Agency (NCA), the outcome was the publication of 'Stolen Freedom – the Policing Response to Modern Slavery and Human Trafficking', and a series of recommendations outlined below.

This is Nottinghamshire Police's response to all the recommendations. In December 2017, HMICFRS visited the force and examined the forces approach to Slavery. HMICFRS agreed to close down six of the recommendations, noting the force was still progressing the recommendation relating to compliance with the National Referral Mechanism (NRM) process.

Recommendations

Within twelve months, forces should review their leadership and governance arrangements for modern slavery and human trafficking, to ensure that:

- **senior leaders prioritise the response to modern slavery and human trafficking;**
- **every incident of modern slavery identified to police is allocated appropriate resources with the skills, experience and capacity to investigate it effectively;**
- **forces develop effective partnership arrangements to co-ordinate activity in order to share information and safeguard victims; and**
- **performance and quality assurance measures are in place to allow senior leaders to assess the nature and quality of the service provided to victims**

The force's strategic lead is Assistant Chief Constable (ACC) Protective Services and the Superintendent (Director of Intelligence) is the tactical lead, who report into a regional strategic governance group headed up by Deputy Chief Constable (DCC) East Midlands Special Operations Unit (EMSOU). This group sets the regional strategy and 4 x Ps (Prepare, Prevent, Pursue, and Protect) plans that are adopted and managed by the 5 forces.

The force also reports into the Nottinghamshire Anti-Slavery Partnership who also have a strategy and, in turn, are accountable for delivery through the Safer Nottinghamshire Board.

The Modern Slavery (MS)/ Foreign National Offender (FNO) team comprise of a Police Sergeant and 4 officers who are experienced in dealing and developing intelligence and investigations of modern slavery. Members of the team have also attended the National Modern Slavery Advisor course and regularly provide direct advice and guidance to support front line officers. There is also an analyst that supports the Modern Slavery team on an ad-hoc basis.

All intelligence is allocated, reviewed and developed by the Modern Slavery team. The use of static surveillance has increased due to the nature of the jobs which is supported by the Intelligence Development Unit. Intelligence that develops into investigation stage is submitted to 'Tasking' for appropriate resources to be allocated. The team also receives referrals from other agencies (National Referral Mechanism (NRM)) and Modern Slavery Helpline.

The majority of MS (Modern Slavery) investigations are triaged by the MS team. NRM forms are quality assured by the team and there is on-going training provided to all Custody staff from Detention Officer to Inspector to ensure Association Criminal Records Office (ACRO) checks are completed and Potential Victims are Trafficking (PVOT) are identified at an early stage.

The MS team have also completed a 'First Responder's Guide to MS' which has been circulated to all frontline officers and guidance has previously been published. A refresh of the Intranet is also underway.

All Police submitted NRMs with a footprint in Nottinghamshire are copied back into the International Liaison inbox from the National Crime Agency (NCA), the same applies for NRM's from other agencies if they are first responder. These NRM's are then forwarded to the team and crimed accordingly, triaged by the Detective Chief Inspector within Intelligence (DCI).

Future changes in NRM shouldn't have any major impact on this process, but will assure we are well trained by the regional SPOC (Harry Dick) once these changes are implemented. It will also ensure we are consistent with other forces too.

The vulnerability to crime statistics was in the criming of MS/1 referrals (MS/1 forms are referrals from Police/Agencies where the victim doesn't want any support or doesn't want their details recording formally). These were being sent to a different email address in Nottinghamshire Police, but these are now all sent into the International Liaison inbox too, and follow the same triage/scrutiny as the NRM forms.

NRM changes around length of time support is offered etc. are yet to be communicated widely, or finalised, but we will ensure we have a thorough understanding of this, and then ensure relevant points are communicated to all staff.

Contact details, support numbers, and NRM processes as well as crime recording requirements are all mentioned in the recently published and distributed Modern Slavery First Responder Guide.

There were due to be an additional 6 members of staff to join the team (mixture of Police Constables (PCs) and Detective Constables (DCs)) and the MS team would transfer under the management of the Public Protection department. Due to other force resourcing requests, the target date for this is now the end of 2018. Detective Superintendent Fuller will remain as the Force Tactical lead when it transfers to Public Protection.

All modern slavery investigations are now triaged by the team who will either have ownership of the investigation or provide tactical support to the front line officers attending the early stages of investigations. All NRM forms are quality assured by the team and training for frontline officers, Custody and Detention Officers is on-going.

Partnership arrangements remain strong and good practice has been shared from Regional, National meetings and conferences that managers and practitioners have attended.

Within six months, forces should have in place active information-sharing agreements with other agencies to facilitate speedy exchange of intelligence and in order to safeguard victims better and to identify suspects as early as possible

There are a network of partners committed to supporting Modern Slavery, including numerous Non-Government Organisations, third sector providers, voluntary organisations, faith groups and academia. All these organisations have signed a pledge to make Nottingham and Nottinghamshire slavery free. Governance across the partnership is provided through the Anti-Slavery partnership chaired by the Chief Executive of Gedling Borough Council. There is open dialogue and constructive sharing of information at these forums in line with existing Information Sharing Agreements. The force's Modern Slavery and Human Trafficking Team (MSHT) works on the basis of 'need to share' and has established a network of key partners that provide mutual assistance where all but the most sensitive information is shared. An example of good practise is the pilot project being developed by the force on Nottingham City Council which apply the MARAC approach to the highest risk cases and where key partners attend to share information on both victims and perpetrators, and agree a common approach to tackling these case

Immediately, forces should ensure that all victims carrying out criminal acts under compulsion attributable to slavery or exploitation are afforded the protection of early and continuing consideration of the applicability of the section 45 defence

This relates to persons committing offences whilst being a Potential Victim of Trafficking (PVOT). The force is fully aware of the section 45 defence and factors it into investigations and intelligence development. This is also part of training and awareness for investigators.

This defence has been incorporated into the Year 2 probationer training; which has been taught to all cohorts in the last year or so.

It also forms a major part of the now completed training inputs into the Custody Suite staff on their training days. Following interview, there should be consideration given to the section 45 defence if the suspect outlines that they are being forced to commit a crime/working off a debt, with a specific focus on foreign national offenders, and their vulnerability.

Recent use of the defence-

August 2017, OP VASTIDITY;

Several Vietnamese nationals were recovered over a 3 day period from a huge industrial cannabis grow in Basford. Initially, the response was to arrest these persons for cultivation of cannabis; however, our team liaised with the investigation team, and prevented any further arrests for this, as they were clearly victims rather than offenders. The 3 initial arrests were released and supported into the NRM without a suspect interview, and were treated as witnesses/victims. Seven persons recovered in total, all placed into the NRM. Four Juveniles, three Adults.

Immediately, forces should take steps to ensure they are fully compliant with the NRM process as it evolves and are implementing the requirement placed upon them under the Modern Slavery Act 2015 to notify the Home Office of any individual suspected to be an adult victim of modern slavery or human trafficking

There has been extensive training around this and all NRM forms are quality assured by the modern slavery team as they are initially submitted to the Intelligence Management Unit.

We are aware of future developments of the NRM process and will be in a strong position to implement the new process.

All Police submitted NRMs with a footprint in Nottinghamshire are copied back into the International Liaison inbox from the NCA, the same applies for NRM's from other agencies if they are first responder. These NRMs are then forwarded to the team, crimed accordingly and triaged.

Future changes in the NRM shouldn't have any major impact on this process, but we'll ensure we are well trained by the regional spoc (Harry Dick) once the changes are implemented. We'll also ensure we are consistent with other forces too.

Immediately, forces should take steps to ensure they fully comply with national crime recording standard (NCRS) requirements for offences identified as modern slavery and human trafficking and that sufficient audit capacity is available to the force crime registrar to provide reassurance that each force is identifying and managing any gaps in its crime-recording accuracy for these types of offences

All incidents of Modern Slavery are recorded as per the national crime recording standard (NCRS).

Dip testing is also regularly undertaken by the Force Crime Registrar to ensure the force is fit for purpose.

A visit by HMICFRS (Crime Data Integrity Inspection) on 30th May 2018, acknowledged this was being adhered to and compliance was good. Officers and staff are aware of their obligation under National Crime Recording Standards. Crimes are also reviewed by Senior Managers to ensure compliance.

Immediately, forces should ensure that allegations or indications of modern slavery and human trafficking are thoroughly investigated and effectively supervised by teams and individuals with the skills and experience to undertake them (this should include the use where appropriate of joint intelligence teams and other means to obtain intelligence and evidence from agencies overseas)

All investigations, allegations and indications of Modern Slavery and Human Trafficking are thoroughly investigated. Ownership and resourcing of these allegations are also discussed within the Force Tasking process. In all cases, safeguarding is completed, victims are removed from the situation through the National Referral Mechanism (NRM), investigations triaged and full research is undertaken, including overseas checks.

All investigations which require a Professional Investigator and additional resources are submitted to Force Tasking for allocation. Dynamic investigations are also discussed through the force Daily Management Meeting process.

Since April 1st (this financial year) 54 crimes have been recorded. This has been a significant increase on last year of around +500% year to date. This figure incorporates 61 NRM's in that timescale. It should be noted not all NRM's attract a crime number if offences have occurred overseas.

In 2017/18 Nottinghamshire Police received 524 intelligence reports relating to modern slavery compared with 243 in 2016/17. There were also, 76 crimes recorded over the same time period compared with 13 in 2016/17. There were also 76 NRM's.

Immediately, forces should review their use of preventative powers under the Modern Slavery Act 2015 to ensure that opportunities to restrict the activities of those deemed to pose a clear threat to others in respect of modern slavery and human trafficking offences are exploited.

The force remains committed to seeking Slavery and Traffic Risk Orders (STPOs) upon conviction, for all successful prosecutions and now have a number in place that are being monitored by the MSHT Team. Unfortunately, very few of the investigations achieve a criminal justice outcome so the numbers of STPOs will be low.

The force is now focusing energy on the STPOs, which are being used more regularly across the UK when it is unlikely to achieve a successful outcome from a criminal investigation. The regional Modern Slavery Transformation Unit lead, Detective Inspector Harry Dick, is currently engaged with Legal Services who have responsibility for presenting these cases in court. The force's MSHT lead has now met with the leads for Child Sexual Exploitation, County Lines, Missing Persons and drugs to promote the use of STROs, and the first one is now being planned in relation to Operation Glaciate (organised Child Sexual Exploitation in Nottingham). The standards of investigation to achieve a STRO is as high as any criminal investigation, but both can be run in parallel.



Tackling Modern Slavery in Nottinghamshire

Presentation to the Joint Audit and Scrutiny Panel – 22nd February 2019



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PURPOSE

To provide an overview of Nottinghamshire Police's approach to tackling Modern Slavery and Human Trafficking in the county, and specifically to update progress in delivering the recommendations of HMICFRS as set out in their report, "Stolen Freedom, The Policing Response to Modern Slavery and Human Trafficking" (2017)



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NATIONAL CONTEXT

- Estimated that 13,000 slaves in the UK
- International crime that affects nearly 46 million globally
- Assessed as the second largest organised crime industry in the world
- Subject to significant government focus with the Prime Minister, Theresa May, describing it as, “the greatest human rights issue of our time”.
- Political economic and cultural crime
- Substantial changes delivered reflecting national focus – legislation, Commissioner’s officer, national Transformation Unit, National Referral Mechanism, Duty to Report requirements and extensive mobilisation of partners

BUT.....

- It’s a local crime and a community issue
- It remains a largely ‘unseen’ crime
- It is often complex and challenging

LOCAL CONTEXT

- Sources of referrals – calls for service, NRM, intelligence, SARs, Duty to Notify, MS Helpline
 - 2018 - 52 victims encountered, 35 males and 17 female
 - Age range is 17 to 48 (one 7 year old identified as part of family unit)
 - Males- labour & criminal exploitation. Female – labour, sexual exploitation and domestic servitude
 - Countries of origin – UK, Poland, Romania, Albania, Vietnam
 - Numerous disclosures of crimes outside of UK
 - Vulnerability of many victims, often with complex needs – asylum claims, mental health, substance misuse, immigration status, fractured family units
 - Significant under reporting and limited support for criminal proceedings
 - 7 organised modern slavery crime groups managed locally
 - 1 Joint Investigation Team (Eurojust) in place
-



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HMICFRS INSPECTION OF MODERN SLAVERY

2017 - HMICFRS published its response following a wide ranging inspection into UK's policing of MSHT. Their report, entitled "Stolen Freedom, The Policing Response to Modern Slavery and Human Trafficking", made a number of recommendations for all law enforcement agencies that fall broadly into 7 categories:

1. Leadership
2. Intelligence
3. Victim Identification & Initial Response
4. Crime Recording
5. Investigation
6. Learning
7. Prevention



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LEADERSHIP

- Regional Strategic Governance Group lead by an ACC with overarching strategic action plan
 - Lead Officer in Nottinghamshire at Superintendent rank with responsibility for local delivery and performance.
 - Set as control strategy in 2018/19 Strategic Intelligence assessment
 - Set as strategic priority under the 'Protecting People from Harm' theme in the Police and Crime Plan 2018 – 2021
 - Police and Crime Commissioner is signposted to the National Anti-Trafficking & Modern Slavery Network (NATMSN).
 - Dedicated police team sat within the Investigations and Operation Support Directorate with specially trained officers / staff and embedded partnership / safeguarding arrangements. Chief Constable is committed to continued investment in this area of work
 - Established Anti-Slavery Partnership led by local authority Chief Executive with a pledge to make Nottingham and Nottinghamshire slavery free.
-



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INTELLIGENCE

- Triage process managed by MSHT team to ensure source referrals are captured and assessed
 - National / regional data returns and threats assessments shared across partnerships
 - Local threat assessment undertaken annually using MoRILE
 - Processes in place to identify, map and manage MSHT organised crime groups
 - Information sharing agreements in place across key partnerships
 - Regular media communications to build community awareness and increase reporting e.g., Operation Aidant, promoting successful prosecutions
 - On-going awareness training to partners, service providers and NGOs
 - Proactive intelligence gathering operations undertaken jointly with partners e.g., car washed, sex industry, nail bars
 - Maximising compliance with NRM standards and Duty to Notify across agencies
 - Established and effective links to Government Agency Intelligence Network (GAIN)
 - Focused effort on recruitment and use of open source networks
-

VICTIM IDENTIFICATION & INITIAL RESPONSE

- All first responder agencies across Nottinghamshire have received MSHT, including Police, Fire, NHS, Local Authorities, Trading Standards.
 - Awareness training delivered to other key agencies, both public, private and 3rd Sector e.g., MASH, Adult / Child safeguarding, Probation, High street banks, Unions, Social Care, Safeguarding Champions
 - Force has adopted the Human Trafficking Foundation's, 'The Slavery and Trafficking Survivor Standards'
 - Joint working with University of Nottingham to understand survivor journeys
 - Recent regional adoption of Barnardo's Independent Child Trafficking Advocates
 - Continues use of Red Cross 'Your Space' project providing per-NRM emergency accommodation and support in Nottinghamshire and Derbyshire
 - Nottingham City Council 12 month accommodation pilot
 - Specialist trained officers in interviewing vulnerable victims
 - Continued engagement with CPS around victimless prosecutions
-



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CRIME RECORDING

- MSHT triage all reports and referrals to ensure compliance with National Crime Recording Standards (NCRS)
 - Internal audit in 2018 found 100% compliance
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INVESTIGATION

- Call Handlers and Help Desk staff have received training and can access guidance to identify incidents of MSHT
 - Front line officers have access to MSHT booklet and electronic guidance via Optik interface
 - Training provided across all agencies on NRM and Duty of Notify.
 - Nationally accredited specialist training provided to all MSHT team investigators
 - Joint Investigation Teams being utilised through Eurojust i.e., recently with Nottinghamshire and Polish investigators / prosecutors
 - Maximising use of Interpol and European law enforcement tools
 - Financial investigators now routinely allocated to MSHT enquiries
 - Established partnership network ensures early exchange of information and mutual support
 - The force has, pro-rata, achieved high levels of successful MSHT prosecutions nationally
-

LEARNING

- E learning and classroom training delivered across force, including to new recruits. New College of Policing material to be made available during 2019
 - Numerous training events and deliveries across full range of partners delivered by both Police and Hope for Justice
 - Training materials / information available across numerous websites, including POLKA
 - Access to expertise and tactical advice through Modern Slavery Transformation Units
 - Attendance at relevant CPD events annually
-



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PREVENTION

- Force is working collaboratively with other agencies, such as the GLAA, in areas that are traditionally linked to MSHT i.e., The Responsible Car Wash Scheme
 - Force has successfully applied for Slavery and Trafficking Preventions Orders for offences committed under the Moderns Slavery 2015
 - Force is now focused on working with other agencies to secure Slavery and Trafficking Restriction Orders (pre-conviction) for organised CSE offenders and those involved in the criminal exploitation of young persons and vulnerable adults (County Lines)
 - Work with universities and immigration of the student visa process, which can be abused to facilitate the movement of potential victims into Nottinghamshire, particularly from Vietnam and China
 - Promote the Modern Slavery Transparency Statement across all business and public sector partners in Nottinghamshire
 - Joint working with prostitution outreach workers
-



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THE FUTURE

- Continue investment in the MSHT Team in both personnel and training
- Increased awareness training with a focus in 2019 on the private business sector
- On-going promotion of Responsible Car Wash Scheme and similar prevention initiatives
- Development of a MARAC style structure to manage both victims and offenders (to be piloted in the City in early 2019)
- Further promotion of issues across communities to encourage reporting and greater intelligence
- Increase the number of Joint Investigation Teams to tackle crime groups globally that have links to Nottinghamshire
- Work with partners to increase availability of emergency and longer term accommodation for victims
- Independent review of Modern Slavery Act 2015



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CHALLENGES

- Brexit – loss of European investigation arrangements / changing profile of criminality i.e., exploitation of more UK citizens
 - Reduced funding for Modern Slavery Transformation Unit and specialist advisers
 - Loss of funding for the Red Cross ‘Your Space’ project
 - Potential for increasing numbers of falsified NRM referrals made by asylum seekers to strengthen claims of legitimacy
 - Growth in ‘County Lines’ criminal exploitation
 - Capacity to cope with emergency ‘bed space’ and accommodation needs
 - Capacity and capability of the National Referral Mechanism
 - Indifference of some sections of society
-



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CLOSING REMARKS

- Nottinghamshire Police recognise they have only just scratched the surface of what is still very much an 'unseen' crime. Strong collaboration with local partners has allowed for a more informed understanding of the threat and provided an enhanced capability to support local investigations and prevention strategies.
- The actual number of victims encountered remains low in relative terms when compared with other crime types. However, the needs of victims are challenging and investigations into this organised criminality remains complex, often requiring overseas travel and negotiations with international law enforcement partners
- Nottinghamshire Police are meeting the recommendations from HMICFRS' 2017 report, but acknowledge that they need to continually adapt to the changes and complexities of investigating MSHT and supporting vulnerable victims.

For Information and Decision	
Public/Non Public*	Public
Report to:	Audit and Scrutiny Panel
Date of Meeting:	February 2019
Report of:	Chief Finance Officer
Report Author:	Charlotte Radford
Other Contacts:	Neil Harris EY
Agenda Item:	6

EXTERNAL AUDIT SUMMARY PLAN 2018-19

1. Purpose of the Report

- 1.1 To provide members with the proposed External Audit Summary Plan covering the audit of the Accounts for 2018-19.
- 1.2 A more detailed plan will be provided once the interim work has been undertaken.
- 1.3 To take this opportunity to introduce the new external auditors for the Commissioner and Chief Constable.

2. Recommendations

- 2.1 Members are requested to consider and approve the External Audit Summary Plan attached at Appendix A.

3. Reasons for Recommendations

- 3.1 This complies with good governance, financial regulations and audit regulations.

4. Summary of Key Points

- 4.1 The External Auditor has assessed the required time to complete the audit for the accounts for 2018-19.

5. Financial Implications and Budget Provision

- 5.1 None as a direct result of this report. The External Audit fees for the Force and OPCC accounts have been budgeted for within the OPCC budget.

6. Human Resources Implications

- 6.1 None

7. Equality Implications

7.1 None

8. Risk Management

8.1 Any change of the financial management system is always identified as a risk.
The move to Oracle Fusion is currently under close scrutiny.

9. Policy Implications and links to the Police and Crime Plan Priorities

9.1 None

10. Changes in Legislation or other Legal Considerations


10.1 None

11. Details of outcome of consultation

11.1 Not applicable

12. Appendices

A – External Audit Plan (**to follow**)



Police and Crime Commissioner and Chief Constable for Nottinghamshire Police

Initial audit plan

February 2019



The Police and Crime Commissioner for and Chief Constable of Nottinghamshire Police

15th February 2019

2018/19 Initial Audit Plan

We are pleased to attach our summary Audit Plan which sets out how we intend to carry out our responsibilities as auditor. Its purpose is to provide the Corporate Soles and the Audit and Scrutiny Panel with a basis to review our summary audit approach and scope for the 2018/19 audit. We are undertaking our work in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2015 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements. It is also to ensure that our audit is aligned with the Panel's service expectations.

This plan summarises our initial assessment of the key risks driving the development of an effective audit for the Police and Crime Commissioner (PCC) and Chief Constable (CC). This is an initial audit plan as we have not yet completed all our planning and interim procedures. We have had planning discussions with the Chief Finance Officers on the 23rd November 2018 and 13th February 2019. We have reviewed and carefully considered the work of your predecessor auditor, KPMG LLP. We have also considered your significant strategic, financial and risk management papers.

Our remaining audit strategy and interim audit procedures are taking place during the weeks of the 18th March and 25th March. We have also allowed time on the week of the 22nd April to conclude any outstanding areas before the audit of the PCC and CC financial statements. At the Audit and Scrutiny Panel on the 29th May 2019, we will provide you with our final Audit Planning document including any matters arising from our interim audit work.

This report is intended solely for the information and use of the PCC and CC, Audit and Scrutiny Panel and management, and is not intended to be and should not be used by anyone other than these specified parties.

We welcome the opportunity to discuss this report with you on 22nd February 2019 as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully

Neil Harris
For and on behalf of Ernst & Young LLP
Enc



Overview of our initial audit strategy 2018/19



Overview of our 2018/19 audit strategy

The following 'dashboard' summarises the significant accounting and auditing matters outline risk identification for the upcoming audit and ad in this report. It seeks to provide the Police and Crime Commissioner (PCC) and Chief Constable (CC) with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year.

Audit risks and areas of focus

Risk / area of focus	Risk identified	Change from PY	Details
Misstatements due to fraud or error	Fraud risk	No change from assessment made by KPMG	As identified in ISA 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that would otherwise appear to be operating effectively.
Valuation of land and buildings	Inherent Risk	No change from assessment made by KPMG	The fair value of Property, Plant and Equipment (PPE) represent significant balances in the Group's accounts and are subject to valuation changes, impairment reviews and depreciation charges. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet. There is a risk that fixe assets may be over/under stated or the associated accounting entries incorrectly posted.
Accounting for the Net Pension Liability	Inherent Risk	No change from assessment made by KPMG	The Group's pension fund deficit is a material estimated balance for both the PCC and CC. Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.
Multi-Force Shared Services (MFSS) Adequacy of arrangements for governance and risk management on the implementation of Project Fusion	Value for Money significant risk	New area of focus	<p>We will follow-up KPMG's except for qualification on the governance arrangements for MFSS and the implementation of Project Fusion. We have noted from KPMG LLP's prior year Audit Results Report and their Annual Audit Letter the steps taken by management at PCC and CC to rectify the situation and improve project governance, accountability and oversight. We understand there are still significant risks to the MFSS project which is anticipated to go-live from 1st April 2019. We will review the PCC and CC arrangements including:</p> <ul style="list-style-type: none"> • Project governance and accountability. • Risk management. • Consideration of financial, service and reputational implications and risks from further project slippage.

Overview of our 2018/19 audit strategy

Audit scope

This Audit Plan covers the work that we plan to perform to provide you with:

- Our audit opinion on whether the financial statements of the PCC and CC for Nottinghamshire give a true and fair view of the financial position as at 31 March 2019 and of the income and expenditure for the year then ended; and
- Our conclusion on the PCC and CC's arrangements to secure economy, efficiency and effectiveness.

We will also review and report to the National Audit Office (NAO), to the extent and in the form required by them, on the PCC's and CC's Whole of Government Accounts return.

Our audit will also include the mandatory procedures that we are required to perform in accordance with applicable laws and auditing standards.

When planning the audit we take into account several key inputs:

- Strategic, operational and financial risks relevant to the financial statements;
- Developments in financial reporting and auditing standards;
- The quality of systems and processes;
- Changes in the business and regulatory environment; and,
- Management's views on all of the above.

By considering these inputs, our audit is focused on the areas that matter and our feedback is more likely to be relevant to the PCC and CC.

Your audit team will be led by



Neil Harris – Associate Partner
Neil has over 25 years experience of Local Authorities, including Police audits, Pension Funds and their respective audits, and has been an Engagement Leader in EY for six years, having previously worked for the Audit Commission as a District Auditor between 2009 and 2012.

Audit risks

Our response to significant risks

We have set out the significant risks (including fraud risks denoted by*) identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.

Misstatements due to fraud or error *

What is the risk?

The financial statements as a whole are not free of material misstatements whether caused by fraud or error.

As identified in ISA (UK and Ireland) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.

For the Group and PCC Single Entity, we have identified the potential for the incorrect classification of revenue spend as capital as well as revenue expenditure under statute, if material as a particular area where there is a risk of fraud or error.

Under ISA240 there is also a presumed risk that revenue may be misstated due to improper recognition of revenue. In the public sector, this requirement is modified by Practice Note 10, issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition. We consider this risk is not material in relation to our audit.

What will we do?

We will undertake our standard procedures to address fraud risk, which include:

- Identifying fraud risks during the planning stages.
- Inquiring of management about risks of fraud and the controls put in place to address those risks.
- Understanding the oversight given by those charged with governance of management's processes over fraud.
- Considering the effectiveness of management's controls designed to address the risk of fraud.
- Determining an appropriate strategy to address those identified risks of fraud.
- Performing mandatory procedures regardless of specifically identified fraud risks, including testing of journal entries and other adjustments in the preparation of the financial statements.
- We will specifically consider how the PCC and CC have made judgements on whether to accrue or provide against known litigations, claims and costs. An example will focus on is the PCCs share of any costs associated with delays or changes to the MFSS project.

Our response to inherent risks

Valuation of Land & Buildings

Misstatements that occur in relation to this risk may impact the following significant accounts:

Property Plant & Equipment (Valuation)
Unusable Reserves: (Valuation & P&D)
Revaluation Reserve
Capital Adjustment Account

What is the risk?

The fair value of Property, Plant and Equipment (PPE) represent significant balances in the Group accounts and are subject to valuation changes, impairment reviews and depreciation charges. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.

What will we do?

We will:

- Consider the work performed by the Group and PCC valuers, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work;
- Sample test key asset information used by the valuers in performing their valuation (e.g. floor plans to support valuations based on price per square metre);
- Consider the annual cycle of valuations to ensure that assets have been valued within a 5 year rolling programme as required by the Code of Practice. We will also consider if there are any specific changes to assets that have occurred and that these have been communicated to the valuer;
- Review assets not subject to valuation in 2018/19 to confirm that the remaining asset base is not materially misstated;
- Consider changes to useful economic lives as a result of the most recent valuation;
- Test accounting entries have been correctly processed in the financial statements; and
- Make use of our valuation experts to review the change in valuation methodology and as deemed appropriate.

Audit risks

Our response to inherent risks, continued...

What is the risk?

Net Pension Liability Valuation

The Local Authority Accounting Code of Practice and IAS19 require the CC to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme. The PCC must also do similar in respect of the Police Pension Fund.

The PCC and CC's pension fund deficit is a material estimated balance and the Code requires that this liability be disclosed on the respective balance sheets of the PCC and CC.

The information disclosed is based on the IAS 19 report issued to the PCC and CC by the actuary to the administering body and also the Police Pension Fund. Accounting for these schemes involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

What will we do?

We will:

- Liaise with the auditors of Nottinghamshire Pension Fund, to obtain assurances over the information supplied to the actuary in relation to Nottinghamshire Police Force;
- Assess the work of the LGPS Pension Fund and the Police Pension actuary including the assumptions they have used by relying on the work of PWC - Consulting Actuaries commissioned by Public Sector Auditor Appointments for all Local Government sector auditors, and considering any relevant reviews by the EY actuarial team; and
- Review and test the accounting entries and disclosures made within the PCC and CC's financial statements in relation to IAS19.

Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but may be still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be key audit matters we will include in our audit report.

What is the risk/area of focus?	What will we do?
<p>IFRS 9 financial instruments</p> <p>This new accounting standard is applicable for local authority and police accounts from the 2018/19 financial year and will change:</p> <ul style="list-style-type: none"> • How financial assets are classified and measured; • How the impairment of financial assets are calculated; and • The disclosure requirements for financial assets. <p>There are transitional arrangements within the standard; and the 2018/19 Cipfa Code of practice on local authority accounting provides guidance on the application of IFRS 9.</p>	<p>We will:</p> <ul style="list-style-type: none"> • Assess the Group and PCC's implementation arrangements that should include an impact assessment paper setting out the application of the new standard, transitional adjustments and planned accounting for 2018/19; • Consider the classification and valuation of financial instrument assets; • Review new expected credit loss model impairment calculations for assets; and • Check additional disclosure requirements.
<p>IFRS 15 Revenue from contracts with customers</p> <p>This new accounting standard is applicable for local authority and police accounts from the 2018/19 financial year.</p> <p>The key requirements of the standard cover the identification of performance obligations under customer contracts and the linking of income to the meeting of those performance obligations.</p> <p>The 2018/19 Cipfa Code of practice on local authority accounting provides guidance on the application of IFRS 15 and includes a useful flow diagram and commentary on the main sources of LG revenue and how they should be recognised.</p> <p>The impact on Police accounting is likely to be limited as large revenue streams like council tax and government grants will be outside the scope of IFRS 15. However where that standard is relevant, the recognition of revenue will change and new disclosure requirements introduced.</p>	<p>We will:</p> <ul style="list-style-type: none"> • Assess the Group, PCC and CC implementation arrangements that should include an impact assessment paper setting out the application of the new standard, transitional adjustments and planned accounting for 2018/19; • Consider application to the Group, PCC and CC revenue streams, and where the standard is relevant test to ensure revenue is recognised when (or as) it satisfies a performance obligation; and • Check additional disclosure requirements.

Audit risks

Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but may be still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be key audit matters we will include in our audit report.

What is the risk/area of focus?

Preparations for faster closure of accounts, prepared by 31st May and the publication of accounts by 31st July.

We understand the closedown and preparation of the financial statements will be undertaken by the CCs finance team. This brings back in-house the preparation of accounts when in the prior year the PCC and CC used the CIPFA Big Red Button and encountered difficulties. We understand that a manual process will be completed to ensure the accounts comply with the CIPFA Code of Practice. This year there are risks that:

- There is not sufficient capacity and resilience to meet the closedown timetable.
- There is not adequate arrangements in place for management quality assurance and review of the financial statements and supporting working papers prior to audit.
- A manual process could result in areas of non-compliance with the CIPFA Code or risk a material error or omission of key disclosures.
- There are delays or slippage in delivering data for analytics work or in providing good quality working papers and responses to our audit queries.

What will we do?

We will:

- Assess the robustness of the PCC and CC accounts closedown timetable;
- Assess the capacity and resilience of the PCC and CC teams to respond to our requests for data, information and address audit queries;
- Assess the quality of the draft financial statements prepared for audit and the completeness of the supporting working papers at the start of the year-end audit.

We will also highlight and escalate at an early stage if we foresee risks that the PCC and CC will be unable to meet the closedown and audit timetables. Should that be the case, we will notify you on the timing of your audit which may be postponed. As your auditor, we have a more significant peak in our audit work and shorter period to complete the audit. Risks for us relate to the delivery of all audits within the same compressed timetable. Slippage at one audit could potentially put others at risk.

To support the PCC and CC we will:

- Work with you to facilitate any early substantive testing where appropriate.
- Provide faster close workshops to provide an interactive forum for accountants and auditors to share good practice and ideas to enable us all to achieve a successful faster closure of accounts for the 2018/19 financial year.
- Agree the team and timing of each element of our work with you.
- Agree the supporting working papers that we require to complete our audit.

Introduction

The FRC Ethical Standard and ISA (UK) 260 “Communication of audit matters with those charged with governance”, requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our integrity, objectivity and independence. The Ethical Standard, as revised in June 2016, requires that we communicate formally both at the planning stage and at the conclusion of the audit, as well as during the course of the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

Required communications

Planning stage	Final stage
<ul style="list-style-type: none"> ▶ The principal threats, if any, to objectivity and independence identified by Ernst & Young (EY) including consideration of all relationships between the you, your affiliates and directors and us; ▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review; ▶ The overall assessment of threats and safeguards; ▶ Information about the general policies and process within EY to maintain objectivity and independence. ▶ Where EY has determined it is appropriate to apply more restrictive independence rules than permitted under the Ethical Standard [note: additional wording should be included in the communication reflecting the client specific situation] 	<ul style="list-style-type: none"> ▶ In order for you to assess the integrity, objectivity and independence of the firm and each covered person, we are required to provide a written disclosure of relationships (including the provision of non-audit services) that may bear on our integrity, objectivity and independence. This is required to have regard to relationships with the entity, its directors and senior management, its affiliates, and its connected parties and the threats to integrity or objectivity, including those that could compromise independence that these create. We are also required to disclose any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed; ▶ Details of non-audit services provided and the fees charged in relation thereto; ▶ Written confirmation that the firm and each covered person is independent and, if applicable, that any non-EY firms used in the group audit or external experts used have confirmed their independence to us; ▶ Written confirmation that all covered persons are independent; ▶ Details of any inconsistencies between FRC Ethical Standard and your policy for the supply of non-audit services by EY and any apparent breach of that policy; ▶ Details of any contingent fee arrangements for non-audit services provided by us or our network firms; and ▶ An opportunity to discuss auditor independence issues.

In addition, during the course of the audit, we are required to communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place, for example, when accepting an engagement to provide non-audit services.

We also provide information on any contingent fee arrangements, the amounts of any future services that have been contracted, and details of any written proposal to provide non-audit services that has been submitted;

We ensure that the total amount of fees that EY and our network firms have charged to you and your affiliates for the provision of services during the reporting period, analysed in appropriate categories, are disclosed.

Relationships, services and related threats and safeguards

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including the principal threats, if any. We have adopted the safeguards noted below to mitigate these threats along with the reasons why they are considered to be effective. However we will only perform non-audit services if the service has been pre-approved in accordance with your policy.

Overall Assessment

Overall, we consider that the safeguards that have been adopted appropriately mitigate the principal threats identified and we therefore confirm that EY is independent and the objectivity and independence of Neil Harris, your audit engagement partner and the audit engagement team have not been compromised.

Self interest threats

A self interest threat arises when EY has financial or other interests in the PCC and/or CC. Examples include where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with you. At the time of writing, there are no long outstanding fees.

We believe that it is appropriate for us to undertake permissible non-audit services and we will comply with the policies that you have approved.

None of the services are prohibited under the FRC's ES or the National Audit Office's Auditor Guidance Note 01 and the services have been approved in accordance with your policy on pre-approval. The ratio of non audit fees to audits fees is not permitted to exceed 70%.

At the time of writing, we are not undertaking any non-audit work on behalf of the Group. Therefore no additional safeguards are required.

A self interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to you. We confirm that no member of our audit engagement team, including those from other service lines, has objectives or is rewarded in relation to sales to you, in compliance with Ethical Standard part 4.

There are no other self interest threats at the date of this report.

Self review threats

Self review threats arise when the results of a non-audit service performed by EY or others within the EY network are reflected in the amounts included or disclosed in the financial statements.

There are no self review threats at the date of this report.

Relationships, services and related threats and safeguards

Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of management of the PCC and/or CC. Management threats may also arise during the provision of a non-audit service in relation to which management is required to make judgements or decision based on that work.

There are no management threats at the date of this report.

Other threats

Other threats, such as advocacy, familiarity or intimidation, may arise.

There are no other threats at the date of this report.

Other communications

EY Transparency Report 2018

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year ended 1 July 2018 and can be found here:

<https://www.ey.com/uk/en/about-us/ey-uk-transparency-report-2018>

Fees

Your proposed 2018-19 fee

Public Sector Audit Appointments Ltd (PSAA) has published the fee scale for the audit of the 2018/19 accounts of opted-in principal local government and police bodies.

This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the requirements of the Code of Audit Practice and supporting guidance published by the National Audit Office, the financial reporting requirements set out in the Code of Practice on Local Authority Accounting published by CIPFA/LASAAC, and the professional standards applicable to auditors' work.

A breakdown of our fees is shown in the table below.

	Planned fee 2018/19	Scale fee 2018/19	Final Fee 2017/18
	£	£	£
Total PCC Fee – Code work: Note 1	27,119	27,119	35,220
Total CC Fee – Code work Note 1	11,550	11,550	15,000
Total audit fees	38,669	38,669	50,220

All fees exclude VAT

Note 1:

The planned fees for 2018/19 may be subject to a scale fee variation due to increases in the scope of the audit as summarised below:

► The audit of significant risks reviewing the PCC and CC arrangements for informed decision making associated with their interest and exposure to the MFSS Project Fusion implementation.

In addition, the agreed fee presented is based on the following assumptions:

- Officers meeting the agreed timetable of deliverables;
- Our accounts opinion and value for money conclusion being unqualified;
- Appropriate quality of documentation is provided; and
- The PCC and CC have an effective control environment.

If any of the above assumptions prove to be unfounded, we will seek a variation to the agreed fee. This will be discussed with management in advance. Any variations to the audit fee need to be approved by PSAA.

Fees for the auditor's consideration of correspondence from the public and formal objections will be charged in addition to the scale fee.





Communications throughout the audit

Required communications with the PCC and CC

We have detailed the communications that we must provide to the PCC and CC.






Our Reporting to you

Required communications	 What is reported?	 When and where
Terms of engagement	Confirmation by the PCC and CC of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified. When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team	Audit planning report – February and May 2019
Significant findings from the audit	<ul style="list-style-type: none"> • Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures • Significant difficulties, if any, encountered during the audit • Significant matters, if any, arising from the audit that were discussed with management • Written representations that we are seeking • Expected modifications to the audit report • Other matters if any, significant to the oversight of the financial reporting process • Findings and issues regarding the opening balance on initial audits 	Audit results report – July 2019




Appendix B

Required communications with the PCC and CC (continued)

		 Our Reporting to you
Required communications	 What is reported?	 When and where
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> • Whether the events or conditions constitute a material uncertainty • Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements • The adequacy of related disclosures in the financial statements 	Audit results report – July 2019
Misstatements	<ul style="list-style-type: none"> • Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation • The effect of uncorrected misstatements related to prior periods • A request that any uncorrected misstatement be corrected • Corrected misstatements that are significant • Material misstatements corrected by management 	Audit results report – July 2019
Fraud	<ul style="list-style-type: none"> • Enquiries of the PCC and CC to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity • Any fraud that we have identified or information we have obtained that indicates that a fraud may exist • A discussion of any other matters related to fraud 	Audit results report – July 2019
Related parties	<ul style="list-style-type: none"> • Significant matters arising during the audit in connection with the entity's related parties including, when applicable: • Non-disclosure by management • Inappropriate authorisation and approval of transactions • Disagreement over disclosures • Non-compliance with laws and regulations • Difficulty in identifying the party that ultimately controls the entity 	Audit results report – July 2019




Appendix B

Required communications with the PCC and CC (continued)

		 Our Reporting to you
Required communications	 What is reported?	 When and where
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> • The principal threats • Safeguards adopted and their effectiveness • An overall assessment of threats and safeguards • Information about the general policies and process within the firm to maintain objectivity and independence 	<p>Audit planning report – February and May 2019</p> <p>Audit results report – July 2019</p>
External confirmations	<ul style="list-style-type: none"> • Management's refusal for us to request confirmations • Inability to obtain relevant and reliable audit evidence from other procedures 	Audit results report – July 2019
Consideration of laws and regulations	<ul style="list-style-type: none"> • Audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off • Enquiry of the PCC and CC into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the PCC and CC may be aware of 	Audit results report – July 2019
Internal controls	<ul style="list-style-type: none"> • Significant deficiencies in internal controls identified during the audit 	Management letter/audit results report – September 2019

Appendix B

Required communications with the PCC and CC (continued)

		 Our Reporting to you
Required communications	 What is reported?	 When and where
Group audits	<ul style="list-style-type: none"> • An overview of the type of work to be performed on the financial information of the components • An overview of the nature of the group audit team's planned involvement in the work to be performed by the component auditors on the financial information of significant components • Instances where the group audit team's evaluation of the work of a component auditor gave rise to a concern about the quality of that auditor's work • Any limitations on the group audit, for example, where the group engagement team's access to information may have been restricted • Fraud or suspected fraud involving group management, component management, employees who have significant roles in group-wide controls or others where the fraud resulted in a material misstatement of the group financial statements 	<p>Audit planning report – February and May 2019</p> <p>Audit results report – July 2019</p>
Representations	Written representations we are requesting from management and/or those charged with governance	Audit results report – July 2019
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	Audit results report – July 2019
Auditors report	<ul style="list-style-type: none"> • Key audit matters that we will include in our auditor's report • Any circumstances identified that affect the form and content of our auditor's report 	Audit results report – July 2019
Fee Reporting	<ul style="list-style-type: none"> • Breakdown of fee information when the audit plan is agreed • Breakdown of fee information at the completion of the audit • Any non-audit work 	<p>Audit planning report – February and May 2019</p> <p>Audit results report – July 2019</p>

For Information	
Public/Non Public	Public
Report to:	Joint Audit and Scrutiny Panel
Date of Meeting:	22 nd February 2019
Report of:	Amanda Froggatt, Strategic Support Officer
Report Author:	Amanda Froggatt, Strategic Support Officer
E-mail:	amanda.froggatt@nottinghamshire.pnn.police.uk
Other Contacts:	Amanda Froggatt, Strategic Support Officer
Agenda Item:	7

ASSURANCE MAPPING 2019/20

1. Purpose of the Report

- 1.1 This report is to provide the Joint Audit and Scrutiny Panel (JASP) with a dashboard view of assurance levels against each business area of the force. This is a new streamlined approach which assesses individual areas against CIPFA Solace governance criteria.
- 1.2 The report will be supported with a presentation by Deputy Chief Constable Barber which gives a more in-depth overview of the approach taken and how the outcomes were achieved.

2. Recommendations

- 2.1 That JASP agree that Finance, Information Governance, Information Services, Performance Management and Emergency Planning/Business Continuity are included in the Internal Audit Plan 2019/20, as outlined in Appendix 1.

3. Reasons for Recommendations

- 3.1 The use of assurance mapping as a management tool will benefit the Force in terms of seeking continual improvement and mitigating organisational risk.

4. Summary of Key Points

Overview

- 4.1 Assurance refers to any evidence that can provide stakeholders with confidence that an organisation is operating efficiently and effectively to achieve its agreed objectives, and that any risks to achieving objectives are being identified and adequately managed.
- 4.2 The assurance map will be reviewed and updated on a bi-annual basis.

- 4.3 A new approach to assurance mapping has been taken to provide a 'dashboard view' of levels of assurance, against indicative controls, set against key departments/areas of the force.
- 4.4 Assurance has been assessed at three levels, referred to as 'lines of defence':
- The first 'line of defence' is evidenced by internal management controls, including policy, procedure, strategy, process and systems;
 - The second 'line of defence' is evidenced by management scrutiny and oversight, including formal reporting mechanisms and performance reporting;
 - The third 'line of defence' is evidenced by independent oversight provided by internal audit and inspection conducted by HMICFRS and other inspectorates.
- 4.5 Each potential risk has been assessed against each 'line of defence' and given an assurance rating of 'none', 'limited', 'reasonable' or 'substantial'. Please note, where a formal assurance rating has not been provided by the internal auditor or the inspectorate, professional judgement has been applied.

Future application

- 4.6 The scope of this assurance mapping exercise has been limited to key areas business areas namely, Finance, Workforce Planning, Information Governance, Information Services, Partnerships, Performance Management, Buildings/Asset Management, Ethical Standards and Conduct, Project Management/Programme Management, Risk Management, Emergency Planning/Business Continuity and Operations.
- 4.7 Where assurance is judged to be inadequate, the following courses of action will be considered:
- Review of policy, procedure, strategy and system;
 - Commission audit/review by the Business Improvement Team or Peer Review;
 - Commission of internal audit as part of the Joint Internal Audit Plan.

5 Financial Implications and Budget Provision

- 5.1 There are no financial implications associated with assurance mapping. This exercise is carried out within normal budget provision.

6 Human Resources Implications

- 6.1 There are no human resource implications associated with assurance mapping.

7 Equality Implications

- 7.1 There are no equality implications associated with assurance mapping.

8 Risk Management

- 8.1 Assurance mapping will be used to inform the Internal Audit Plan. The findings from internal audits provide the Force with useful insight into risks through the identification of specific vulnerabilities. It is the responsibility of lead officers for each audited area to consider the audit findings and their implications in terms of risk management.

9 Policy Implications and links to the Police and Crime Plan Priorities

- 9.1 It is likely that findings from specific audits will have implications for Force policy and practice in the audited business area. Where that is the case, the lead officer or manager is responsible for preparing an appropriate action plan, with the support of the Governance and Planning Team, to be managed as part of the Force's established audit and inspection reporting process.

10 Changes in Legislation or other Legal Considerations

- 10.1 There are no known future changes in legislation that are likely to impact on the internal audit plan.

11 Details of outcome of consultation

- 11.1 The relevant Heads of Departments were consulted as part of this process to gather information.

12 Appendices

- 12.1 Appendix 1: Key Findings from Assurance Mapping Process

Appendix 1 – Overview of Assurance Mapping Process

Business Areas	Overall Assurance Rating	Included on Internal Audit Plan 2019/2020	Recommendation
Finance	Reasonable	✓	Legal requirement to audit annually. To be included on Internal Audit Plan
Workforce Planning	Reasonable	X	Area will be re-inspected at the next HMICFRS Integrated PEEL Inspection. No requirement for inclusion on plan
Information Governance	Limited	✓	Due to Limited Grading from 2018 Audit to be included on Internal Audit Plan
Information Services	Limited	✓	This is an area which has not been looked at from a HMICFRS perspective or as part of an internal audit. This will be included on the Internal Audit Plan and will also be considered for a PEER Review
Partnerships	Reasonable	?	This is an area which will be audited at the end of March 2019. Consideration to be given to inclusion on Internal Audit Plan when audit is concluded
Performance Management	Reasonable	✓	Due to Requires Improvement Grading - will be reviewed by HMICFRS and is currently on the Force Risk Register as an area of concern for the force. A Mazars Audit in May 2017 gave the force Reasonable Assurance but this was not replicated in the HMICFRS Inspection in 2018. This to be included on Internal Audit Plan with specific attention being given to the areas identified by HMICFRS
Buildings/Asset Management	Reasonable	X	Substantial governance evidence exists in this area of the business and when audited by Mazars in 2017 received a reasonable assurance grading. Not to be included on Internal Audit Plan
Ethical Standards and Conduct	Reasonable	X	Substantial governance evidence exists in this area of the force and when inspected by HMICFRS in 2018 received a Grading of Good. Not to be included on Internal Audit Plan

Business Areas	Overall Assurance Rating	Included on Internal Audit Plan 2019/2020	Recommendation
Project Management/ Programme Management	Limited	X	This is an area which, whilst touched on from a HMICFRS perspective and been given Requires Improvement, has not been looked at in-depth or as part of an internal audit. This should be included on the Internal Audit Plan and also be considered for a PEER Review
Risk Management	Reasonable	X	Risk management was looked at in 2016 and then re-visited by Mazars in 2017 and given Reasonable Assurance Grading. With the introduction of a new Risk Management System proposed for 2019 it would be opportune to include it on the 2020 plan to see whether the system has had a positive impact and contributed to an improvement in governance controls. Will be included in 2020 Internal Audit Plan
Emergency Planning/Business Continuity	Limited	✓	Due to the limited assurance of many of governance criteria this is to be included as part of the Internal Audit Plan
Operations	Reasonable	X	Operational areas of our business are inspected annually by the HMICFRS through their Integrated PEEL Inspections. Not to be included on our Internal Audit Plan



Assurance Mapping – a new approach

DCC Barber



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Why?

- Introduces a new strategic approach which considers risk through an infrastructure of organisational themes
- Intrinsically links governance and assurance to support deliver of the Force's Delivery Plan and Commissioner's Police and Crime Plan priorities
- Allows risk to neatly dovetail into the strategic planning processes of the organisation
- Provides a robust framework to test whether we have the correct controls and assurance in place
- Gives insight into areas of our business which need attention through internal or external controls

Indicative Controls

- Creation of organisational themes, covering all aspects of the force
- Against each theme are indicative controls (which complement the CIPFA SOLACE Delivering Good Governance in Local Government Framework)
- Force is able to undertake gap analysis of the both the organisational and operational infrastructure of the business and identify those strategic risks which need addressing

Infrastructure – Organisational Themes



- Financial Management
- Workforce/Human Resource Management
- Information Governance
- Authorised Professional Practice Compliance
- Partnership Governance
- Performance Management
- Asset Management
- Information Services Asset Management
- Ethical Standards and Conduct
- Project/Programme Management
- Risk Management
- Business Continuity and Emergency Resilience

Example – Financial Management

What is the risk?

The failure to create, maintain and develop an effective strategic and operational approach to Force-wide financial management that would have the consequence of the inability of the Force to adequately manage its resources and demonstrate compliance with statutory obligations, resulting in potentially poor financial management, accountability, transparency, and a failure to meet the financial targets contained in the PCC's annual budget and Medium Term Financial Strategy



Indicative Controls



FINANCIAL MANAGEMENT

Strategic Lead – Chief Constable Guildford
Tactical Lead – Mark Kimberley (Head of Finance)

Risk Description

The failure to create, maintain and develop an effective strategic and operational approach to Force-wide financial management that would have the consequence of the inability of the Force to adequately manage its resources and demonstrate compliance with statutory obligations, resulting in potentially poor financial management, accountability, transparency, and a failure to meet the financial targets contained in the PCC's annual budget and MTFS.

Indicative Controls

1. Budget strategy exists and is regularly reviewed including roles, responsibilities, timescales, reporting procedures etc
2. Set of up-to-date Financial Regulations supported by financial procedures
Efficient suite of integrated financial systems that enables the effective stewardship of resources and facilitates effective and devolved budget monitoring

Gap Analysis



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Domain: Finance

Completed By: Mark Kimberley



	Indicative Control (from list)	Amended / Suggested / Changes / New	Exists Fully / Partly / Not			Complied with Fully / Partly / Not			Evidence to support assessment	Action Required	Who	When
			F	P	N	F	P	N				
¹	Budget Strategy exists and is regularly reviewed including role, responsibilities, timescales, reporting procedures etc.	MTFP exists and is reviewed twice yearly at Force Exec Board and with the OPCC in specified monthly meeting. Approved once a year at Group level and we now ensure there is a direct link with Group Medium Term Financial Strategy and the Forces Medium Term Financial Plan	F			F			7 th Feb went to Police and Crime Panel following comments went to Commissioner to agree (OPCC website) Item 6 MTFS	Maintain	N/A	N/A
²	Set of up-to-date Financial Regulations supported by financial procedures	Have active set of Financial Regulations, dated, and so we are currently reviewing our financial regulations and delegations.	F				P		Financial regulations on OPCC website – include delegations	Create joint set of financial regulations and delegations	Mark Kimberley/Charlie Radford	May 2018

Overview of Assurance Map



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Financial Management - The failure to create, maintain and develop an effective strategic and operational approach to Force-wide financial management that would have the consequence of the inability of the Force to adequately manage its resources and demonstrate compliance with statutory obligations, resulting in potentially poor financial management, accountability, transparency, and a failure to meet the financial targets contained in the PCC's annual budget and Medium Term Financial Strategy

Potential impact	First line of defence: Policy, Procedure, Strategy, Process, System		Second line of defence: Management oversight, Corporate Meetings, Management Information		Third line of defence: Independent assurance provided by internal and external audits, HMIC, IPCC and Peer Reviews, which have taken place in the last three years.		Overall Assurance Rating	Notes / Recommendations
	Assurance		Assurance	Rationale	Assurance	Rationale		
Very high	Substantial	Medium Term Financial Plan exists and is directly linked to the Group's Medium Term Financial Strategy and Force's Medium Term Financial Strategy	Substantial	Reviewed twice yearly at the Force Executive Board and monthly with the OPCC.	Limited	Mazars Core Financials Audit - Reasonable Assurance Grading HMICFRS Integrated PEEL Inspection 2017 - Requires Improvement (not likely to change for 2018)	Limited	Legal requirement to undertake internal audit yearly? Due to likely Requires Improvement Grading - will be reviewed by HMICFRS at next Integrated PEEL Effectiveness Inspection
					Reasonable	Ernst and Young Audit - Compliant	Reasonable	
Very high	Substantial	Active set of Financial Regulations exist	Substantial	Agreed at Force Executive Board and presented to Joint Audit and Scrutiny Panel November 2018	Limited	Mazars Core Financials Audit - Reasonable Assurance Grading HMICFRS Integrated PEEL Inspection 2017 - Requires Improvement (not likely to change for 2018)	Limited	Legal requirement to undertake internal audit yearly? Due to likely Requires Improvement Grading - will be reviewed by HMICFRS at next Integrated PEEL Effectiveness Inspection
					Reasonable	Ernst and Young Audit - Compliant	Reasonable	
Very high	Substantial	Force has Oracle E-business suite which is a fully integrated Finance/HR/Payroll System	Substantial	System is able to produce adequate management information in order to give force ability for effective stewardship of resources and adequate budget monitoring	Limited	Mazars Core Financials Audit - Reasonable Assurance Grading HMICFRS Integrated PEEL Inspection 2017 - Requires Improvement (not likely to change for 2018)	Limited	Legal requirement to undertake internal audit yearly? Due to likely Requires Improvement Grading - will be reviewed by HMICFRS at next Integrated PEEL Effectiveness Inspection
					Reasonable	Ernst and Young Audit - Compliant	Reasonable	

Assurance – Levels of Defence



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Assessed at three levels, referred to as 'lines of defence':

- The **first 'line of defence'** is evidenced by internal management controls, including policy, procedure, strategy, process and systems
- The **second 'line of defence'** is evidenced by management scrutiny and oversight, including formal reporting mechanisms and performance reporting
- The **third 'line of defence'** is evidenced by independent oversight provided by internal audit and inspection conducted by HMICFRS and other inspectorates

Assurance Rating



- Each potential risk has been assessed against each 'line of defence' and given an assurance rating of 'none', 'limited', 'reasonable' or 'substantial'
- Where a formal assurance rating has not been provided by the internal auditor or the inspectorate, professional judgement has been applied

Action

Where assurance is judged to be inadequate , the following courses of action will be considered –

- Review of policy, procedure, strategy and system
- Commission audit/review by the Business Improvement Team or Peer Review
- Commission of internal audit as part of the Joint Internal Audit Plan

Dashboard Overview



NOTTINGHAMSHIRE
POLICE
PROUD TO SERVE

Business Areas	Overall Assurance Rating	Included on Internal Audit Plan	Recommendation
Finance	Reasonable	✓	Legal requirement to audit annually. To be included on Internal Audit Plan
Workforce Planning	Reasonable	X	Area will be re-inspected at the next HMICFRS Integrated PEEL Inspection. No requirement for inclusion on plan
Information Governance	Limited	✓	Due to Limited Grading from 2018 Audit to be included on Internal Audit Plan
Information Services	Limited	✓	This is an area which has not been looked at from a HMICFRS perspective or as part of an internal audit. This will be included on the Internal Audit Plan and will also be considered for a PEER Review
Partnerships	Reasonable	?	This is an area which will be audited at the end of March 2019. Consideration to be given to inclusion on Internal Audit Plan when audit is concluded
Performance Management	Reasonable	✓	Due to Requires Improvement Grading - will be reviewed by HMICFRS and is currently on the Force Risk Register as an area of concern for the force. A Mazars Audit in May 2017 gave the force Reasonable Assurance but this was not replicated in the HMICFRS Inspection in 2018. This to be included on Internal Audit Plan with specific attention being given to the areas identified by HMICFRS
Buildings/Asset Management	Reasonable	X	Substantial governance evidence exists in this area of the business and when audited by Mazars in 2017 received a reasonable assurance grading. Not to be included on Internal Audit Plan
Ethical Standards and Conduct	Reasonable	X	Substantial governance evidence exists in this area of the force and when inspected by HMICFRS in 2018 received a Grading of Good. Not to be included on Internal Audit Plan

Dashboard Overview



NOTTINGHAMSHIRE
POLICE
PROUD TO SERVE

Business Areas	Overall Assurance Rating	Included on Internal Audit Plan	Recommendation
Project Management/ Programme Management	Limited	X	This is an area which, whilst touched on from a HMICFRS perspective and been given Requires Improvement, has not been looked at in-depth or as part of an internal audit. This should be included on the Internal Audit Plan and also be considered for a PEER Review
Risk Management	Reasonable	X	Risk management was looked at in 2016 and then re-visited by Mazars in 2017 and given Reasonable Assurance Grading. With the introduction of a new Risk Management System proposed for 2019 it would be opportune to include it on the 2020 plan to see whether the system has had a positive impact and contributed to an improvement in governance controls. Will be included in 2020 Internal Audit Plan
Emergency Planning/Business Continuity	Limited	✓	Due to the limited assurance of many of governance criteria this is to be included as part of the Internal Audit Plan
Operations	Reasonable	X	Operational areas of our business are inspected annually by the HMICFRS through their Integrated PEEL Inspections. Not to be included on our Internal Audit Plan

Proposals for Internal Audit Plan



NOTTINGHAMSHIRE
POLICE
PROUD TO SERVE

Business Areas	Overall Assurance Rating	Included on Internal Audit Plan	Recommendation
Finance	Reasonable	✓	Legal requirement to audit annually. To be included on Internal Audit Plan
Information Governance	Limited	✓	Due to Limited Grading from 2018 Audit to be included on Internal Audit Plan
Information Services	Limited	✓	This is an area which has not been looked at from a HMICFRS perspective or as part of an internal audit. This will be included on the Internal Audit Plan and will also be considered for a PEER Review

Proposals for Internal Audit Plan



NOTTINGHAMSHIRE
POLICE
PROUD TO SERVE

Business Areas	Overall Assurance Rating	Included on Internal Audit Plan	Recommendation
Performance Management	Reasonable	✓	Due to Requires Improvement Grading - will be reviewed by HMICFRS and is currently on the Force Risk Register as an area of concern for the force. A Mazars Audit in May 2017 gave the force Reasonable Assurance but this was not replicated in the HMICFRS Inspection in 2018. This to be included on Internal Audit Plan with specific attention being given to the areas identified by HMICFRS
Emergency Planning/Business Continuity	Limited	✓	Due to the limited assurance of many of governance criteria this is to be included as part of the Internal Audit Plan
Custody	Limited	✓	Recently inspected by HMICFRS and given Requires Improvement. To be included on the Internal Audit Plan to assess corrective action undertaken by Force

For Decision	
Public/Non Public*	Public
Report to:	Audit and Scrutiny Panel
Date of Meeting:	February 2019
Report of:	Chief Finance Officer
Report Author:	Charlotte Radford
Other Contacts:	Brian Welch
Agenda Item:	Item 8

INTERNAL AUDIT ANNUAL PLAN 2019-20

1. Purpose of the Report

- 1.1 To inform members of the proposed plan of work for 2019-20.

2. Recommendations

- 2.1 Members are requested to consider and approve the audit plan for 2019-20 attached at **Appendix A**.

3. Reasons for Recommendations

- 3.1 This complies with good governance and financial regulations

4. Summary of Key Points

- 4.1 The internal auditors have met with the OPCC and force to agree the plan proposed at **Appendix A**. This plan for 2019-20 has been established based upon meeting statutory requirements for auditing key financial systems, the need to audit systems where there has been a significant change in year and other audit requests based upon risks within the strategic risk register and advisory audits required to ensure the smooth running of both legal entities.

5. Financial Implications and Budget Provision

- 5.1 None as a direct result of this report.

6. Human Resources Implications

- 6.1 None as a direct result of this report.

7. Equality Implications

- 7.1 None as a direct result of this report.

8. Risk Management

8.1 The risk register has been used in the production of this internal audit plan.

9. Policy Implications and links to the Police and Crime Plan Priorities

9.1 The work of internal audit supports all of the Police & Crime Plan priorities.

10. Changes in Legislation or other Legal Considerations

10.1 Legislative changes and potential risks associated with such changes have been considered in putting together this plan.

11. Details of outcome of consultation

11.1 The OPCC and Force were part of the process for producing this plan.

12. Appendices

12.1 **Appendix A** – Internal Audit Plan 2019-20



Office of the Police & Crime Commissioner for Nottinghamshire and Nottinghamshire Police

Draft Internal Audit Plan 2019/20

February 2019

This report has been prepared on the basis of the limitations set out on page 10.

This report and the work connected therewith are subject to the Terms and Conditions of the Framework Agreement dated 21 April 2015 between The Police and Crime Commissioner for Nottinghamshire and Mazars LLP and Order Form dated 12 May 2015 between Police and Crime Commissioner for Nottinghamshire and Mazars LLP. This report is confidential and has been prepared for the sole use of Police and Crime Commissioner for Nottinghamshire. This report must not be disclosed to any third party or reproduced in whole or in part without our prior written consent. To the fullest extent permitted by law, we accept no responsibility or liability to any third party who purports to use or rely, for any reason whatsoever, on this report, its contents or conclusions.

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1. Introduction

- 1.1 An annual proposed Internal Audit Operational Plan has been prepared on behalf of the Police and Crime Commissioner for Nottinghamshire and Nottinghamshire Police (the OPCC and Force) for the period 1 April 2019 to 31 March 2020.
- 1.2 As part of fulfilling the Joint Audit & Scrutiny Panel's (JASP) responsibilities, the JASP require assurance that it is focusing its attention on the key risks to the OPCC and Force and that it is receiving timely and effective assurance with regards the management of those risks. As Internal Audit is a one source of this assurance, Internal Audit have reviewed the OPCC / Force Risk Register with the aim of identifying where the OPCC / Force obtains this assurance and that the Internal Audit plan is suitably focused and aligned with other sources of assurance. The results of this exercise were considered when drawing the audit plan.
- 1.3 **Appendix A** contains our proposed **Annual Audit Plan 2019 – 2020**.

2. The Scope and Purpose of Internal Audit

- 2.1 Internal Audit's primary role is to provide the organisation's management with independent assurance on the effectiveness of the internal control systems that contribute to the achievement of the organisation's business objectives. In so doing, this will support the OPCC and Force in signing the Annual Governance Statement. It is also Internal Audit's role to provide the OPCC and Force with assurance that they have in place effective processes for the management of risk.
- 2.2 In drawing up the internal audit work programme it should be noted that:
 - The OPCC and Force are accountable for internal control. The OPCC and Force are responsible for maintaining a sound system of internal control that supports the achievement of the organisation's objectives, and for reviewing its effectiveness;
 - The system of internal control is designed to manage rather than eliminate the risk of failure to achieve these objectives;
 - The system of internal control can therefore only provide reasonable and not absolute assurance of effectiveness; and
 - The system of internal control is based on an on-going risk management process designed to identify the principal risks to the achievement of the organisation's objectives; to evaluate the nature and extent of those risks; and to manage them efficiently, effectively and economically.

2.3 As set out in the Audit Charter, Internal Audit fulfils its role by:

- Coordinating assurance activities with other assurance providers (such as the external auditors and HMICFRS) such that the assurance needs of the OPCC and Force, regulators and other stakeholders are met in the most effective way.
- Evaluating and assessing the implications of new or changing systems, products, services, operations and control processes.
- Carrying out assurance and consulting activities across all aspects of the OPCC and Force's business based on a risk-based plan agreed with the Joint Audit & Scrutiny Panel (JASP).
- Providing the Police & Crime Commissioner and Chief Constable with reasonable, but not absolute, assurance as to the adequacy and effectiveness of the key controls associated with the management of risk in the area being audited.
- Issuing periodic reports to the JASP and Senior Management Team summarising results of assurance activities.
- Re-enforcing an anti-fraud, anti-bribery and anti-corruption culture within the OPCC and Force to aid the prevention and detection of fraud.
- Assisting in the investigation of allegations of fraud, bribery and corruption within the OPCC and Force and notifying management and the JASP of the results.
- Assessing the adequacy of remedial action to address significant risk and control issues reported to the JASP. Responsibility for remedial action in response to audit findings rests with line management.

3. Approach

- 3.1 As part of fulfilling the Joint Audit & Scrutiny Panel's (JASP) responsibilities, the JASP require assurance that it is focusing its attention on the key risks to the OPCC and Force and that it is receiving timely and effective assurance with regards the management of those risks. As Internal Audit is a one source of this assurance, Internal Audit have reviewed the OPCC / Force Risk Register with the aim of identifying where the OPCC / Force obtains this assurance and that the Internal Audit plan is suitably focused and aligned with other sources of assurance. The results of this exercise were considered when drawing the audit plan.

- 3.2 The Assurance Framework provides a top-down identification and analysis of the assurance needs of the JASP, and aims to provide a co-ordinated view of the activity of the various assurance providers and therefore the right combination of direct, risk and independent assurance activities as shown below:



- 3.3 In drawing up the operational audit plan, the assurance review of the OPCC / Force risk register identified where the OPCC / Force obtained assurance it was managing its key risks, with the aim of aligning the Internal Audit plan with other sources of assurance. Audit were supported by management in conducting this review. The review was carried out through discussions with appropriate staff and review of documents to confirm the adequacy of the assurance processes in place. In particular, the review consisted of:

- Reviewing the key strategic risks (OPCC and Force) that the JASP require assurance on.
- Using the 'three lines of defence' model referred to above, considering the key sources of assurance that the risks are being effectively managed.
- Identifying and agreeing gaps in assurance.
- Agreeing whether the gaps should be addressed and, if so, whether Internal Audit were the appropriate source of that assurance.

In determining Internal Audit's current and future role in the 'assurance landscape', it should be noted that Internal Audit has a wider remit than purely focusing on just those risks set out in the OPCC / Force Strategic Risk Register, and is required to provide assurance on the systems of internal control, risk management and governance arrangements. For this reason, we also considered other key areas of assurance, including those relating to Finance, Governance, Procurement, Information Technology and Risk Management.

- 3.4 Through a focused approach to assurance, the internal audit service can be utilised to provide the right level of assurance, it can avoid unnecessary use of its finite resources and it can support the OPCC and Force in maintaining an effective Assurance Framework. Internal Audit, through its support for the Assurance Framework, should:
- support the OPCC and Force in managing its risks through the establishment (and, more importantly, the maintenance) of an Assurance Framework that is fit for purpose;
 - look to other sources of assurance and assurance providers, including third party assurance, to supplement the resources of the internal audit team;
 - work alongside other assurance providers, such as External Audit, to more effectively provide assurance and avoid duplication; and
 - through risk-based auditing, focus internal audit resource on what is really important to each organisation.
- 3.5 Further to the above risk identification process, it should also be remembered that Nottinghamshire form part of the wider East Midlands Policing Region and, as such, collaborate on a wide variety of services. The aim will therefore be to, wherever possible, align the audit plans across the region in order to secure efficiencies through collaborative auditing.

4 External Audit Consultation

- 4.1 We liaise closely with your external auditors in preparing, and then delivering, a co-ordinated approach to the provision of assurance.
- 4.2 We speak regularly with the External Auditors to consult on audit plans; discuss matters of mutual interest; discuss common understanding of audit techniques; methods and terminology; and to seek opportunities for co-operation in the conduct of audit work. In particular, we will offer the External Auditors the opportunity to rely on our work where appropriate, provided this does not prejudice our independence.
- 4.3 Internal audit forms a significant part of the organisation's governance arrangements and it is therefore also important that Internal and External Audit have an effective working relationship. To facilitate this relationship we included in the Audit Charter liaison arrangement with the external auditors under the Public Internal Audit Standards. The key principles behind this agreement are:
- a willingness and commitment to working together;
 - clear and open lines of communication; and
 - avoidance of duplication of work where possible.

Appendix A – Annual Audit Plan 2019-20

AUDITABLE AREA	PROPOSED TIMING ¹	JASP ²	PLAN DAYS	Commentary on Coverage
Core Assurance				
Core Financial Systems Assurance: <ul style="list-style-type: none"> • General Ledger • Payroll • Cash & Bank • Payments & Creditors • Income & Debtors 	Q3	Feb 2020	25	<p>To provide assurance with regards the adequacy and effectiveness of the systems of internal control in operation to manage the core financial systems. The scope of the work will include, but not be limited to:</p> <ul style="list-style-type: none"> • Policies and procedures • Access controls • Amendments to standing data • Reconciliations • Authorisation routines • Reporting <p>Similar to in previous years, the audit will include operations within the Multi-Force Shared Service (MFSS), although will focus more than last year on local operations. See SR3.</p>
Strategic & Operational Risk Assurance				
Data Quality	Q2	Nov 2019	10	<p>To provide assurance that effective governance, policies, procedures and data quality auditing routines are in place for ensuring the quality of crime recording data.</p> <p>The audit will select a sample of operational areas and provide assurance as to whether policies and procedures are being consistently applied. See SR6.</p>
Programme Management	Q3	Feb 2020	12	<p>Whilst the details of the scope will be agreed with management, the over-arching objective of the audit would be to provide assurance that projects are being effectively managed and that the expected benefits have been realised and / or the Force/ PCC have processes in place to measure the success of a project.</p>

AUDITABLE AREA	PROPOSED TIMING ¹	JASP ²	PLAN DAYS	Commentary on Coverage
MFSS Contract Management	Q1	July 2019	6	An audit of the area was carried out in 2018/19 following which a 'limited assurance' opinion was given. In light of the reliance placed on the Multi Force Shared Service (MFSS) to deliver services to the force, and taking account of the ongoing work internal audit have carried out on site at MFSS as part of the core financial systems audits, this audit will provide assurance that the force have robust contract monitoring arrangements in place to manage its relationship with the shared service. In particular, it will follow-up on the recommendation raised following the 2018/19 audit. See SR2.
Business Continuity & Emergency Planning	Q1	July 2019	10	To provide assurance that the Force has effective controls in place with regards business continuity arrangements. The scope will consider such areas as Business Continuity Policies and Procedures and templates; Incident Escalation & Emergency Action Procedures; Business Continuity Test Plans; Continuous Improvement \ Lessons Learnt; and Monitoring and Reporting. The audit will assess the Force's Emergency Planning arrangements and, in particular, whether they are adequate, up to date, monitored and tested.
IT Security	Q2	Nov 2019	10	The audit will review the controls and processes in place in respect of key IT risks, such as those relating to access controls, IT policies and procedures, network infrastructure and virus controls.
General Data Protection Regulation (GDPR)	Q3	Feb 2020	8	An audit of the area was carried out in 2018/19 following which a 'limited assurance' opinion was given. Using computer specialist resource, the objective will be to provide assurance with regards the force's implementation of, and adherence to, the new General Data Protection Regulations (GDPR) that will apply from 25 th May 2018. In particular, it will follow-up on the recommendation raised following the 2018/19 audit. See SR5.

AUDITABLE AREA	PROPOSED TIMING ¹	JASP ²	PLAN DAYS	Commentary on Coverage
Health & Safety	Q4	May 2020	6	An audit of the area was carried out in 2018/19 following which a 'limited assurance' opinion was given. It will provide assurance that the Force has effective processes in place in respect of health and safety and these are being consistently applied. In particular, it will follow-up on the recommendation raised following the 2018/19 audit.
Performance Management	Q1	July 2019	10	The audit will review the controls and processes in place in respect of how the force manages its performance, including establishing performance targets, managing performance and reporting. See SR7.
Custody Arrangements	Q4	May 2020	8	The force was recently inspected by the HMICFRS to assess how well it was fulfilling its responsibilities for the safe detention and respectful treatment of those detained in police custody, and the outcomes achieved for detainees. It was also assessed as to the compliance with the Police and Criminal Evidence Act 1984 (PACE) codes of practice and the College of Policing's Authorised Professional Practice - Detention and Custody. A number of issues were raised. This internal audit will ensure the corrective actions and measures put in place by the force fulfil the compliance criteria and adequately address the issues raised. See SR8.
Collaboration				
Collaboration	Q3 & Q4	Feb & May 2020	10	Resources have been allocated across each OPCC / Force in order to provide assurance with regards the systems and controls in place to deliver specific elements of regional collaboration. The intention would be to carry out audit reviews across the region. Consideration will be given to assessing whether the area of collaboration is delivering against its original objectives and what arrangements are in place, from an OPCC / Force perspective, for monitoring and managing the service.

AUDITABLE AREA	PROPOSED TIMING ¹	JASP ²	PLAN DAYS	Commentary on Coverage
Other				
Audit Management	Ongoing		14	This includes audit planning, production of progress and annual reports, and attendance at progress and JASP meetings.
Follow-up of Limited Assurance Report	Ongoing		3	Audit will follow-up the recommendations made in recent limited assurance reports where there is no specific audit of the area in the plan.
Contingency			8	To allow for additional / unforeseen audits to be carried out in agreement with the JASP and management.
TOTAL			140	

¹ Proposed timings for each audit to be agreed, with any changes reported to the JASP.

² Dates for delivery to the JASP are estimates at this stage and will be updated when future meeting dates are known and when precise fieldwork dates have been agreed.

Appendix B – Levels of Assurance & Opinions

Definitions of Assurance Levels		
Assurance Level	Adequacy of system design	Effectiveness of operating controls
Significant Assurance:	There is a sound system of internal control designed to achieve the Organisation's objectives.	The control processes tested are being consistently applied.
Satisfactory Assurance:	While there is a basically sound system of internal control, there are weaknesses which put some of the Organisation's objectives at risk.	There is evidence that the level of non-compliance with some of the control processes may put some of the Organisation's objectives at risk.
Limited Assurance:	Weaknesses in the system of internal controls are such as to put the Organisation's objectives at risk.	The level of non-compliance puts the Organisation's objectives at risk.
No Assurance:	Control processes are generally weak leaving the processes/systems open to significant error or abuse.	Significant non-compliance with basic control processes leaves the processes/systems open to error or abuse.

Definitions of Recommendations	
Priority	Description
Priority 1 (Fundamental)	Recommendations represent fundamental control weaknesses, which expose the organisation to a high degree of unnecessary risk.
Priority 2 (Significant)	Recommendations represent significant control weaknesses which expose the organisation to a moderate degree of unnecessary risk.
Priority 3 (Housekeeping)	Recommendations show areas where we have highlighted opportunities to implement a good or better practice, to improve efficiency or further reduce exposure to risk.

Appendix C – Contact Details

Contact Details

David Hoose	07552 007708 David.Hoose@mazars.co.uk
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Brian Welch	07780 970200 Brian.Welch@mazars.co.uk
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Statement of Responsibility

We take responsibility to the Office of the Police & Crime Commissioner for Northamptonshire and Northamptonshire Police for this report which is prepared on the basis of the limitations set out below.

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices.

This report is confidential and must not be disclosed to any third party or reproduced in whole or in part without our prior written consent. To the fullest extent permitted by law Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation amendment and/or modification by any third party is entirely at their own risk.

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For Information / Consideration	
Public/Non Public*	Public
Report to:	Joint Audit and Scrutiny Panel
Date of Meeting:	February 2019
Report of:	Chief Finance Officer
Report Author:	Charlotte Radford
Other Contacts:	Brian Welch
Agenda Item:	9

INTERNAL AUDIT PROGRESS REPORT

1. Purpose of the Report

- 1.1 To provide members with an update on progress against the Internal Audit Annual Plan for 2018-19 and the findings from audits completed to date.

2. Recommendations

- 2.1 Members are recommended to consider the report and where appropriate make comment or request further work in relation to specific audits to ensure they have adequate assurance from the work undertaken.

3. Reasons for Recommendations

- 3.1 This complies with good governance and in ensuring assurance can be obtained from the work carried out.

4. Summary of Key Points

- 4.1 The attached report details the work undertaken to date and summarises the findings from individual audits completed since the last progress report to the panel.

5. Financial Implications and Budget Provision

- 5.1 None as a direct result of this report.

6. Human Resources Implications

- 6.1 None as a direct result of this report.

7. Equality Implications

- 7.1 None as a direct result of this report.

8. Risk Management

- 8.1 None as a direct result of this report. Recommendations will be actioned to address the risks identified within the individual reports and recommendations implementation will be monitored and reported within the audit and inspection report to this panel.

9. Policy Implications and links to the Police and Crime Plan Priorities

- 9.1 This report complies with good governance and financial regulations.

10. Changes in Legislation or other Legal Considerations

- 10.1 None

11. Details of outcome of consultation

- 11.1 Not applicable

12. Appendices

- 12.1 Appendix A – Internal Audit Progress Report 2018-19



Office of the Police & Crime Commissioner for Nottinghamshire and
Nottinghamshire Police

Internal Audit Progress Report 2018/19

February 2019

Presented to the Joint Audit & Scrutiny Panel meeting of: 22nd February 2019

Contents

- 01 Introduction
- 02 Summary and conclusions from Internal Audit work to date
- 03 Performance

Appendices

- A1 Summary of Reports
- A2 Internal Audit Plan 2018/19
- A3 Definition of Assurances and Priorities
- A4 Contact Details
- A5 Statement of Responsibility

01 Introduction

- 1.1 The purpose of this report is to update the Joint Audit & Scrutiny Panel (JASP) as to the progress in respect of the Operational Plan for the year ended 31st March 2019 which was considered and approved by the JASP at its meeting on 30th May 2018.
- 1.2 The Police and Crime Commissioner and Chief Constable are responsible for ensuring that the organisations have proper internal control and management systems in place. In order to do this, they must obtain assurance on the effectiveness of those systems throughout the year, and are required to make a statement on the effectiveness of internal control within their annual report and financial statements.
- 1.3 Internal audit provides the Police and Crime Commissioner and Chief Constable with an independent and objective opinion on governance, risk management and internal control and their effectiveness in achieving the organisation's agreed objectives. Internal audit also has an independent and objective advisory role to help line managers improve governance, risk management and internal control. The work of internal audit, culminating in our annual opinion, forms a part of the OPCC and Force's overall assurance framework and assists in preparing an informed statement on internal control.
- 1.4 Responsibility for a sound system of internal control rests with the Police and Crime Commissioner and Chief Constable and work performed by internal audit should not be relied upon to identify all weaknesses which exist or all improvements which may be made. Effective implementation of our recommendations makes an important contribution to the maintenance of reliable systems of internal control and governance.
- 1.5 Internal audit should not be relied upon to identify fraud or irregularity, although our procedures are designed so that any material irregularity has a reasonable probability of discovery. Even sound systems of internal control will not necessarily be an effective safeguard against collusive fraud.
- 1.6 Our work is delivered in accordance with the Public Sector Internal Audit Standards (PSIAS).

02 Summary of internal audit work to date

- 2.1 Since the last progress report to the JASP we have issued four final reports, these being in respect of Commissioning, General Data Protection Regulations (GDPR), Health & Safety and Firearms Licensing. Additionally, we have issued draft reports in respect of the Core Financial Systems and IT Strategy where we await management's responses. Further details are provided in Appendix 1.

Nottinghamshire 2018/19 Audits	Report Status	Assurance Opinion	Priority 1 (Fundamental)	Priority 2 (Significant)	Priority 3 (Housekeeping)	Total
Force Management of MFSS Arrangements	Final	Limited	2	2		4
Code of Governance	Final	Satisfactory		4		4
Health & Safety	Final	Limited	1	3	1	5
Commissioning	Final	Satisfactory		2	1	3
Follow-up of Limited Assurance Recommendations	Final	N/A				
Core Financial Systems	Draft					
IT Strategy	Draft					
GDPR	Final	Limited	2	1	4	7
Firearms Licensing	Final	Satisfactory		3	1	4
Total			5	15	7	27

- 2.2 With regards ongoing audits, the audits of Seized Property and Partnership Working are scheduled to be being in the next few weeks. Further details are provided in Appendix 2.

- 2.3 The 2018/19 Collaboration Internal Audit Plan is largely complete. Since the last progress report to the JASP we have issued two draft reports, these being in respect of Risk Management and Business Planning. Responses in respect of all three regional collaboration draft reports are being co-ordinated by a nominated OPCC Chief Finance Officer lead. Further details are provided in Appendix 2.

Collaboration Audits 2018/19	Status	Assurance Opinion	Priority 1 (Fundamental)	Priority 2 (Significant)	Priority 3 (Housekeeping)	Total
Strategic Financial Planning	Draft					
Risk Management	Draft					
Business Planning	Draft					
Total						

03 Performance

- 3.1 The following table details the Internal Audit Service performance for the year to date measured against the key performance indicators that were set out within Audit Charter.

No	Indicator	Criteria	Performance
1	Annual report provided to the JASP	As agreed with the Client Officer	N/A
2	Annual Operational and Strategic Plans to the JASP	As agreed with the Client Officer	Achieved
3	Progress report to the JASP	7 working days prior to meeting.	Achieved
4	Issue of draft report	Within 10 working days of completion of final exit meeting.	100% (9/9)
5	Issue of final report	Within 5 working days of agreement of responses.	100% (7/7)
6	Follow-up of priority one recommendations	90% within four months. 100% within six months.	Achieved
7	Follow-up of other recommendations	100% within 12 months of date of final report.	N/A
8	Audit Brief to auditee	At least 10 working days prior to commencement of fieldwork.	100% (11/11)
9	Customer satisfaction (measured by survey)	85% average satisfactory or above	100% (3/3)

Appendix A1 – Summary of Reports

Below we provide brief outlines of the work carried out, a summary of our key findings raised and the assurance opinions given in respect of the final reports issued since the last progress report:

General Data Protection Regulations

Assurance Opinion	Limited
Recommendation Priorities	
Priority 1 (Fundamental)	2
Priority 2 (Significant)	1
Priority 3 (Housekeeping)	4

The audit covered the following risks and objectives:

- The Force has not sufficiently applied changes to data protection regulation;
 - The Force has an action plan in place which addresses the key areas of GDPR and provided a clear plan by which the force would be compliant.
 - The Force has completed a 'Privacy Impact Assessment' on new systems or they form part of the project life cycle.
 - The Force undertook an exercise to map and understand the data which is collected and currently stored, and this has been utilised to identify potential risks to compliance with GDPR. (N.B. does the mapping include what data is held, where it came from and who it is shared with?)
- The Force's management and staff are unaware of the updated regulations, and their increased responsibilities. how the organisation is structured to assess compliance against requirements;
 - The Senior Management team were informed and made fully aware of the risks posed by the implementation of the GDPR. (N.B. consider whether GDPR is identified as a risk on the Force's risk map, and whether the score can be justified)
 - Those staff who handle data have received, training on the GDPR. (N.B. consider whether the training relates to operational 'day-to-day' information handling)
- The Force is non-compliant with the GDPR.
 - The Force has identified a method of obtaining consent for the information collected by service users internally such as HR etc. (N.B. if this is already in place, review a sample of transactions where consent should be obtained and ensure there is a clear record of this consent).
 - The Force is subject to the guidance on law enforcement processing and we will consider how the force has applied this guidance internally.
 - The Force has considered how best to communicate the changes in regulation to service users, including the 'right to erasure'.
 - The Force has identified and appointed a 'Data Protection Officer', and the officer is suitably placed within the organisation.

- The Force has identified how data can and should be deleted from all relevant systems.
- The Force has a clear process for the identification, review and reporting of a personal data breach, which incorporates the updated 72-hour timescale to report the breach. (N.B. does the process seem feasible in 72 hours?)
- The force has a clear subject access request policy in place and has dealt with requests appropriately since the May GDPR deadline.

We raised two priority 1 recommendations of a fundamental nature that required addressing. These are set out below:

<p>Recommendation 1</p>	<p>Responsibility for the gap analysis should be assigned and it should be updated into an action plan.</p> <p>The action plan would then provide a clear means of moving towards compliance and in general we support its aims.</p> <p>It will require management commitment and adequate resource to implement fully and the oversight of management through the proposed new governance structure currently being discussed.</p>
<p>Finding</p>	<p>A gap analysis for GDPR was completed in February 2018 based on national guidance but the author has since left the organisation and due to lack of resources it was not reassigned or taken forward as a formal action plan.</p> <p>There remains a number of actions that require completion including completion of the Information Asset Register, Records Management and continuation of updates to policies and procedures and training. It is accepted and recognised by management that there is still work to do but a recognition of the importance of GDPR is being expressed/increased and this is being addressed at both an internal staffing level and governance level however the plan is currently awaiting further information.</p>
<p>Response</p>	<p>Information Management Unit (IMU) has been the subject of a restructure business case to request the repositioning of the team within the organisational structure and a small increase in resources.</p> <p>Following agreement to this business case by Force Executive Board (FEB) on 14th January 2019 a job evaluation and consultation period is now underway followed by a recruitment process for the additional resources.</p> <p>An Information Management Strategy (IMS) & Implementation Plan has been requested by FEB, to be presented in April 2019.</p>
<p>Timescale / Responsibility</p>	<p>IMS & Implementation Plan to be prepared by IM Lead & DPO supported by T/Ch Supt Corporate Services and presented to FEB in April 2019</p> <p>It is envisaged that the conclusion of the recruitment process and the IMU fully resourced by the end of April 2019, followed by an induction & training period and fully functional with basic trained staff by July/August 2019.</p>

Recommendation 2	The organisation should consider its resourcing levels in this area and in particular look to reduce its backlog of requests.
Finding	<p>The organisation has 3.7 Full Time Equivalent (FTE) staff involved in disclosure requests. This includes not only Subject Access Requests (SARs), but also Freedom of Information, Court Orders and other disclosures.</p> <p>This ranks the force 4th out of the 5 East Midlands forces in available resource but 2nd out of 5 in total number of disclosure requests where we have reviewed GDPR processes. We also note the organisation has a back log of requests, including thirty SARs.</p> <p>This suggests the organisation has insufficient resources to manage its current work load and as such we would recommend that the organisation consider if more resource should be in place.</p> <p>We do understand that the structure is currently under review and proposals have been made but these are currently on hold awaiting further information.</p>
Response	<p>Information Management Unit (IMU) has been the subject of a restructure business case to request the repositioning of the team within the organisational structure and a small increase in resources.</p> <p>Following agreement to this business case by Force Executive Board (FEB) on 14th January 2019 a job evaluation and consultation period is now underway followed by a recruitment process for the additional resources.</p> <p>An additional 2.4 FTE resources specifically to support the Information Request team has been agreed as part of the</p> <p>Management and monitoring of Information Request Compliance levels will continue to be reported to bi-monthly IMB chaired by DCC and attended by Information Asset Owners & Delegates</p>
Timescale / Responsibility	It is envisaged that the conclusion of the recruitment process and the IMU fully resourced by the end of April 2019, followed by an induction & training period and fully functional with basic trained staff by July/August 2019.

We also raised one priority 2 recommendation where we believe there is scope for improvement within the control environment. This is set out below:

- We support the approach being taken to complete the Information Asset Register and this should look to be completed as soon as is practical. Additional resource may also be required in this area of business as it is currently being led by a single member of staff.

Finally, we raised four priority 3 recommendations of a more housekeeping nature. These were in respect of the following:

- Deputy Data Protection Officer / Key Knowledge
- Records Management
- Training
- Regional Data Protection Meetings

Management confirmed that actions had either already been addressed or will be completed by October 2019.

Commissioning

Assurance Opinion	Limited
Recommendation Priorities	
Priority 1 (Fundamental)	-
Priority 2 (Significant)	2
Priority 3 (Housekeeping)	1

The audit covered the following:

Commissioning Framework

- The Commissioning Framework is aligned to the Police and Crime Plan, has been set to deliver the strategic objectives of the plan and is evidence-based in that it contributes to the PCC's desired outcomes.
- The Commissioning Framework has been put in place using best practice and available guidance.
- The Commissioning Framework draws on the views of service users and the community.
- The Commissioning Framework is regularly reviewed and updated, to ensure it stays aligned to the Police & Crime Plan.

Application of the Framework

- Commissioning Plans have been established to support the delivery of the Police and Crime Plan.
- There are appropriate supporting policies and procedures in the commissioning processes undertaken and these have been complied with.
- The commissioning process maintains adequate records that document compliance with the framework.

Commissioning Process

- During commissioning exercises the commissioning process is carried out in adherence to the commissioning framework.
- The process includes appropriate analysis of the most effective commissioning method to be followed, whether by direct commissioning, co-commissioning or partnership.
- The process includes drawing upon the views of service users and the community.
- When contracts are signed with providers, these include a clear service specification with clear results against which performance can be effectively measured.
- Each contract signed with providers is subject to regular monitoring to ensure the results are being achieved and challenges for poor performance are made.
- There is transparency in the commissioning process, with information, decisions and documents available for scrutiny.

Lessons Learned

- Following the conclusion of a commissioned service, there is an appropriate review to highlight any lessons learned or issues that should not be repeated.

We raised two priority 2 recommendations where we believe there is scope for improvement within the control environment. These are set out below:

- The OPCC should ensure that the Contracts Log is fully completed, including a clear link between the item being commissioned and the specific theme within the Police and Crime Plan it aims to contribute to.
- The OPCC should ensure there is greater oversight of the administration of documents and pressure co-commissioners to ensure that these documents are provided.

We also raised a priority 3 recommendation of a more housekeeping nature. This related to the Commissioning cycle.

Management confirmed that actions had either already been addressed or will be completed by March 2019.

Firearms Licensing

Assurance Opinion	Satisfactory
Recommendation Priorities	
Priority 1 (Fundamental)	-
Priority 2 (Significant)	3
Priority 3 (Housekeeping)	1

The audit covered the following:

- Clearly defined policies and/or procedures are in place and are available to both the Force and to potential applicants. The policies and procedures are reviewed and updated on a regular basis.
- All applications and renewals are suitably vetted as part of the approval process.
- Applications and renewals are authorised in accordance with the approved firearms licensing process.
- Payments are received in accordance with the agreed rates and are properly accounted for.
- There are effective controls in place to monitor when renewals are due and which prompt the reapplication process.
- There are effective controls in place to flag up, and act upon, changes of circumstances with regards a licence holder.
- Comprehensive and up to date records are maintained of licence holders which are available to officers during the course of their duties.
- There are clear procedures in place in respect of the revoking of licences.
- There is an agreed process for home / security inspections with regards the holding of firearms.
- Performance information is available and is reviewed with regards the effective administration of the firearms licensing process.

We raised three priority 2 recommendations where we believe there is scope for improvement within the control environment. These are set out below:

- The Force's procedural guidance should cover all key aspects of the firearms licensing process. The guidance should be reviewed and updated on at least an annual basis to ensure it remains fit for purpose.

A document attributes section should be added to all process documents, detailing which member of staff has responsibility for the content of the document, the date of last review and review cycle period.

- The force should ensure that all enquiry forms are appropriately authorised.
- Key performance indicators for the operational performance of firearms licensing should be set and monitored against on a regular basis. Performance should be reported to either Senior Management staff or a relevant Board/Committee.

We also raised a priority 3 recommendation of a more housekeeping nature. This related to the document management system.

Management confirmed that actions had either already been addressed or will be completed by January 2019.

Health & Safety

Assurance Opinion		Limited
Recommendation Priorities		
Priority 1 (Fundamental)		1
Priority 2 (Significant)		3
Priority 3 (Housekeeping)		1

The audit covered the following:

Roles & Responsibilities

- The roles and responsibilities are clearly defined and the individuals concerned are fully aware of these.
- Appointed officers have been assigned to support the organisation to meet its health and safety responsibilities.

Policies & Procedures

- The Force has in place policies and procedures, which incorporate relevant legislative requirements and provide clear guidance to staff.
- The policies and procedures in place are comprehensive, up-to-date and available to all relevant members of staff.
- The existing policies and procedures are regularly reviewed to ensure they are up to date.

Governance

- There is an appropriate and effective governance structure in place through which Health and Safety issues are reviewed, scrutinised and managed.
- Health and Safety is promoted across the Force to ensure awareness from both police staff and police officers.

Monitoring & Reporting

- Health and Safety information is accurately produced and regularly reported to allow for effective monitoring, decision making and reporting in line with senior management requirements.

- There is an effective system in place for recording, maintaining and reporting Health and Safety data, including any incidents or near misses.
- Appropriate oversight and reporting arrangements are in place and are working effectively.

Training

- Staff are fully supported, with relevant training and guidance provided to allow compliance with health and safety requirements and responsibilities.
- The Force has a robust process in place to monitor the level of health and safety training undertaken by key staff, including Chief Officer Team and those who have statutory responsibilities.

We raised one priority 1 recommendation of a fundamental nature that required addressing. This is set out below:

<p>Recommendation 1</p>	<p>The Force should formalise what mandatory H&S training is required by staff, including any additional training for Supervisors, Managers and the Chief Officer team and whether annual refresher training is required.</p> <p>The Force should investigate whether the “Required” mark within NCALT allows for the ability to set deadlines for training courses and automatically send emails to the relevant individual and their line manager if deadlines are missed.</p> <p>The Force needs to designate whose responsibility it is to have overall oversight of training, including monitoring of completion and production of performance information around training. It then needs to be ensured that this individual has the resources in place to effectively monitor this.</p>
<p>Finding</p>	<p>Whilst H&S training is available through the NCALT e-learning system, there was a lack of clarity as to what training was mandatory, nor who has oversight of this training.</p> <p>As training requirements are not laid out in the H&S Policy, it was unclear whether staff receive H&S training during the induction process or whether any annual refresher training is required. There is additionally no guidance provided as to whose responsibility it is to identify any special training requirements or monitor that suitable training is provided in these cases.</p> <p>Whilst the NCALT system has the ability to mark certain training courses as “Required”, this feature did not appear to be being utilised currently.</p> <p>It was also not clear whether Supervisors, Managers or the Chief Officer Team were required to do any additional training in line with their job requirements, although training modules specific to these roles were available within NCALT.</p> <p>As some training is provided regionally, by the Regional Learning and Development Team, it was unclear as to who should have oversight of H&S training within the Force. Through review of NCALT, the H&S Senior Adviser did not have the ability to review all completed training courses to ensure effective oversight.</p>
<p>Response</p>	<p>The Force has plans in place to review health and safety training provided to staff. This review will include:</p> <ul style="list-style-type: none"> • Identifying mandatory H&S training courses required by staff, and requirements for refresher training. • Reviewing the suitability of the NCALT system • Identifying responsibility for monitoring training records • Process for monitoring completion rates as discussed in this report, and production

	<p>of performance information.</p> <p>The Health and Safety Service had this review planned prior to this audit being commissioned. This review will start in October 2018 and will be a long term, project to examine all aspects of Health and Safety Training, likely to last approx. 18 months. It is likely to take 18 months due to the scale of the project, and a vacancy which is being carried in the Health and Safety Service.</p>
Timescale / Responsibility	<p>Health and Safety Service EMCHRS</p> <p>March 2020</p>

We also raised three priority 2 recommendations where we believe there is scope for improvement within the control environment. These are set out below:

- The Force should update the Health and Safety Policy, ensuring that all information contained within is accurate.

The Policy should also be amended to include the additional information not currently included as detailed.

The Policy should be reviewed on a regular basis or when there are significant changes to operations or legislation.

- The Force should produce a formal Accident/Incident reporting procedure.

The procedure should provide guidance on what should be reported and how this should be reported by staff.

The procedure should be clearly communicated to staff via the intranet.

- The Force should develop an appropriate Performance Information Framework that provides the Departmental Health & Safety Committees with the relevant detailed information. An overall summary of performance across each Department should be available for the main Health & Safety Committee to have an overall view of key data.

Finally, we raised one priority 3 recommendation of a more housekeeping nature. This was in respect of automated reporting system notifications.

Management confirmed that actions had either already been addressed or will be completed by April 2019.

Appendix A2 Internal Audit Plan 2018/19

Auditable Area	Planned Fieldwork Date	Draft Report Date	Final Report Date	Target JASP	Comments
Core Assurance					
Core Financial Systems	Nov 2018	Dec 2018		Feb 2019	Draft report issued.
Code of Governance	Sept 2018	Aug 2018	Oct 2018	Nov 2018	Final report issued.
Strategic & Operational Risk					
Partnership Working	Mar 2019			June 2019	Scheduled to start 11 th March.
Commissioning	Sept 2018	Oct 2018	Nov 2018	Feb 2018	Final report issued.
Force Management of MFSS Arrangements	June 2018	June 2018	July 2018	Nov 2018	Final report issued.
IT Strategy	Nov 2018	Feb 2019		June 2019	Draft report issued.
Seized Property	Mar 2019			June 2019	Starts 22 nd Feb, although will be completed early April.
GDPR	Nov 2018	Dec 2018	Feb 2019	Feb 2019	Final report issued.
Health & Safety	Sept 2018	Oct 2018	Feb 2019	Feb 2019	Final report issued.
Firearms Licensing	Oct 2018	Oct 2018	Nov 2018	Feb 2019	Final report issued.
Follow-up of Limited Assurance Recommendations	July 2018	July 2018	July 2018	Nov 2018	Final report issued.

Auditable Area	Planned Fieldwork Date	Draft Report Date	Final Report Date	Target JASP	Comments
Collaboration					
Risk Management	Aug 2018	Nov 2018		Feb 2019	Draft report issued.
Strategic Financial Planning	July 2018	Oct 2018		Feb 2019	Draft report issued.
Business Planning	Sept 2018	Jan 2019		Feb 2019	Draft report issued.
Review of Collaboration Assurance Statements	May 2018	May 2018	June 2018	July 2018	Final memo issued.
Projected Underspend	Feb 2019			June 2019	Additional request.

Appendix A3 – Definition of Assurances and Priorities

Definitions of Assurance Levels		
Assurance Level	Adequacy of system design	Effectiveness of operating controls
Significant Assurance:	There is a sound system of internal control designed to achieve the Organisation's objectives.	The control processes tested are being consistently applied.
Satisfactory Assurance:	While there is a basically sound system of internal control, there are weaknesses, which put some of the Organisation's objectives at risk.	There is evidence that the level of non-compliance with some of the control processes may put some of the Organisation's objectives at risk.
Limited Assurance:	Weaknesses in the system of internal controls are such as to put the Organisation's objectives at risk.	The level of non-compliance puts the Organisation's objectives at risk.
No Assurance	Control processes are generally weak leaving the processes/systems open to significant error or abuse.	Significant non-compliance with basic control processes leaves the processes/systems open to error or abuse.

Definitions of Recommendations	
Priority	Description
Priority 1 (Fundamental)	Recommendations represent fundamental control weaknesses, which expose the organisation to a high degree of unnecessary risk.
Priority 2 (Significant)	Recommendations represent significant control weaknesses which expose the organisation to a moderate degree of unnecessary risk.
Priority 3 (Housekeeping)	Recommendations show areas where we have highlighted opportunities to implement a good or better practice, to improve efficiency or further reduce exposure to risk.

Appendix A4 - Contact Details

Contact Details

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A5 Statement of Responsibility

Status of our reports

The responsibility for maintaining internal control rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy of the internal control arrangements implemented by management and perform testing on those controls to ensure that they are operating for the period under review. We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone are not a guarantee that fraud, where existing, will be discovered.

The contents of this report are confidential and not for distribution to anyone other than the Office of the Police and Crime Commissioner for Nottinghamshire and Nottinghamshire Police. Disclosure to third parties cannot be made without the prior written consent of Mazars LLP.

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For Information	
Public/Non Public*	Public
Report to:	Audit and Scrutiny Panel – for information
Date of Meeting:	22nd February 2019
Report of:	The Chief Finance Officer
Other Contacts:	Head of Finance
Agenda Item:	10

Precept and Budget Reports 2019-20

1. Purpose of the Report

- 1.1 The attached reports are the strategic financial reports that have been approved by the Commissioner and the precept report has also been agreed by the Police and Crime Panel at its meeting on 7th February.
- 1.2 These reports are provided to members of Audit & Scrutiny Panel for information, reference and to assist in the panels work throughout the year.

2. Recommendations

- 2.1 Members are requested to note the reports.

3. Reasons for Recommendations

- 3.1 Statutory requirement and good financial governance.

4. Summary of Key Points

- 4.1 The Minister also requires further efficiencies to be met in 2019-20 and these have been set nationally at £50m.
- 4.2 The reports provided for information are:
 - Precept report 2019-20
 - Medium Term Financial Strategy (MTFS)
 - Reserves Strategy
 - Revenue Budget Report 2019-20
 - Capital Programme 2019-24
 - Capital Strategy
 - Treasury Management Strategy
- 4.3 The precept report shows how the precept has been calculated and the now agreed band charges for 2019-20.

- 4.4 The MTFS provides two scenarios in relation to potential future funding. Under the most likely option the Force will be able to meet all of its commitments, inflation and pay awards and possibly be able to invest. Under the worst case scenario there is a need for further efficiencies to be delivered of at least £20m.
- 4.5 The Reserves Strategy shows that the increase in reserves recently will be utilised to meet significant capital expenditure plans over the medium term.
- 4.6 The Revenue budget is a balanced budget report and builds on recruitment plans in paragraph 4.4 above.
- 4.7 The Capital Programme provides detail on proposals for 2019-20, with specific plans relating to buildings and ensuring they are fit for purpose. An indicative capital programme to 2021-24 is also provided. But the schemes are subject to full business cases being approved.
- 4.8 The Capital Strategy is a new requirement to show how we consider the long term, even life cycle of our most significant assets. This brings together stock condition surveys, asset management plans and the need for continued investment in assets to provide for future needs.
- 4.9 The Treasury Management Strategy provides detail on how the proposed capital programme will be financed.

5. Financial Implications and Budget Provision

- 5.1 Each of the reports set of the budgetary and financing requirements.

6. Human Resources Implications

- 6.1 The budget report provides for the recruitment of additional Police Officers.

7. Equality Implications

- 7.1 None as a direct result of these reports.

8. Risk Management

- 8.1 These reports set out clear principles to limit any financial or operational risk related to the budget.

9. Policy Implications and links to the Police and Crime Plan Priorities

- 9.1 This complies with statutory reporting and decision making requirements. These reports also provide evidence of good financial governance.

10. Changes in Legislation or other Legal Considerations

10.1 These reports comply with financial legislation.

11. Details of outcome of consultation

11.1 The details on the consultation with the public on the precept has been included within the Precept Report.

12. Appendices

- Precept report 2019-20
- Medium Term Financial Strategy
- Reserves Strategy
- Revenue Budget report 2019-20
- Capital Programme 2019-24
- Capital Strategy
- Treasury Management Strategy



Nottinghamshire

POLICE & CRIME COMMISSIONER

Precept 2019-20

January 2019

The Police & Crime Commissioner's

Precept 2019-20

Letter from the Minister

In announcing the Provisional Settlement figures for Police Grant the Minister has made the following comments:

- The total increase to Police funding will be up to £970m of which £813m will be for local policing.
- This will be made up of £509m from precept, £143m pension grant and £161m in additional core grant funding.
- Precept flexibility has been provided and therefore Commissioners will be able to increase their council tax precept levels by £24, before the need to call a referendum. This gives Commissioners flexibility for their area to protect the front line. If all Commissioners use this flexibility there will be a total increase in funding of £509m.
- Increased investment will be made in national priorities, such as police technology and an increase to Counter Terrorism of £280m.
- Commissioners and Chief Constables must continue to reform and improve productivity and efficiency, with a target of £50m for 2019-20.

Introduction

In light of the assumptions and opportunity made available by the Minister the Nottinghamshire Police & Crime Commissioner is proposing a precept increase of £23.94 for the 2019-20 financial year.

This increase in the precept supports the budget report and Commissioners commitment to increase in police officer numbers in our neighbourhoods and in a dedicated robbery team; a further commitment to Rural Crime initiatives and a focus on Knife and Hate Crime prevention activity aimed at the younger people in our communities. The Commissioner also supports Victims Services through formal contracts and grants with the third sector. Further priorities include crime prevention and partnership working, all vital to community safety.

This budget supports fully the Police & Crime Plan for 2019-20.

Government Assumptions

In providing the provisional grant settlement figure in December the Government has made certain assumptions in relation to the total funding available for Policing.

Firstly, it provides some additional resource to the main police grant, which will assist with the increased cost pressures. This increase is in the core police grant and is therefore likely to continue in future years.

There has also been an additional Treasury Grant for the remainder of the funding gap unintentionally created by changes to the assumptions for the triennial valuation of police pensions. However, this is likely to be a one year grant, therefore creating a gap in future years.

The £12 precept freedom indicated as part of the two year settlement in December 2017 has now been increased to £24. The impact of Brexit is that it is uncertain there will be any additional funding available for Policing within the next CSR period. The Home Office have commented that it expects any future funding gap, from inflationary pressures, to be resourced from continued precept freedoms. Further detail on what impact this will have in Nottinghamshire is provided in the Medium Term Financial Strategy.

Future outlook

The Government settlement will allow for operational plans to increase police numbers and capabilities in new crime areas to continue. However, there needs to be careful consideration of the effect of recruiting significant numbers of police officers and the impact of incremental progression that will occur.

This year a triennial valuation of the Police Pension Fund was undertaken by the Government Actuaries. This has had a significant impact on budget and medium term financial planning. The additional grants for 2019-20 were welcome and cover the anticipated increase in costs. However, one of the grants is not likely to continue and this then becomes an issue for the CSR planned to take place this year.

The Minister has again announced a national efficiency target which will be met through procurement savings and increased shared services for support functions.

Supporting Reports

The Budget Report and the Medium Term Financial Strategy Report on today's agenda details further the plans for 2019-20 and beyond.

The detailed budget for 2019-20, the Medium Term Financial Strategy, the Reserves Strategy, the 4 Year Capital Programme, the Capital Strategy and the Treasury Management Strategy are provided for information purposes to the Police and Crime Panel. These have been drawn together to support the Police and Crime Plan, which has been refreshed and which is currently out for consultation.

This report is based upon declared information provided by the Billing Authorities.

Process

When setting the budget and capital programme for the forthcoming financial year the Police and Crime Commissioner must be satisfied that adequate consideration has been given to the following:

- **The Government policy on police spending** – the impact of Brexit is uncertain. The Treasury focussed on the NHS and its funding requirements. The grants provided to policing for 2019-20 ensure a stable financial position, but this is not guaranteed other than through continued precept freedoms into the future.
- **The medium term implications of the budget and capital programme** - the separate report sets out the Medium Term Financial Strategy, which is regularly received and updated. This is now a key indicator of financial sustainability.
- **The CIPFA Prudential Code** - the separate Treasury Management Strategy report covers the CIPFA Prudential Code, which evaluates whether the capital programme and its revenue implications are prudent, affordable and sustainable. The implications of borrowing to finance the unsupported element of the capital programme are incorporated within the proposed revenue Budget for 2019-20 and the Medium Term Financial Strategy.
- **The size and adequacy of general and specific earmarked reserves** - the current forecast of the general reserves at 31 March 2017 is £7 million. This is higher than the minimum 2% level in the approved reserves strategy and is considered by the Chief Finance Officer to be an adequate level for the year ahead. This is lower than the 5% limit set by the Home Office. The Chief Finance Officer considers that all of the earmarked reserves set out in the Reserves Strategy remain a risk and continues to monitor them and their planned usage. This will continue into the medium term.
The Chief Finance Officer also confirms that the budgeted insurance provision is fully adequate to meet outstanding claims.
- **Whether the proposal represents a balanced budget for the year** - the assurances about the robustness of the estimates are covered in **Section 8** of this report. The proposals within this report do represent a balanced budget based upon an assumed £23.94 increase in the Police & Crime Precept on the Council Tax Band D.
- **The impact on Council Tax** - this is covered in **Section 7** of this report.
- **The risk of referendum** – the limit set for requiring a referendum is a £24 increase on the precept for all Police and Crime Commissioners. The proposed increase of £23.94 is in line with this years change (further detail is provided in **Section 6**).

1. COUNCIL TAX BASE

For 2019-20 the Billing Authorities continue with the local Council Tax Support Schemes introduced in 2013-14. There have not been any significant changes affecting the individual schemes, although collection rates continue to be higher than anticipated.

The Billing Authorities are working hard to keep collection rates up and as a consequence all have seen an increase in estimated tax bases. This is also partly due to an increase in the number of new properties in each area. The actual tax base has increased by 1.37% overall, slightly less than last year's increase of 1.60%.

Tax base	Band D Properties 2018-19 No	Band D Properties 2019-20 No	Change %
Ashfield	33,140.50	33,542.50	1.21
Bassetlaw	34,231.95	34,794.99	1.64
Broxtowe	33,448.29	33,674.71	0.68
Gedling	36,637.56	37,007.37	1.01
Mansfield	28,905.50	29,219.90	1.09
Newark & Sherwood	38,320.19	38,771.64	1.18
Nottingham City	65,389.00	66,766.00	2.11
Rushcliffe	42,610.10	43,178.50	1.33
Total	312,683.09	316,955.61	1.37

It is intended that any impact from a change between the estimated tax base and the actual tax base will be met from or will contribute to reserves.

2. **COLLECTION FUND POSITION**

Each billing authority uses a Collection Fund to manage the collection of the Council Tax. For 2019-20 the surplus continues to be created as collection rates are better than anticipated. A breakdown is provided in the table below:

Surplus/(deficit)	Collection Fund	
	2018-19	2019-20
	£	£
Ashfield	32,202	7,664
Bassetlaw	nil	61,944
Broxtowe	42,810	53,810
Gedling	nil	Nil
Mansfield	nil	50,073
Newark & Sherwood	59,043	Nil
Nottingham City	370,813	92,473
Rushcliffe	(35,499)	(99,576)
Total	469,369	166,388

It is intended that the surplus will be transferred to balances to contribute towards the reserves.

3. **COUNCIL TAX LEGACY GRANT**

Council Tax Legacy Grant is received by Commissioners for each Policing area.

There is no change in the Legacy Grant for 2019-20 at £9.7m. This grant will be considered as part of the Funding Formula Review.

4. CONSULTATION

APPROACH

The Nottinghamshire Police and Crime Commissioner (PCC) has a statutory duty under the Police Reform and Social Responsibility Act 2011 to obtain the views of local people and ratepayers' on budget and precept proposals and to consult and engage with local people on policing and in setting police and crime objectives.

In fulfilling these requirements, Nottinghamshire OPCC consulted 4,100 residents across the force area representative at CSP level by age gender, ethnicity and deprivation. The consultation was undertaken over four quarterly waves between January and December 2018 as part of the Commissioner's Police and Crime Survey and provided a more stable, robust and representative sample of public opinion on the precept than has ever previously been achieved.

Residents were asked to what extent they supported an increase in the policing precept up to or exceeding the referendum threshold, and if not, their reason for not supporting an increase. Options were based on the revised threshold flexibility provided in December 2017 (£12 cap) and were unable to take account of subsequent government announcements on 13th December 2018 which extended the referendum cap to £24 per year for a Band D property. Questions contained within the Police and Crime Survey in 2019 will be 'future-proofed' to take account of any further flexibilities or restrictions imposed going forward. Wave 6 of the survey will report mid-March and includes revised questions on the additional precept freedoms.

KEY FINDINGS

Results from the Police and Crime Survey 2018 indicate that on balance, there remains strong support for an increase in the council tax precept for policing among local residents. Around 58% of residents support an increase in the council tax precept for policing when those that are unsure are omitted from the profile. This represents remains similar to findings obtained in 2017.

The proportion supporting an increase within the limits of a £12 referendum threshold increased from 40% to 45.4% in 2018, while the proportion supporting a precept rise that substantially exceeds the threshold fell from 19% to 12%. It is not known to what extent the government's decision extend the referendum cap would have had on responses this question, however it is reasonable to assume that a larger proportion of respondents would have supported the higher band increase with the knowledge that a referendum not be triggered.

Across all CSP areas, the proportion supporting an increase in the policing precept exceeds the proportion that does not. Support remains strongest in South Nottinghamshire (64%), but has fallen markedly across Bassetlaw, Newark and Sherwood from 62% to 55%. The proportion of respondents feeling unable to answer the question or requiring more information also increased from 18% in 2017 to 22% in 2018, indicating opportunities for further qualitative engagement.

Personal economic circumstances remain the most common reason for respondents not supporting a rise in the precept for policing, with previous qualitative research highlighting objections to central government cuts to policing more generally. Public awareness of the level of cuts to policing (64%) has remained relatively stable over the last year, with those that are aware of the scale of cuts remaining more likely to support an increase in the precept.

The proportion of respondents that feel funding cuts have affected policing in their area increased by a further 3.3% points in 2018, from 51.1% to 54.4%. This remains significantly higher in Bassetlaw, Newark and Sherwood and Mansfield and Ashfield where 61% and 57% of respondents respectively feel that cuts have affected policing in their area. Reduction in neighbourhood policing presence was the most commonly cited impact across all areas.

KEY RECOMMENDATIONS

The Police and OPCC should consider:

- Maximising use of the Police and Crime Survey to improve targeted communications and engagement on police spending and priorities – particularly among those feeling unsure or that more information is required.
- Providing further detail on proposals for how additional revenue from the precept would be spent and working to ensure public expectations of the service are effectively managed.
- Further proactive engagement with local residents and rate payers to demonstrate how police resources are currently used and what outcomes are being achieved - particularly in less visible areas of safeguarding and public protection.
- Revise Police and Crime Survey question set to account for the revised precept flexibilities announced by central government on 13 December 2018 and ‘future-proof’ the survey against any further changes in precept flexibility afforded in 2019.

6. COUNCIL TAX REFERENDUMS

The Localism Act 2011 requires authorities including Police and Crime Commissioners to determine whether their 'relevant basic amount of council tax' for a year is excessive, as excessive increases trigger a council tax referendum. The Secretary of State is required to set out principles annually, determining what increase is excessive. For 2019-20 the principles state that, for Police and Crime Commissioners, an increase of more than £24 in the basic amount of council tax between 2018-19 and 2019-20 is excessive. For 2019-20 the relevant basic amount is calculated as follows:

Formula:

<u>Council Tax Requirement</u>	= Relevant basic amount of council tax
Total tax base for police authority area	

Nottinghamshire 2019-20 estimated calculation:

<u>£69,517,873.94</u>	= £219.33
316,955.61	(£23.94)

This year the Referendum limit has been announced at the time of settlement notifications. It has been set at £24 for 2019-20.

7. **RECOMMENDATION ON THE LEVEL OF POLICE & CRIME PRECEPT ON THE COUNCIL TAX**

As discussed in the Budget report resources have been allocated to support the police and crime plan. In assessing appropriate spending levels, consideration has been given to the significant unavoidable commitments facing the Police & Crime Commissioner including pay awards and pension liabilities. Due regard has been given to the overall cost to the local council tax payer. Consideration has also been given to the projected value of the available reserves and balances and the medium term financial assessment (both reported separately).

The Commissioners proposed spending plans for 2019-20 result in a Police and Crime Precept on the Council Tax of £219.33 for a Band D property, representing an increase of £23.94.

For comparison purposes the Council Tax for Precepting Authorities is always quoted for a Band D property. In Nottinghamshire by far the largest numbers of properties are in Band A.

To achieve a balanced budget and having regard for the provisional notification of grant income an increase in the Police & Crime Precept has been required. This is on top of budget reductions and efficiencies to be achieved in year.

The calculation of the Police and Crime Precept on the Council Tax is as follows:

	2018-19 Budget £m	2019-20 Budget £m	Increase/ Decrease £m
Budget	193.1	206.3	13.2 (+)
External Income	133.9 (-)	138.6 (-)	4.7 (-)
Collection Surplus	0.5 (-)	0.2 (-)	0.3 (+)
Reserves	2.4 (+)	2.0 (+)	0.4 (-)
Precept	61.1 (-)	69.5 (-)	8.4 (-)
Council Tax Base	312,683	316,956	4,273
Council Tax Band D	£195.39	£219.33	£23.94
Council Tax Band A	£130.26	£146.22	£15.96

The overall Police and Crime Precept to be collected on behalf of the Police and Crime Commissioner for 2019-20 is:

	£m	
Budgeted Expenditure	206.3	(+)
Less income from:		
Police & Crime Grant	126.9	(-)
Legacy Council Tax Grant	9.7	(-)
Pension Grant	2.0	(-)
Collection Fund surplus	0.2	(-)
Net contribution to/from Balances	2.0	(+)
Police & Crime Precept on the Council Tax	69.5	(-)

The resulting precept and Council Tax levels derived from the measures contained in this report are detailed below:

Police & Crime element of the Council Tax

Band	2018-19 £	2019-20 £
A	130.26	146.22
B	151.97	170.59
C	173.68	194.96
D	195.39	219.33
E	238.81	268.07
F	282.23	316.81
G	325.65	365.55
H	390.78	438.66

Amounts to be raised from Council Tax in each billing authority area 2019-20:

	Precept amount to be collected £	Collection Fund Surplus/(Deficit) £	Total amount due £
Ashfield	7,356,876.53	7,664.00	7,364,540.53
Bassetlaw	7,631,585.16	61,944.00	7,693,529.16
Broxtowe	7,385,874.14	53,810.00	7,439,684.14
Gedling	8,116,826.46	0	8,116,826.46
Mansfield	6,408,800.67	50,073.00	6,458,873.67
Newark & Sherwood	8,503,783.80	0	8,503,783.80
Nottingham City	14,643,786.78	92,473.00	14,736,259.78
Rushcliffe	9,470,340.41	(99,576.00)	9,370,764.41
Total	69,517,873.95	166,388.00	69,684,261.95

Collection Dates

The dates, by which the Commissioners bank account must receive the credit in equal instalments, otherwise interest will be charged.

	£
<u>2019</u>	
18 April	6,968,427.00
29 May	6,968,427.00
03 July	6,968,427.00
07 August	6,968,427.00
12 September	6,968,427.00
17 October	6,968,427.00
21 November	6,968,427.00
<u>2020</u>	
02 January	6,968,427.00
06 February	6,968,427.00
13 March	6,968,418.95
	69,684,261.95

8. ROBUSTNESS OF THE ESTIMATES

The Chief Finance Officer to the Police and Crime Commissioner has worked closely with the Head of Finance (Nottinghamshire Police) to obtain assurance on the accuracy of the estimates provided. There have been weekly meetings between the Commissioner, Chief Constable and their professional officers.

The replenishment of reserves has not progressed as well as it had in previous years this will potentially impact on the delivery of the full capital programme; which requires funding for a significant investment in the estate. Work has already commenced on a new Custody Suite.

The budget proposed within this report represents a balanced budget. To achieve this, the force has provided detail on how efficiencies and savings will be delivered. There are some potential risks to the full amount of savings being achieved and this will be monitored monthly, with alternative savings needing to be identified if the initial plans cannot be delivered.

The balanced budget is based upon the recommended £23.94 band D increase in Council Tax for 2019-20.



Nottinghamshire

POLICE & CRIME COMMISSIONER

Medium Term Financial Strategy

2019-20 to 2023-24

January 2019

Commissioners

Medium Term Financial Strategy

Introduction

This document is part of the overall financial framework of the Police and Crime Commissioner. It builds on the budget proposed for 2019-20 and incorporates plans to meet changes in available financing with the need to meet current and future commitments.

The settlement announced in December was better than originally forecast. As part of a two year settlement in 2017 the Government announced precept freedoms of £12 for two years to a Band D council tax; provided certain efficiency targets were met nationally relating to procurement. The target set was exceeded and the government has allowed a further precept freedom taking the £12 limit to £24 for 2019-20.

In total the Government have announced an additional £970m for Policing, of which approximately £813m is for local policing and is provided through precept freedoms £509m, plus £143m pension grant, plus £161m additional funding.

This is the final year of the current CSR period and a new CSR is planned to be announced in the Autumn. This will cover the police core grants, additional grant and operational pressures. The long awaited Funding Formula Review is also expected with the Home Office currently thinking this will be complete on time for the funding announcement for 2021-22.

Under the existing funding formula, put into effect in 2005-06, Nottinghamshire continues to lose over £10m per year. The formula itself has never been fully implemented and therefore, in total this now amounts to over £150m+ that the Home Office formula calculates should have come to Nottinghamshire, but which has been withheld; instead providing protection those that would lose significantly as they are over-funded. The Commissioner continues to make the case for a new formula at a national level, one that can be fully implemented over a relatively short period of time.

It may be the case that the CSR itself will not identify any additional funding for policing. That future cost pressures will be met from further precept freedoms. This strategy identifies the level of freedoms that will be possible based upon a real terms increase in expenditure.

The Police & Crime Commissioner has produced a Police & Crime Plan, which has been refreshed to include the feedback and comments made by stakeholders,

partners and the public over the last 12 months. The Police & Crime Plan is built upon the following 4 strategic priorities:

- Protecting people from harm.
- Helping and supporting victims.
- Tackling crime and anti-social behaviour.
- Transforming services and delivering quality policing.

Funding

The settlement announced for 2019-20 was welcomed in that it provided Nottinghamshire Police with the resources to continue with its programme of officer recruitment and to meet the additional cost pressures it faced (specifically in relation to police pension costs). However, the funding beyond 2019-20 is based upon the assumption that Police Grant will remain flat and additional costs will have to be met through precept increases (including the one off grant from the Treasury). The main highlights are summarised as follows:

1. The amount of core grant funding is to increase by £2.6m to £136.6m
2. An additional Pension Grant of £2.0m for 2019-20. No guarantee beyond this.
3. The Referendum assumptions allow for £24 precept increase in 2019-20 and further freedoms to cover inflation and the Pension Grant in future years.
4. The estimated tax base increase is 1.37% for 2019-20 and 1% in the following years.
5. The cost pressures that we are budgeting for have a negative impact (i.e. pay wards of 2%, inflation is over 2%).
6. The longer term impact of incremental progression relating to the 200+ new police officers (since 2018) will continue to create pressures in the medium term plan.
7. The level of reserves is such that there are necessary plans to replenish the reserves used in recent years. This will be phased in over the medium to long term. Current repayment is expected by 2021-22.

The estimated funding for the Police & Crime Commissioner over the next five years (and compared with this year) is as follows:

<u>Table 1a</u> <u>Funding Available</u> <u>Most Likely</u> <u>Scenario</u>	2018-19 £m	2019-20 £m	2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m
Police & Crime Grant	124.2	126.9	126.9	126.9	126.9	126.9
Council Tax Legacy Grant	9.7	9.7	9.7	9.7	9.7	9.7
Pension grant		2.0				
Precept	61.1	69.5	75.7	79.9	84.2	88.7
Collection fund surplus/(deficit)	0.5*	0.2				
Transfer to reserves **	(2.4)	(2.0)	(2.0)	(2.0)	(1.7)	
TOTAL	193.1	206.3	210.3	214.5	219.1	225.3

* The surplus to be received in 2019-20 will be transferred to reserves less an adjustment for the difference between estimated and actual tax base figures.

** The transfer to reserves shown is part of the reserves strategy.

Table 1a above assumes that precept freedoms will be allowed as follows:

Band D equivalent	2019-20 £m	2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m
% increase	12.25	7.76	4.57	4.38	4.20
Cash increase £	23.94	17.02	10.79	10.81	10.84

However, there is a possibility that public sector expenditure will be impacted negatively by Brexit. Therefore, it is prudent to consider a worst case scenario for police funding beyond 2019-20, even though this is considered unlikely at this stage.

The scenario below assumes that the Treasury Grant for Pensions will cease after one year and that precept will be limited to the 2% increase it has been subjected to in the past. This is the impact on total funding available:

<u>Table 1b</u> <u>Funding Available</u> <u>Worst Case</u> <u>Scenario</u>	2019-20 £m	2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m
Police & Crime Grant	126.9	126.9	126.9	126.9	126.9
Council Tax Legacy Grant	9.7	9.7	9.7	9.7	9.7
Pension grant	2.0				
Precept	69.5	71.5	73.6	75.9	78.2
Collection fund surplus/(deficit)	0.2				
Transfer to reserves **	(2.0)	(2.0)	(2.0)	(1.7)	
TOTAL	206.3	206.1	208.2	210.8	214.8

Investment

This Medium Term Financial Strategy allows the Commissioner to continue investing further in Neighbourhood Policing by increasing the number of police officers to 1980 officers and by ensuring 185 PCSO's are provided to support the front line. The current settlement also enables further investment in priorities such as Knife Crime, Violent Crime, Robbery, Victims and Rural Crime. With the success of a dedicated Burglary team being replicated in the creation of a dedicated Robbery Team.

The Police & Crime Commissioner has continued to support investment in many collaborative projects which should deliver significant savings or improve and change the way in which the policing service is provided. At a local level this includes collaboration with the Fire Service and other Local Authorities.

Nottinghamshire is a significant partner in all regional collaborations and collaborations which go outside of the region. This will ensure an on-going visible presence in neighbourhood policing and provide the training and equipment to meet the needs for all cyber related crime detection.

Key to many of the changes has been the need for significant investment in technology. Investment continues to be made at a regional level and collaboration is well established within the East Midlands. Many specialist policing services such as major crime and serious and organised crime are provided through regional teams.

The Commissioner has reduced the size of the police estate and invested in IT to ensure officers are out within our communities for longer.

Under the Commissioners wider remit of "and Crime" and Victims Services the Commissioner is investing in new ways of service delivery and crime prevention.

Savings and efficiencies

The table below summarises the savings plans currently in place for the next financial year:

<u>Table 2</u> <u>Efficiencies</u>	2019-20 £m	2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m
Total Efficiencies	3.0*	3.0	3.2	3.2	3.2

- Efficiencies in 2019-20 are already allocated across the relevant budgets in 2019-20 (ie shown net)

The Commissioner is mindful that should there be some slippage in implementing these efficiencies then further savings will need to be identified and delivered in year.

Risks in the Medium Term

Collaboration and Transformation

As a region we have been collaborating for a numbers of years. This has provided resilience to teams so small it becomes difficult to deliver an effective service and in later years has delivered significant savings. As we continue to collaborate, savings will continue to be generated. The budgeted figures include the total cost of collaboration.

Funding Formula Review

As mentioned previously the current funding formula review has been delayed again. The Home office intention is that the new formula will be in place for April 2021, but the delays until post CSR put this date at risk.

Ministry of Justice Funding

The allocation of funding for Victims for 2019-20 is £1,324,943 and this is slightly more than the previous year.

Emergency Services Network

The Emergency Services Network has been progressing slowly and is significantly behind the original implementation plan. Further delays are anticipated with suitable devices not currently being available. All delays will inevitably result in increased costs. We continue to monitor this closely at Force, Regional and National levels.

Capital Grant

Capital Grant allocations have not changed and remain at £0.7m for 2019-20. This grant is gradually being phased out.

Expenditure

The expenditure requirements of the Force and the Office of the Police and Crime Commissioner are continuously reviewed and monitored to ensure value for money. The role and responsibility of the Commissioner is to set a balanced budget assured that the force has robust systems in place for producing a full budget.

Officers, staff and PCSO's account for almost 80% of budgeted net expenditure and as such are a major asset for the organisation. The pace at which police officers, PCSO's and staff leave the organisation can fluctuate year on year, but this is budgeted for.

The improved financial management linked with an improved workforce plan has resulted in a revised workforce plan being created by the Chief Constable and supported by the Commissioner. This has seen an increase in Police Officer numbers and sustainability of PCSO numbers.

Inflation and pay awards provide a significant cost pressure. This is constantly reviewed for accuracy.

The replenishment of reserves has been made difficult in 2018-19 with increasing costs relating to the MFSS project to move to Oracle Fusion. The intention is that the replenishment of the reserves will still be achieved by 2022-23. These reserves can then be utilised towards significant building projects within the capital programme.

Table 3 Expenditure Budget	2019-20 £m	2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m
Employee	163.8	169.4	172.6	175.5	178.6
Non-Pay costs	50.9	51.1	53.2	53.7	54.1
Income	(13.4)	(13.6)	(13.8)	(14.1)	(14.4)
Sub-total Force Expenditure	201.3	206.9	212.0	215.1	218.3
OPCC	5.0	5.0	5.1	5.1	5.1
Total Expenditure	206.3	211.9	217.1	220.2	223.4

Summary

The summary below is based upon the precept freedoms we are anticipating from 2020-21 onwards. The Home Office have stated that freedoms relating to inflation will be provided in the precept as Police Grant will remain flat. This also assumes that the Treasury Grant loss will be made up from additional precept freedoms.

<u>Most Likely Scenario</u>	2019-20 £m	2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m
<u>Policing</u>					
Net Expenditure	201.3	206.9	212.0	215.1	218.3
Efficiencies	Net above	(3.0)	(3.2)	(3.2)	(3.2)
sub-total	201.3	203.9	208.8	211.9	215.1
<u>OPCC</u>					
Net Expenditure	5.0	5.0	5.1	5.1	5.1
Total net expenditure	206.3	208.9	213.9	217.0	220.2
Total Funding Available Most likely scenario	206.3	210.3	214.5	219.1	225.3
Available for investment		1.4	0.6	2.1	5.1

* The OPCC has made efficiencies in the absorption of pay award and inflationary increases. These have been incorporated into the net budget figure. The increase in budget for 2017-18 and 2018-19 reflects the additional costs in relation to the MARAC and IDVA provision.

Should changes take place to the Home Office assumption in relation to precept freedoms the worst case scenario would be summarised as follows:

<u>Worst Case Scenario</u>	2019-20 £m	2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m
Total net expenditure	206.3	208.9	213.9	217.0	220.2
Total Funding Available Worst case scenario	206.3	206.1	208.2	210.8	214.8
Further efficiencies required		(2.8)	(5.7)	(6.2)	(5.4)



Nottinghamshire

POLICE & CRIME COMMISSIONER

Reserves Strategy 2019-20

Reserves Strategy 2019-20

Background

1. The requirement for financial reserves is acknowledged in statute. Sections 32 and 43 of the Local Government Act require Precepting authorities (and billing authorities) in England and Wales to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.
2. In England and Wales, earmarked reserves remain legally part of the General Reserve, although they are accounted for separately.
3. There are other safeguards in place that help to prevent Police & Crime Commissioners over-committing themselves financially. These include:
 - The balanced budget requirement (Local Government Act 1992 s32 and s43).
 - Chief Finance Officers duty to report on the robustness of estimates and adequacy of reserves (Local Government Act 2003 s25) when the Police & Crime Commissioner is considering the budget requirement.
 - Legislative requirement for each Police & Crime Commissioner to make arrangements for the proper administration of their financial affairs and that the Chief Finance Officer has responsibility for the administration of those affairs (section 151 of the Local Government Act 1972).
 - The requirements of the Prudential Code.
 - Auditors will consider whether audited bodies have established adequate arrangements to ensure that their financial position is soundly based.
4. These requirements are reinforced by section 114 of the Local Government Finance Act 1988, which requires the Chief Finance Officer to report to the Police & Crime Commissioner if there is likely to be unlawful expenditure or an unbalanced budget. This would include situations where reserves have become seriously depleted and it is forecast that the Commissioner will not have the resources to meet its expenditure in a particular financial year. The issue of a section 114 notice cannot be taken lightly and has serious operational implications. Indeed, the Police and Crime Commissioner must consider the s114 notice within 21 days and during that period the Force is prohibited from entering into new agreements involving the incurring of expenditure.
5. Whilst it is primarily the responsibility of the Police and Crime Commissioner and its Chief Finance Officer to maintain a sound financial position, external auditors will, as part of their wider responsibilities, consider whether audited

bodies have established adequate arrangements to ensure that their financial position is soundly based. However, it is not the responsibility of auditors to prescribe the optimum or minimum level of reserves for individual Police and Crime Commissioners or authorities in general.

6. CIPFA's Prudential Code requires the Chief Finance Officers to have full regard to affordability when making recommendations about the Commissioners future capital programme. Such consideration includes the level of long-term revenue commitments. Indeed, in considering the affordability of its capital plans, the Commissioner is required to consider all of the resources available to it and estimated for the future, together with the totality of its capital plans and revenue forecasts for the forthcoming year and the following two years. There is a requirement for three-year revenue forecasts across the public sector and this is achieved through the Medium Term Financial Strategy (MTFS). The Comprehensive Spending Review (CSR) has provided the Commissioner with details of proposed revenue grant for one year and capital grant settlement has yet to be announced. This provides limited ability to focus on the levels of reserves and application of balances and reserves.
7. CIPFA and the Local Authority Accounting Panel do not accept that there is a case for introducing a generally acceptable minimum level of reserves. Commissioners on the advice of their Chief Finance Officers should make their own judgements on such matters taking into account all relevant local circumstances. Such circumstances will vary between local policing areas. A well-managed organisation, for example, with a prudent approach to budgeting should be able to operate with a level of general reserves appropriate for the risks (both internal and external) to which it is exposed. In assessing the appropriate level of reserves, a well-managed organisation will ensure that the reserves are not only adequate, but also are necessary.
8. The Home Office has now indicated that it expects general reserves to be no more than 5% of the net revenue budget.
9. Section 26 of the Local Government Act 2003 gives Ministers in England and Wales a general power to set a minimum level of reserves for authorities. However, the government has undertaken to apply this only to individual authorities in the circumstances where the authority does not act prudently, disregards the advice of its Chief Finance Officer and is heading for serious financial difficulty.

The Commissioners Plans

10. The Commissioner holds reserves for specific reasons that are included within the Police & Crime Plan and Medium Term Financial Strategy these include:
 - To meet forthcoming events where the precise event, date and amount required for such events cannot accurately be predicted. For example major events that would require the use of the General Reserve. These are detailed within the General Reserve risk assessment provided at **Appendix A**.
 - To meet forthcoming events where the precise date and amount required cannot be accurately predicted. For example: Night Time Levy where partners are making proposals together on how best to utilise this funding or the Grants and Commissioning Reserve, where proposals on how to utilise this fund from previous years underspends are being considered for Crime Prevention or Victims.
 - To meet forthcoming capital expenditure needs where major capital schemes are being planned and the reserve will be utilised to reduce the cost of borrowing and capital charges to the revenue account.
 - To meet smaller projects such as the Animal Welfare Reserve where expenditure is only met from this reserve and which meets specific policy requirements.
 - A reasonable amount to meet peaks and troughs in revenue expenditure requirements (e.g. redundancy or restructuring costs). This is met through the MTFP Reserve.

Current Financial Climate

11. The pressures on public finances are currently forecast as improving. However, at the local level reducing expenditure to an affordable base, whilst maintaining service at an acceptable level remains a challenge. Therefore, the ability to retain reserves for unforeseen events and circumstances becomes not only difficult, but something that requires careful consideration.
12. We are still facing an uncertain future with the impact of Brexit and how this will impact on public expenditure plans, which are currently unknown.
13. Nottinghamshire currently has one of the lowest levels of forecast reserves for policing in England and Wales. Nottinghamshire has never been cash rich and has been underfunded through the current funding mechanism.
14. The Medium Term Financial Strategy identifies risks in achieving the required efficiencies to ensure balanced budgets over future years.

Types of Reserve

15. When reviewing the medium term financial strategy and preparing the annual budgets the Commissioner should consider the establishment and maintenance of reserves. These can be held for four main purposes:
 - A working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing – this forms part of general reserves.
 - A contingency to cushion the impact of unexpected events or emergencies – this also forms part of general reserves.
 - A means of building up funds often referred to as earmarked reserves, to meet known or predicted requirements; earmarked reserves are accounted for separately, but remain legally part of the general reserve.
 - The economic climate and the safety of the Commissioner's financial assets. This would link closely with the Treasury Management and Prudential Code Strategy - this also forms part of general reserves.
16. The Commissioner also holds other reserves that arise out of the interaction of legislation and proper accounting practice. These reserves are not resource-backed and cannot be used for any other purpose, are described below:
 - The Pensions Reserve – this is a specific accounting mechanism used to reconcile the payments made for the year to various statutory pension schemes.
 - The Revaluation Reserve – this is a reserve that records unrealised gains in the value of fixed assets. The reserve increases when assets are revalued upwards, and decreases as assets are depreciated or revalued downwards or disposed of.
 - The Capital Adjustment Account – this is a specific accounting mechanism used to reconcile the different rates at which assets are depreciated under proper accounting practice and are financed through the capital controls system.
 - The Available-for-Sale Financial Instruments Reserve – this is a reserve that records unrealised revaluation gains arising from holding available-for-sale investments, plus any unrealised losses that have not arisen from impairment of the assets. Currently none.
 - The Financial Instruments Adjustment Reserve – this is a specific accounting mechanism used to reconcile the different rates at which

gains and losses (such as premiums on the early repayment of debt) are recognised under proper accounting practice and are required by statute to be met from the General Fund. Currently none.

- The Unequal Pay Back Pay Account – this is a specific accounting mechanism used to reconcile the different rates at which payments in relation to compensation for previous unequal pay are recognised under proper accounting practice and are required by statute to be met from the general fund. Currently none.
 - Collection Fund Adjustment account – this is specific to the changes in accounting entries relating to the Collection Fund Accounts held by the Billing Authorities.
 - Accumulated Absences Account – this account represents the value of outstanding annual leave and time off in lieu as at 31st March each year.
17. Other such reserves may be created in future where developments in local authority accounting result in timing differences between the recognition of income and expenditure under proper accounting practice and under statute or regulation, such as the Capital Grants Unapplied.
18. In addition the Commissioner will hold a Capital Receipts Reserve. This reserve holds the proceeds from the sale of assets, and can only be used for capital purposes in accordance with the regulations.
19. For each earmarked reserve held by the Commissioner there should be a clear protocol setting out:
- The reason for/purpose of the reserve
 - How and when the reserve can be used
 - Procedures for the reserves management and control
 - A process and timescale for review of the reserve to ensure continuing relevance and adequacy
20. When establishing reserves, The Commissioner needs to ensure compliance with the Code of Practice on Local Authority Accounting and in particular the need to distinguish between reserves and provisions.

Nottinghamshire Police and Crime Commissioner's

Reserves

21. This document aims to provide an over-arching strategy that defines the boundaries within which the approved budget and Medium Term Financial Strategy (MTFS) operate.

The General Reserve

22. It has previously been established that General Reserves will be maintained at a level above the **minimum of 2.0% of the total net budget**.
23. The purpose of this reserve is to provide for any unexpected expenditure that cannot be managed within existing budgets. Such expenditure would be one-off and resulting from an extraordinary event.
24. Similarly the General Reserve should be set at a prudent and not excessive level, as holding high level of reserves can impact on resources and performance. As such the **maximum** level of General Reserves is set at **5.0% of the total net budget**.
25. Authorisation to finance such expenditure must be obtained in advance from the Commissioners Chief Finance Officer, in accordance with the scheme of delegation and the protocol between the Chief Constable and the Chief Finance Officer. Where time permits the request should be supported by a business case.
26. As the net budget position changes the level of General Reserve must be monitored to ensure the minimum level is maintained.
27. **Appendix A** details the elements that make up the current General Reserves balance and the levels of risk attached to each of these elements. These are indicative and may not be exhaustive as new risks emerge. This does not include the Jointly Controlled Operations general reserve of £0.075m.

Earmarked Reserves

28. Unlike General Reserves earmarked reserves have been identified for specific areas of expenditure where there are anticipated costs that can only be estimated. It is therefore prudent for the Commissioner to identify such areas of expenditure and set aside amounts that limit future risk exposure (e.g. balancing budget shortfalls in the MTFS).

29. Such expenditure usually arises out of changes in policy or where the organisation is working in collaboration with other forces to provide a specific service (for example Private Finance Initiative (PFI)).
30. Expenditure relating to earmarked reserves has to specifically relate to the purpose of the reserve.
31. **Appendix B** details for each of the earmarked reserves that existed at the start of the 2018-19 financial year and their estimated balance by 1st April 2019.

Details of the earmarked reserves available for use in 2019-20 are given below:

Medium Term Financial Plan (MTFP) Reserve

32. The medium term financial strategy of the Commissioner is under constant review and changes as new and reliable information becomes available.
33. The original purpose of this reserve was to alleviate financial pressure on the budgets in future years.
34. The support from this reserve is only one-off support and as such cannot be used to finance on-going commitments.
35. The use of this reserve has been reviewed and will continue to be utilised to finance the cost of organisational changes and as an investment to facilitate new savings. In addition to this the reserve will also be utilised smooth budget pressures as they arise.
36. The Medium Term Financial Strategy has a risk assessment in relation to achieving the efficiencies identified. As such this reserve may be used for balancing the accounts should the efficiencies not be realised.
37. All reserves will be utilised with the agreement of the Police & Crime Commissioner in the ways identified in this strategy and supported by a detailed business case.
38. The current level of forecast reserves remains low and if called upon will impact negatively on the financial viability of the force. Reserves and their usage is carefully planned for and monitored throughout the year.

39. Payback of this reserve of £11.5m has commenced earlier than originally anticipated, but has been erratic in achieving the budgeted repayments. This will continue through the medium term period.

Asset Replacement Reserve

40. This reserve is reflecting the need to consider the major programme of asset replacement in the capital programme.
41. Specifically, a new Custody building at an estimated cost of £20m and a new building on the HQ site to accommodate the former training school, the control room and further service collaboration are being planned for. These are major items of expenditure and it is prudent to create a reserve to part fund such items. This will also alleviate the need to borrow as the borrowing level impact on the CFR.
42. The Commissioner has also requested a full Asset Strategy to include a detailed stock condition. This will enable the updating of all remaining buildings to a reasonable and comparable standard.

IT Investment Reserve

43. This reserve is set aside to support investment and replacement of IT hardware and software. IT revenue underspends will be transferred to this reserve to meet future changes in IT investment and in support of a medium term IT Strategy, which will be provided during 2018-19.

PCC Reserve

44. This reserve has now been earmarked for any cost associated with the PCC elections. This is funded from underspends in the OPCC budget.

Grants & Commissioning Reserve

45. It is intended that underspends on the Grants and Commissioning budget are transferred to here to provide for future needs in this growing area of work. Current plans are to utilise some of this reserve for the refurbishment of a new SARC building in partnership with the NHS and to support further work relating to Sexual and Domestic Violence.

Private Finance Initiative (PFI) Reserve

46. This is a reserve for the equalisation of expenditure over the life of the contract. This is a statutory reserve to maintain. Consideration of transferring this to provisions is being considered.

Property Act Fund Reserve

47. This reserve relates to the value of property sold where the Commissioner can retain the income for use in accordance with the Property Act.

Drugs Fund

48. This minor reserve is received from court awards in drugs cases and is only used for initiatives that reduce drug related crime. The Chief Constable is currently in the process of approving a plan to utilise this fund proactively.
49. There is currently a request with Neighbourhood Policing Teams for activity requests that would make best use of this fund. The requests have to meet specific criteria such as having community impact, being visible and where possible involving partners. The cost will be met from the fund but at the time of writing this report are unknown.

Revenue Grants

50. This reserve combines the small amounts of grant income on completed projects where the grant conditions do not require repayment of any balances. Cumulatively they create a sizeable reserve, because they also include the Road Safety Partnership Reserve. The use of this reserve will be subject to evaluation of any risk of repayment.

Animal Welfare Reserve

51. This reserve was established to support the policy for the welfare of animals specifically police dogs on retirement as working animals. There is a panel which meet with representatives from the Vets and the Force and to approve any claims against this fund. Any approved expenditure relating to on-going welfare as a result of work related injuries can then be paid from this fund. This reserve is for the Animal Welfare Retired Dogs Scheme and is for costs associated with the running of that scheme

Tax Base Reserve

52. Due to the timing differences between the PCC's budget being approved and the deadline for the Billing Authorities to notify us of the final tax base and any Collection Fund surplus or deficit this fund has been created.
53. This reserve will be utilised where the tax base reduces from the estimated figures provided by Billing Authorities to the declaration of the actual tax base, as this would create a shortfall in overall total funding.
54. This reserve will also be used to cover the PCC's portion of costs associated with the Single Occupier Discount Reviews undertaken periodically across the City and the County.
55. Currently, this reserve has a balance equivalent to a 0.5% change on the net revenue budget.

Night Time Levy

56. The Commissioner utilises this funding to contribute towards projects that ensure the City Night Time economy runs smoothly and safely (e.g. the work of the Street Pastors/additional policing when required). Decisions on what projects should be funded are made in partnership with the City Council.
57. The amount of funding through the levy has reduced significantly over the few years it has operated. There is a full programme of projects to utilise the revenue received.

Allard Reserve

58. Following the court case of Allard & Ors v Devon and Cornwall Constabulary this reserve has been created to cover claims from Police Officers handling informants for overtime, when taking off duty calls from informants.

Jointly Controlled Operations (Regional Collaboration) Revenue Reserve

59. There are a growing number of areas where collaborative working is undertaken with other Regional Policing areas. EMSOU is providing collaboration for specialised policing services, such as Major Crime and Forensics. Collaboration has also extended beyond Police Operation Services to include areas such as Legal Services, Procurement and Learning and Development.
60. The Police & Crime Commissioners meet to make decisions and agree further areas of collaboration. They would also approve the use of this reserve for regional activity.
61. The reserve exists to finance activities of regional collaboration above those identified within the annual budget.
62. The region currently has revenue earmarked reserves of £0.845m.

Procedure for Use of Reserves

63. The use of reserves requires approval of the Chief Finance Officer to the Commissioner and the Commissioner.
64. All requests should be supported by a business case unless there is an approved process for use, such as the Animal Welfare Reserve, or relate to a specific project relating to retained grant.
65. On occasion where an urgent request is being made this should comply with the protocol between the Chief Constable and the Chief Finance Officer to the Commissioner.

Monitoring

66. The level of reserves is kept under continuous review. The Commissioner receives reports on the levels of reserves as part of the Medium Term Financial Strategy updates together with the Annual Reserves Strategy in January and the out-turn position in June each year.

Risk Analysis

67. Any recommendations that change the planned use of reserves reported within the Annual Budget and Precept Reports will take account of the need for operational policing balanced against the need to retain prudent levels of reserves.
68. However, there are significant risks, which affect the level of reserves to be maintained, and it is for this reason that a minimum level of 2% (with a maximum level of 5%) of total net budget has been set for the General Reserve.
69. The significant risks that have been considered, but which will also be kept under review are:
 - Significant unforeseen legal costs.
 - The budget monitoring report highlights potential risks in being able to achieve the required efficiencies and savings during the year.
 - The ability to seek financial assistance from the Home Office for major incidents has been diminished and can no longer be relied upon.
 - The need to finance organisational change and redundancies may have an impact on the use of reserves, although this is also reducing in value and risk.
 - The ability to recover significant overspends by divisions and departments would be very difficult in the current financial climate.

- The instability of the Financial Markets means that the investments we make with balances are currently exposed to greater risk. This is negated by the Treasury Management Strategy, but returns on investment have reduced significantly.
- Should the Commissioner and Force be faced with two or more of the above issues at the same time then the reserves may be needed in full.
- Once utilised reserves have limited scope for replenishment. This is usually achieved through a budget underspend.
- There may be exceptional levels of insurance claims that cannot be met from the usual provisions.
- Home Office interest in the levels of reserves held by Police Forces. Nottinghamshire is in the lower quartile in regard to this so any requirement by Central Government affecting reserves would impact on us greater.

CFO Opinion

It is my opinion that the current level of forecast reserves is low. It is right and prudent to use the reserves to finance significant capital expenditure, thereby reducing the impact on revenue budgets.

STRATEGY REVIEW

This strategy will be reviewed annually and the Police & Crime Commissioners approval sought.

During the year changes may occur in the MTFS, which affect this strategy. Such changes will be monitored by the Chief Finance Officer and reported to the Commissioner for approval.

Charlotte Radford (CPFA)
Chief Finance Officer

Reserves Risk Assessment 2019-20

GENERAL RESERVE

RISK	IMPACT	PROBABILITY	Min £m	Max £m	Proposed for 2019-20 £m
Major Incident(s) Unbudgeted expenditure	Any amount under 1% of net budget is to be funded by the authority. Amounts over 1% of net budget are subject to Home Office application approval.	Single Incident amounting to less than 1% of net budget. MEDIUM Multiple incidents amounting to over 1% of net budget. MEDIUM Single incident amounting to over 1% of net budget. LOW	2.1	4.2	4.2
Major Disaster (e.g. natural)	Operation policing affected and resources diverted. (e.g. through building being inaccessible and disaster recovery plan being auctioned).	LOW	0.5	1.0	0.5
Partnership Support	Funding for posts and PCSO's withdrawn. This has also been risk assessed as part of the budget assumptions.	Medium to HIGH	0.5	4.6	1.2
Counterparty failure	If invested balances were tied up in a process to recovery there would be an immediate impact on the revenue budget (possibly short term).	LOW	0.5	5.0	0.5
Employment Tribunals and other litigation	Direct impact on revenue budgets.	LOW	0.1	0.5	0.1
Insurance	Emerging Risks and late reported claims.	To date no claims of this type have affected the accounts. Low to MEDIUM	0.3	0.7	0.5
TOTAL					7.0

Earmarked Reserves Assessment

RISK/RESERVE	PURPOSE	HOW AND WHEN IT WILL BE USED	Management and control	Review	Estimated Balance 31.03.19 £m
Medium Term Financial Plan (MTFP)	To provide against financial shortfalls identified within the MTFS.	Smoothing peaks and troughs in financing the MTFS.	Chief Finance Officer & Commissioner	Minimum twice annually	0.600
Asset Replacement	To provide funding towards major items of capital expenditure.	In conjunction with the Treasury Management Strategy and where borrowing is not the whole answer.	Chief Finance Officer	On-going	4.731
IT Investment	To provide for investment in new IT software and hardware	In line with the IT strategy	Chief Finance Officer	On-going	1.250
PCC Reserve	Underspends on PCC budgets are transferred here, to meet future needs.	To be utilised to meet unforeseen expenditure.	Chief Finance Officer	On-going	0.743
Grants & Commissioning	To collate small balances within revenue accounts to provide funding for this growing area of work.	To meet specific requirements relating to Grants and Commissioning.	Chief Finance Officer	On-going	3.441
PFI reserve	To fund irregular PFI related expenditure on a smoothed basis. And to provide for end of life PFI expenditure.	Life cycle equalisation.	Chief Finance Officer	Annually	0.049

Property Act Fund	Income from the sale of property act confiscations.	To be determined by the Police & Crime Commissioner.	PCC and CFO	Annually	0.196
Drug Fund	For use in reducing drug related crime.	To be determined by the Police & Crime Commissioner and CC.	PCC and CFO	Annually	0.029
Revenue Grants	Balances on grants not required to be repaid. Use needs to be risk assessed.	To be determined by the Police & Crime Commissioner.	Drawn upon when repayment has been requested	Annually	2.849
Animal Welfare	To set up a scheme for animal welfare on retirement as working animals.	Scheme established.	Chief Finance Officer	During the year	0.018
Tax Base	To iron out fluctuations caused between estimated and actual tax base data..	Annually to balance the budget. Every 3-4 years to finance Single Person Discount Review.	Chief Finance Officer	Annually	1.516
Night Time Levy	To be utilised to address Night Time economy issues of crime and safety.	To be determined by the Police & Crime Commissioner.	PCC and CFO	Annually	0.156
Target Hardening	To be utilised when activity has been identified and agreed with partners.	Once schemes have been approved.	Chief Finance Officer	Annually	0.073
Allard	Once legitimate claims are made and approved for payment	On receipt of claims.	Chief Finance Officer	During the year	1.200
JCO – Jointly Controlled Operations	To provide for unexpected expenditure relating to regional collaboration.	Decisions relating to the use of this fund follow the regional governance arrangements.	EM meeting of the PCC's	Annually	1.246
TOTAL					18.097

January 201915

Tables to show the use of General Reserves

	2018-19	2019-20		2020-21		2021-22		2022-23		2023-24	
	01.04.18 Balance £m	01.04.19 balance £m	Use in year £m	01.04.20 balance £m	Use in year £m	01.04.21 balance £m	Use in year £m	01.04.22 balance £m	Use in year £m	01.04.23 balance £m	Use in year £m
General Reserve	7.000	7.000	0	7.000	0	7.000	0	7.000	0	7.000	0
EMSOU general reserve	0.075	0.075		0.075		0.075		0.075		0.075	
<i>% of net budget</i>	3.7%	3.4%		3.4%		3.3%		3.2%		3.1%	

The policy in relation to General Reserves is that they will be no less than 2% of the Net Budget and no more than 5% of the net budget.

Tables to show the estimated use of Earmarked Reserves

	2018-19	2019-20			2020-21		2021-22		2022-23		2023-24	
<u>Earmarked Reserves</u>	01.04.18 Actual £m	01.04.19 balance £m	Use in year £m	31.03.20 balance £m	Use in year £m	31.03.21 balance £m	Use in year £m	31.03.22 balance £m	Use in year £m	31.03.23 balance £m	Use in year £m	31.03.24 balance £m
MTFP	2.000	0.600		0.600		0.600	(0.004)	0.596		0.596		0.596
Asset Replacement	2.731	4.934	1.800 (4.000)	2.734	2.000 (4.000)	0.734	2.000 (2.000)	0.734	1.700 (2.000)	0.434		0.434
IT Investment	1.100	0.850		0.850		0.850		0.850		0.850		0.850
PCC Reserve	0.733	0.743	(0.200)	0.543	(0.043)	0.500		0.500		0.500		0.500
Grants & Commissioning	3.441	3.441	(0.500)	2.941	(1.000)	1.941		1.941		1.941		1.941
PFI	0.010	0.049	0.040	0.089	0.041	0.130	(0.330)	(0.200)	0.042	(0.158)	0.042	(0.116)
Property Act Fund	0.196	0.196		0.196		0.196		0.196		0.196		0.196
Drug Fund	0.027	0.029		0.029		0.029		0.029		0.029		0.029
Revenue Grants	2.849	2.526		2.526		2.526		2.526		2.526		2.526
Animal welfare	0.019	0.018	(0.001)	0.017	(0.001)	0.016	0.004	0.020	(0.001)	0.019	(0.001)	0.018
Tax Base	1.047	1.516	0.166	1.682		1.682		1.682		1.682		1.682
Night Time Levy	0.181	0.156	0.100 (0.256)	0	0.100	0.100	0.100	0.200	0.100	0.300	0.100	0.400
Target Hardening	0.073	0.073	(0.073)	0								
Allard	1.200	1.200		1.200	(1.200)	0						
Joint Ops	1.246	1.246		1.246		1.246		1.246		1.246		1.246
TOTAL	16.853	17.577	(2.924)	14.653	(4.103)	10.550	(0.230)	10.320	(0.159)	10.161	0.141	10.302



Nottinghamshire

POLICE & CRIME COMMISSIONER

Budget 2019-20



NOTTINGHAMSHIRE
POLICE
PROUD TO SERVE

January 2019

Since 2008-09 efficiency savings have been required to deliver annual balanced budgets, in some years these reductions have proved difficult to deliver resulting on the need to use reserves. 2015-16 proved to be the toughest year with efficiency programmes not being delivered and budget omissions being identified during the year. This resulted in £9.3m being required from reserves.

Therefore 2016-17 was always going to be a challenging year, with the need to deliver £12m of efficiency savings. In fact due to a revised policing model and strict monitoring of the efficiencies target a further £1m saving was achieved, creating an underspend in the year meaning that a good start on rebuilding the reserves was made.

Efficiencies of £5.5m were achieved in 2017-18 and coupled with additional savings an additional £2m was made available to repay to reserves.

In 2018-19 a balanced budget was set, which included considerable, but very much needed, investment of £3.3m to:

- increase the number of front line police officers
- create a Crime Fighting Fund targeting rural and knife crime
- Invest in new purpose built buildings and equipment fit to meet future demands
- Procure a specialist vehicle for rural use

In addition a £2.4 million contribution to replenish reserves was anticipated, this was supported by an efficiency programme of £5.9million.

Budget pressures in the year, especially from externally managed collaboration services (MFSS), and from an increased number of knife crime related incidents identified that the cost of policing would exceed budget. Latest projections suggest that the amount of funding available to contribute to reserves will be much less than expected, and the PCC has already agreed £1.4million of extra support to meet these pressures.

However, with improved medium term budgeting continued efficiency drives and additional funding the outlook remains positive and further investment in front line policing can be achieved alongside rebuilding reserves.

During 2018-9 the PCC has continued to fund safe and effective victim support services. Areas he has developed further during the year have been sexual violence support and non-domestic stalking. Specifically this includes:

- Collaboration with the NHS for new adult and paediatric sexual assault referral centres.
- Co-commissioning an Independent Sexual Violence Advisor to work with survivors of sexual violence and abuse.

- Driving forward work with Clinical Commissioning Groups (CCGs) and local authorities to improve mental health support services for sexual violence survivors. Including ensuring and advising on a specialist sexual violence pathway.
- Successfully bidding to be a Ministry of Justice (MoJ) pilot for devolution of its rape support fund. The MoJ gave recognition to the PCC led work in the development of local therapeutic services.

In 2019-20 the work with CCGs on mental health will continue and it is anticipated that a pilot will be developed to understand further the needs of survivors of non-domestic stalking.

The PCC will be co-commissioning a new substance misuse support service in the City and County following the independent review he has commissioned.

BUDGET 2019-20

With the restraint on Government funding savings are still required to meet day to day increases in demand and to afford continued investment in assets and technology in order to maintain an effective Nottinghamshire Police Force.

1.1. Funding levels

The provisional funding levels have been set by the Home Office and the Department of Communities and Local Government. This anticipated funding is shown below.

Funding 2019-20	2019-20 £m
Core grants & funding	
Police & Crime grant	(126.9)
Council Tax legacy grant	(9.7)
Pensions grant	(2.0)
Sub-total core grants	(138.6)
Precept	(69.5)
Collection fund (surplus)/deficit	(0.0)
Contribution to Reserves	1.8
Total funding available	(206.3)

Final confirmation of grant settlement will be laid before Parliament in February 2019.

The Referendum Limit was announced at the same time as the provisional settlement and is set at a maximum increase of £24.00 for a band D property for 2018-19 this equates to a maximum rise of 12.28%. This level of increase has been assumed in the above figures. Additional funding created as a result of this increase will ensure that officer and staff numbers are not reduced to fund national pay awards. Indeed due to continued efficiencies all additional precept funding (worth £2.8m in 2018-19) is being invested in the cost of the 80 additional police officers in 2018-19, and a further 40 additional officers in 2019/20.

Along with plans being developed to increase the productivity of supervisory roles and creating more front line Constables, by the end of 2019-20, over 140 additional police officers will have been made available for deployment in neighbourhoods and local communities.

The PCC also requires that the spending plans of the Force need to provide for the addition to reserves over the medium to long term; reflecting the level of reserves used to support expenditure during the current austerity period; and this requirement remains. The medium term spending plans of the Force show that this will be achieved within the current medium term planning period.

A review of the Reserves Strategy has been undertaken and based upon the continued cash support from Central Government, the additional Council Tax freedoms, continued delivery of operational efficiencies and improved budget management plans it is expected that these reserves will be able to be utilised in the future to support capital expenditure plans. These will deliver investment in new efficient buildings that will be fit for the future, be more energy efficient and will also deliver on-going revenue savings.

1.2 Investment in Service

The increase in precept funding will allow Nottinghamshire to invest further in frontline resources, for example having 40 additional officers working on the front line. This builds on the existing schools early intervention officers, dedicated burglary, robbery and knife crime teams, and working in local neighbourhoods.

In addition £0.5million is being made available to invest in outcomes from the annual departmental assessments (ADAs), which identify changes to demand and improvements to the operational approach to policing. This includes refreshing IT and technical equipment, investment in drone technology and in our Oracle Cloud solution in conjunction with Multi Force Shared Service (MFSS).

Overall this will enable the Chief Constable to recruit up to 1,980 FTE police officers in 2019-20. This will be an increase of 40 extra officers in comparison to 2018-19, and increases the establishment of uniformed officers to over 2,025 individuals.

This will deliver an additional 33 officers into Neighbourhood Policing which provides more local, visible, reassuring resources across all Nottinghamshire. Successive public surveys have pointed to such a need and there is a determination to place as many affordable resources as we can to bolster this area of service delivery. Local Neighbourhood officers patrol, problem solve, investigate crimes and ASB in their area. The specific increase will bolster our responsiveness and the public will see more officers on the beat.

An additional 7 officers will form a force robbery team. Following on from the success of our burglary and knife crime teams, the new robbery team will work closely with the knife crime team. The benefits are to be found in the investigative techniques, surveillance and targeting of those who cause most harm to the public. This new team will operate across the force, responding to

intelligence whilst seeking to utilise some of our most intrusive policing techniques.

The Commissioner and Chief Constable also have allocated £150,000 to further augment our knife and hate crime prevention activity aimed at younger people, particularly those who are transitioning from primary to secondary education. The PCC already funds a number of bespoke crime prevention initiatives in the community and the Chief Constable has embedded Schools Officers across the force. The intention is to widen this preventative approach by working with local schools and the third sector at a time when both are under considerable strain. This is a longer term investment aimed at enabling younger people to make good choices as they continue to be over-represented as both victims and offenders in knife related crimes.

1.3 Summary expenditure

The Commissioner is required to set a balanced budget each year, with the level of sustained real term reductions in grant income and increased pressures from inflation, pay awards, new demands and investment this inevitable means efficiencies have to be identified and delivered in order to balance the budget.

Expenditure 2019-20	2019-20 £m
Previous expenditure	193.1
Non Pay inflation increases	0.6
Pay increases	6.7
Pension increases	5.6
Changes in demand	2.6
Investment	1.0
Sub-total expenditure	209.6
Efficiencies	(3.3)
Total net expenditure	206.3

The changes in year shown above are detailed further in the report.

2. **2019-20 Budget breakdown**

Annex 1 details the proposed expenditure budget for 2019-20. The proposed revenue budget is £206.3m.

Net expenditure budget	2019-20 £m	Efficiencies £m	2019-20 £m	Note
Employee	137.5	2.0	135.5	2.1
Premises	5.8	0.0	5.8	2.2
Transport	5.7	0.0	5.7	2.3
Comms and Computing	9.0	0.3	8.7	2.4
Supplies & services	10.6	0.5	10.1	2.5
Agency & contract services	16.9	0.0	16.9	2.6
Pensions	33.9	0.0	33.9	2.7
Capital financing	4.6	0.3	4.3	2.8
Income	(14.4)	0.2	(14.6)	2.9
Net Expenditure	209.6	3.3	206.3	Annex 1

An alternative thematic view of the 2019-20 budget is also detailed at Annex 5.

2.1 **Employee related expenditure**

Over the last two years the Force has been actively recruiting police officers with 2018-19 moving to a position of 1,940 FTE officers, with an equivalent headcount of over 2,000. The 2019-20 budget provides for continued officer and staff recruitment in order to maintain an effective service. In addition the implementation of the Chief Constables new police officer operating model see police constable numbers rise to 1,980 officers a rise of 40 new front line posts.

This follows on from an increase of 80 new front line posts in 2018-19. This is achieved by the continued delivery of efficiencies and the use of precept freedoms invested by the PCC. The reprioritisation of spend, managed thorough the Annual Departmental Assessments – a business management programme introduced in 2017-18 ensures that new and reprioritised resources meet the Policing Plan. This programme becomes key to the way in which we work and in the way in which we will deliver a police service that remains financially stable during the current period of austerity in public sector spending.

A pay award has been included in the budget at 2.0% payable from 1st September each year. Employee expenditure accounts for approximately 80% of the total expenditure budget.

Annex 2 details the budgeted staff movement between the current year and 2019-20. Annex 3 details the budgeted police officer, police staff and PCSO numbers for 2019-20.

2.2 Premises related expenditure

During the period of austerity the Commissioner's estate has been reduced in order to achieve efficiencies, but also to ensure resources are allocated based upon need and to facilitate planned changes in working arrangements. Such changes will include remote working through better technologies ensuring officers are in the communities and not stations and hot-desking to ensure optimal use of office space available. In addition core maintenance budgets have increased for the remaining stock reflecting the age of the buildings but also ensuring that maintenance standards are reflective of the needs of the workforce.

Capital investment in new buildings is included in the capital programme, the main investment being a replacement custody suite, as the current operation become increasingly less fit for purpose. The land has been purchased and building works are expected to commence towards the latter part of 2019-20. A new building project is due to commence for a joint headquarters building with Fire on the current Police Headquarters site. It is not expected that either new buildings will become operational during 2019-20 although future operational efficiencies should be delivered as the purpose built buildings will have latest maintenance/fuel efficiencies built in and should be designed to deliver other operational efficiencies. These will contribute to future efficiency requirements, identified in the Medium Term Plan, but do not affect the 2019-20 budgets.

Premises related expenditure includes the provision of utility services to those properties and these are elements of the budget that are adversely affected by inflation. For 2019-20 inflation for gas and electricity has been budgeted at 5.0%.

2.3 Transport related expenditure

The Force has in place a Public Finance Initiative (PFI) for the provision of police vehicles. This agreement ensures that there is always the required number of vehicles and driver slots. However, this is an expensive agreement and requires careful management to ensure the most advantageous service is obtained from the supplier. This continues to be monitored and efficiencies delivered.

In addition the force has a smaller fleet of owned vehicles, the non-slot fleet, the maintenance of these vehicles is also undertaken by the PFI provider, and the capital programme provides for the replacement of these vehicles over the business cycle.

2.4 Comms & Computing expenditure

This category captures the costs of the computing infrastructure for the force, including hardware, software and licences. Costs of mobile data and investments in agile working provide for a more efficient front line policing presence.

Some of the IT systems that the Force uses are provided through national contracts that the Home Office recharge costs to the Force. Notification from the Home Office sees the total cost of these systems continuing to increase above the rate of inflation. In addition provision has been made for the extension of this National Enablers Programme as the Home Office continues to roll out additional services.

The IT/IS service remains critical to the business of the Force and its ability to deliver future efficiencies. Within the ADA funding it is expected that investment in the core activity will be made during 2019-20.

2.5 Supplies & services expenditure

This category of expenditure captures most of the remaining items such as insurance, printing, communications and equipment. There are also some centrally held budgets for unspecified operational demand, this will provide for the opportunity to react quicker to local issues/hot spots, address demand issues and to provide funding for low value equipment and materials.

For all other expenditure an inflation factor of 2.0% has been applied in 2019-20, unless there was specific contracted inflation.

2.6 Agency & contract services

This category of expenditure includes agency costs for the provision of staff, professional services such as internal and external audit and treasury management, and the costs associated with regional collaboration.

A breakdown of the costs associated with this classification is summarised below:

Analysis of Agency & contracted services	2019-20 £m
Agency costs	0.0
Collaboration contributions	10.2
Community safety	5.1
Other partnership costs	1.6
Total	16.9

The costs associated with the use of agency staff have been much reduced and their use is carefully managed to ensure this represents good value for money. In year additional agency costs may be incurred as a result of utilising agency staff to cover short term vacancies, especially where departmental restructures are taking place.

Regional collaboration is shown as a joint authority as this is the basis of the collaboration agreements. The region has been challenged to deliver savings from across those projects already in place. Nottinghamshire's element of the regional budget is £10.2m for 2019-20. There have been additional cost pressures in this area from the reduction of government grants that EMSOU receive, especially within Serious and Organised Crime. No savings have been assumed within this budget for collaboration or innovation projects.

Analysis of Collaboration contributions	2019-20 £m
EMSOU	3.3
Major crime	0.3
Tactical surveillance unit	0.6
Forensics	1.4
EMOpSS Air Support	0.5
Learning & development	0.8
Occupational health unit	0.5
Legal	0.4
Multi Force Shared Services (MFSS)	2.2
ESN	0.2
Total	10.2

2.7 Pensions

This category includes the employer contributions to the two Police Pension Schemes in place and to the Local Government Pension Scheme (LGPS) for police staff.

The budgeting for medical retirements has seen the number of medical retirements and the associated costs increasing over time, the 2019-20 budget has been increased by £0.2m reflecting the current trend.

The police pension scheme has been reviewed by the Central Government Actuaries, GAD, which has resulted in an increase in cost of over 8% of the Police Officer salaries budget - an increase of £5.6m to the 2019-20 budget. This has been partially off-set by additional core funding of £2.7million and a specific grant of £2.0million. The additional £0.9m has been absorbed by efficiencies elsewhere in the budget.

Employer contributions in respect of the LGPS scheme are reviewed by the Actuaries on a tri-annual basis and annual contributions are then adjusted. The next revaluation takes place in 2019 and any changes will impact on the 2020-21 budget. Indications are that, due to changes within the scheme then the employer contributions are unlikely to rise.

2.8 Capital financing

This relates directly to the value of the capital expenditure requiring loan funding in previous years. The proposed capital programmes for 2019-20 has been prioritised to ensure that schemes included are not only reflective of need but also are realistic in deliverability.

The Force has a track record of being over ambitious in estimating both need and in the pace that capital schemes can be developed. This has resulted in significant spend being carried forward or ultimately not been required - indications for 2018-19 show that changes made to prioritisation and monitoring are beginning to have an impact.

In line with the new approach fewer schemes are proposed in 2019-20, and they are more appropriately apportioned; over several years in some cases. All have active delivery plans that are monitored centrally on a regular basis.

The revenue impact of any capital expenditure is included within this report and the detail financing arrangements are detailed within the Treasury Management Strategy report also on today's agenda.

2.9 Income

Income is currently received from other grants (e.g. PFI and Counter Terrorism), re-imbursement for mutual aid (where the Force has provided officers and resources to other Forces), some fees and charges (such as football matches and other large events that the public pay to attend) and from investment of bank balances short term.

2.10 Use of reserves

There are no plans to use significant reserves in 2019-20.

Strategically it is anticipated that £11.5m will be returned to reserves over the medium term, with £4.0million already achieved. The remainder amount is forecast to be repaid within the current medium term planning period, as shown in the Medium Term Financial Strategy.

2.11 Variation to 2018-19 Budget

A variation of budgets between years arises as a result of a variety of changes (e.g. inflationary pressures, efficiency reductions and service demands). Annex 4 details a high level summary of reasons for variations between the original budgets for 2018-19 and 2019-20.

3. Efficiencies

3.1 2018-19 Efficiencies

As part of the 2018-19 budget the following efficiencies were required in order to set a balanced budget.

Efficiencies 2018-19	£m
Procurement	0.3
Supplies & Services	0.9
Transport	0.3
Comms & Computing	0.6
Income	0.3
MF Shared Service	0.8
MRP	0.4
Total	3.6
Ongoing staff pay savings	2.3
Total	5.9

- 3.2** The Commissioner is of the view that continually achieving efficiencies is challenging however current indications at the time of producing this report is the Force will achieve its efficiency targets for the 2018-19 budget. However due to delays in implementing system changes by MFSS and reduced attrition rates of Officers/Staff coupled with operational demand the Force is likely to overspend its operational budget. This will result in a reduced contribution to be reserves being made available in year, with the PCC already agreeing to a £1.4m reduction in contribution to support the additional MFSS costs.

The Medium Term Financial Strategy of the PCC will be adjusted to reflect the lower level of contribution in 2018-19, this will therefore require increased levels of contribution in the later years of the Strategic Plan.

3.3 2019-20 Efficiencies

As part of the 2019-20 budget the following efficiencies are required in order to set a balanced budget.

Efficiencies 2019-20	£m
Procurement	0.3
Supplies & Services	0.2
Overtime	0.5
Comms & Computing	0.3
Income	0.2
Capital financing	0.3
Total	1.8
Ongoing staff pay savings	1.5
Total	3.3

- 3.4 As in the previous year if these targets are not met the Commissioner will require the force to provide alternative in year savings plans. If this is required it is likely that the force will respond by delaying its in-year recruitment plans, or adjusting the period of contribution to reserves.

4. External Funding

There is an assessment of the financial risk in respect of external funding currently provided. In 2019-20, 11 officers and 68 staff FTE's are funded externally and are added within the expenditure and workforce plans. This could be an additional pressure in future years as funding pressures mount for partners. In the 2019-20 budget reduced contributions from partners has been absorbed without the need to reduce the core police officer numbers.

If this external funding was to cease the Chief Constable would consider the necessity for these posts based on operational need and may decide not to fund from the already pressured revenue budgets.

In addition to these we have 31 police officers and 7 staff FTE's seconded out of the organisation in 2019-20. This compares with 39 officers and 6 staff FTE's seconded in 2018-19. Overall the impact of changing partner contributions and the return of seconded officers allows for up to 20 additional officers to be redeployed to the front line priorities.

2019-20 Commissioner's Total Budget (£m)

	Force Budget 2019-20 £m	OPCC Budget 2019-20 £m	Total Budget 2019-20 £m
Pay & allowances			
Officer	107.9	0.0	107.9
Staff	43.2	0.8	44.0
PCSO	5.7	0.0	5.7
	156.8	0.8	157.6
Overtime			
Officer	4.0	0.0	4.0
Staff	0.7	0.0	0.7
PCSO	0.1	0.0	0.1
	4.8	0.0	4.8
Other employee expenses	2.2	0.0	2.2
Medical retirements	4.9	0.0	4.9
	168.7	0.8	169.5
Other operating expenses			
Premises related	5.8	0.0	5.8
Transport	5.7	0.0	5.7
Communications & computing	8.7	0.0	8.7
Clothing & uniforms	0.5	0.0	0.5
Other supplies & services	5.6	0.3	5.9
Custody costs & police doctor	1.5	0.0	1.5
Forensic & investigative costs	2.2	0.0	2.2
Partnership payments & grants to external organisations	1.8	4.9	6.7
Collaboration contributions	10.2	0.0	10.2
Capital financing	4.3	0.0	4.3
	46.3	5.2	51.5
Total expenditure	215.0	6.0	221.9
Income			
Seconded officers & staff income	(2.5)	0.0	(2.5)
Externally funded projects income	(3.9)	0.0	(3.9)
PFI grant	(1.9)	0.0	(1.9)
Ministry of Justice (MoJ)	0.0	(1.3)	(1.3)
EMSCU	(0.9)	0.0	(0.9)
Investment interest	(0.2)	0.0	(0.2)

	Force Budget 2019-20 £m	PCC Budget 2019-20 £m	Total Budget 2019-20 £m
Other income	(4.0)	0.0	(4.0)
	(13.3)	(1.3)	(14.6)
Net use of reserves	0.0	0.0	0.0
Total	201.6	4.7	206.3

Efficiencies as a result of specific plans totalling £3.3m have already been removed from the main budgets.

Annex 2

Workforce Movements 2018-19 Estimated Outturn v 2019-20 Budget

	2018-19 Estimated Outturn* FTE's	2019-20 Budgeted Total FTE's	Movements FTE's
Core Funded			
Police Officers			
Operational	1,212	1,306	94
Intelligence & Investigations	531	500	(31)
Operational Collaborations	114	106	(8)
Corporate Services	35	30	(5)
	1,892	1,942	50
Police Staff			
Staff	1,156	1,156	0
PCSO	172	185	13
	1,328	1,341	13
	3,220	3,283	63
Group Total			
Core	3,220	3,283	63
Police Officers			
-Seconded	33	29	(4)
-Externally Funded	11	10	(1)
Staff			
-Seconded	7	7	-
-Externally Funded	67	67	-
Force Total	3,338	3,396	58
OPCC	14	15	1
	3,352	3,411	59

* The estimated outturn as at 31st March 2019.

Core Funded - Workforce Plan FTE's

2019-20					
	Operational FTE's	Intelligence & Investigations FTE's	Operational Collaborations FTE's	Corporate Services FTE's	Core Funded FTE's
Police Officers					
Opening balance*	1,212	531	114	35	1,892
Leavers / restructure	(72)	-	-	-	(72)
Retirement	(19)	(31)	(8)	(5)	(63)
Recruitment	185	-	-	-	185
	1,306	500	106	30	1,942
Police Staff					
Opening balance*	385	271	214	286	1,156
Leavers / restructure	-	-	-	-	-
Recruitment	-	-	-	-	-
	385	271	214	286	1,156
PCSOs					
Opening balance*	169	3	-	-	172
Leavers / restructure	(24)	-	-	-	(24)
Recruitment	37	-	-	-	37
	182	3	-	-	185
Opening Balance*	1,766	805	328	320	3,220
Movement	107	(31)	(8)	(5)	63
Closing Balance	1,874	774	320	315	3,283

* Opening balance is the estimated outturn as at 31st March 2019.

Group (All Funding) - Workforce Plan FTE's

	2019-20					
	Core Funded FTE's	Seconded FTE's	Externally Funded FTE's	Force Total FTE's	OPCC FTE's	Total FTE's
Police Officers						
Opening balance*	1,892	33	11	1,935	-	1,935
Leavers / restructure	(72)	-	-	(72)	-	(72)
Retirement	(63)	(4)	(1)	(68)	-	(68)
Recruitment	185	-	-	185	-	185
	1,942	29	10	1,980	-	1,980
Police Staff						
Opening balance*	1,156	7	68	1,231	14	1,245
Leavers / restructure	-	-	-	-	-	-
Recruitment	-	-	-	-	1	1
	1,156	7	68	1,231	15	1,246
PCSOs						
Opening balance*	172	-	-	172	-	172
Leavers / restructure	(24)	-	-	(24)	-	(24)
Recruitment	37	-	-	37	-	37
	185	-	-	185	-	185
Opening Balance*	3,220	39	79	3,338	14	3,352
Movement	63	(4)	(1)	58	1	59
Closing Balance	3,283	35	78	3,397	15	3,411

* Opening balance is the estimated outturn as at 31st March 2019.

Variation to the 2018-19 Budget

Police pay & allowances

The £9.4m increase from the 2018-19 budget is largely due to the additional recruits taken in during 2018-19 and the planned recruitment is 185 FTE's in 2019-20 in line with achieving the 1,980 police officer model; pay scale increments; impact of the 2.0% pay award; and the pension contribution change. This has been partly offset by an increased number of natural leavers that has been occurred during 2018-19 and the full year impact into 2019-20; combined with natural leavers at 72 FTE's and 30 year leavers at 63 FTE's included in the 2019-20 budget.

Police staff pay & allowances

The £4.5m increase from the 2018-19 budget largely due to pay awards and increments. The force budgets for a vacancy rate, anticipating that there is a gap between a leaver and a new starter, this gap is now much shorter due to the impacts of changes to departmental structures following the Annual Departmental Assessments – a business management programme introduced in 2017-18.

PCSO pay & allowances

The £0.9m decrease from the 2018-19 budget largely reflects the increased level of natural leavers, either leaving the organisation or seeking to become officers. During 2019-20 there is a planned recruitment of 37 FTE's to offset leavers and achieve the operating model of 185 FTE's.

Overtime

The £0.7m increase from the 2018-19 budget is due to recognition of the current 2018-19 demand whilst also imposing a £0.5m efficiency challenge around this as we see our officer workforce grow and have more resource available.

Medical retirements

The £0.2m increase from the 2018-19 budget is largely due to the increased cost of Police injury pensions.

Premises related

There is a reduction in business rates of £0.1m due to rationalisation of the estate.

Transport

The £0.4m increase from the 2018-19 budget is largely due to the increased contractual charges from the fleet vehicles provided under the Vensons contract of £0.2m and an increase in insurance costs £0.2m.

Communications & Computing

Delays in the ESN project mean that the budget will be re-phased when more information is available, creating a £0.5m reduction. Increases of £0.1m Network Services; £0.5m for mobile information services and £0.1m for software purchases, off-set by efficiency savings £0.2m on other IT costs.

Other supplies & services

£0.6m relates to increases in consultants fees for the implementation of the Command and Control system and to support Information Services with developments expected as part of the roll out of the National Enabling Programme. £0.1m reflects an increase in costs for recovery of vehicles, which will be off-set by a respective increase in income. £0.1m to cover the replacement cycle of tasers and CS gas.

Partnership payments

The £0.1m reduction from 2018-19 budget is due to the cessation of payments to Northamptonshire Police in respect of joint oversight of the MFSS Oracle Cloud project.

Collaboration contributions

The £0.5m increase from the 2018-19 budget is due to increased payments to regional collaborative teams, mainly EMSOU, in light of reduced government funding received and the increased cost of Police Officer pensions.

Capital financing

The £0.2m increase from the 2018-19 budget largely reflects the latest borrowing position with an increase in interest payments of £0.3m; and Minimum Revenue Provision (MRP) of £0.2m offset by an efficiency challenge of £0.3m.

Income

The £0.4m increase from the 2018-19 budget largely reflects £0.3m anticipated ARV income; £0.1m income from property recharges; £0.2m anticipated income from mutual aid; £0.2m income generation training officers under the apprenticeship scheme; £0.1m income from the increase in number of vehicles recovered; £0.1m increase in investment interest. Offset by £0.4m decrease in income from officer/staff secondments and a decrease of £0.5m from external funding.

2019-20 Commissioner's Total Budget – Thematic View (£m)

2019-20									
Local Policing £m	Crime & Operational Support £m	Operational Collaborations £m	Corporate Services £m	Seconded £m	Externally Funded £m	Force Total £m	OPCC £m	Total £m	
Pay & allowances									
Officer	63.8	31.2	7.3	2.8	2.2	0.7	107.9	-	107.9
Staff	14.3	8.4	6.8	11.4	0.3	2.0	43.2	0.8	44.0
PCSO	5.6	0.1	-	-	-	-	5.7	-	5.7
	83.7	39.7	14.1	14.2	2.5	2.7	156.8	0.8	157.6
Overtime									
Officer	1.4	2.1	0.9	(0.3)	-	-	4.1	-	4.1
Staff	0.2	0.2	0.2	0.1	-	-	0.7	-	0.7
PCSO	0.1	-	-	-	-	-	0.1	-	0.1
	1.7	2.3	1.1	(0.2)	-	-	4.9	-	4.9
Other employee expenses	-	-	-	2.2	-	-	2.2	-	2.2
Medical retirements	-	-	-	4.9	-	-	4.9	-	4.9
	85.9	42.3	15.2	21.1	2.5	2.7	168.7	0.8	169.5
Other operating expenses									
Premises related	-	-	-	5.7	-	0.1	5.8	-	5.8
Transport	0.2	0.2	0.4	4.8	-	-	5.7	-	5.7
Communications & computing	-	-	-	8.3	-	0.3	8.7	-	8.7
Clothing & uniforms	-	-	-	0.5	-	-	0.5	-	0.5
Other supplies & services	0.3	1.0	0.2	4.1	-	0.3	5.9	5.1	11.0
Custody costs & police doctor	-	0.3	1.1	-	-	-	1.5	-	1.5
Forensic & investigative costs	-	0.5	1.3	0.3	-	-	2.1	-	2.1
Partnership payments	0.2	0.3	0.3	-	-	0.6	1.3	0.3	1.6
Collaboration contributions	-	0.6	5.5	4.2	-	-	10.2	-	10.2

2019-20								
Local Policing £m	Crime & Operational Support £m	Operational Collaborations £m	Corporate Services £m	Seconded £m	Externally Funded £m	Force Total £m	OPCC £m	Total £m
-	-	-	4.3	-	-	4.3	-	4.3
0.7	2.9	8.7	32.3	-	1.3	45.9	5.4	51.4
86.1	45.0	23.9	53.3	2.5	4.0	214.6	6.3	220.9
(0.6)	(1.1)	(1.0)	(4.2)	(2.5)	(3.9)	(13.3)	(1.3)	(14.6)
-	-	-	-	-	-	-	-	-
85.5	43.9	22.8	49.1	0.0	0.1	201.3	5.0	206.3



The Nottinghamshire Office of the Police & Crime Commissioner

Capital Programme

2019-24



NOTTINGHAMSHIRE
POLICE

PROUD TO SERVE

1. Introduction

The Commissioner is supportive of capital expenditure which improves the efficiency and effectiveness of the service provided to the public of Nottinghamshire.

The majority of capital expenditure relates to the buildings and IT systems.

The ability for the Commissioner to finance capital expenditure through borrowing is limited by the Capital Financing Requirement as well as other prudential and treasury indicators. With major building works planned over the coming years, capital projects for lower value and shorter life assets will be considered for revenue financing.

2. Capital Programme 2019-20

This programme is built upon current priorities within the Force. Ensuring buildings and equipment are fit for purpose, appropriately maintained and replaced at the end of their useful life.

It is currently estimated that there will be approximately £2,279k slippage from 2018-19 into 2019-20. This will be re-assessed and confirmed at the end of the financial year.

The detailed programme, proposed by the Force, for 2019-20 is provided in **Appendix A**.

The proposed programme is summarised in the table below:

Capital category	2019-20 £k	2020-21 £k	2021-22 £k	2022-23 £k	2023-24 £k
Estates	8,157	22,387	6,117	2,600	2,600
IT	3,110	2,170	700		
Other	60	95	200	240	285
Total	11,327	24,652	7,017	2,840	2,885

Identified within the capital programme is the continuation of the new custody suite building, this new build will address all of the associated issues and costs of the existing centrally located Bridewell Suite. Building surveys and reports produced in 2014 as well as a business case in January 2017 highlighted that the existing Bridewell was in need of major refurbishment. It did not, and could not comply with the then Home Office standards and recommendations (which have since been succeeded by even more stringent criteria). Therefore, the decision was taken that a new custody suite was required. The new build will be state of the art and will meet Home Office guidance and will be built as a 25 year plus function. The

efficiencies it will deliver are associated with risk management and the effective handling of detainees.

A new build is being developed on the HQ site to accommodate the control room, training and collaboration. This work will provide further efficiencies for the estate. Work is in its infancy and a detailed business case is due shortly.

The command and control system has been in place for 15 years. The Force has been issued with an end of life notice by the current supplier, who has placed the system on a reasonable endeavours level of support. The current system requires replacement with a modern and future proof system, allowing for virtualisation and the possibility of a cloud based deployment as well as development, to make the most of the proposed ESN features.

3. Medium Term Capital Programme

It is normal practice to provide an indication of the capital programme for 2019-20 to 2023-24. With the understanding that this part of the programme will be subject to change following a detailed business case and affordability assessment.

An indicative proposed programme for the 5 years is provided in **Appendix A**.

It should be noted that in the later years of the programme, much of what is IT related expenditure will be funded from revenue. This will allow the major building works identified to be funded through the Treasury Management Strategy.

4. Financing

Financing is included within the Treasury Management Strategy included elsewhere within this agenda.

5. Revenue Implications

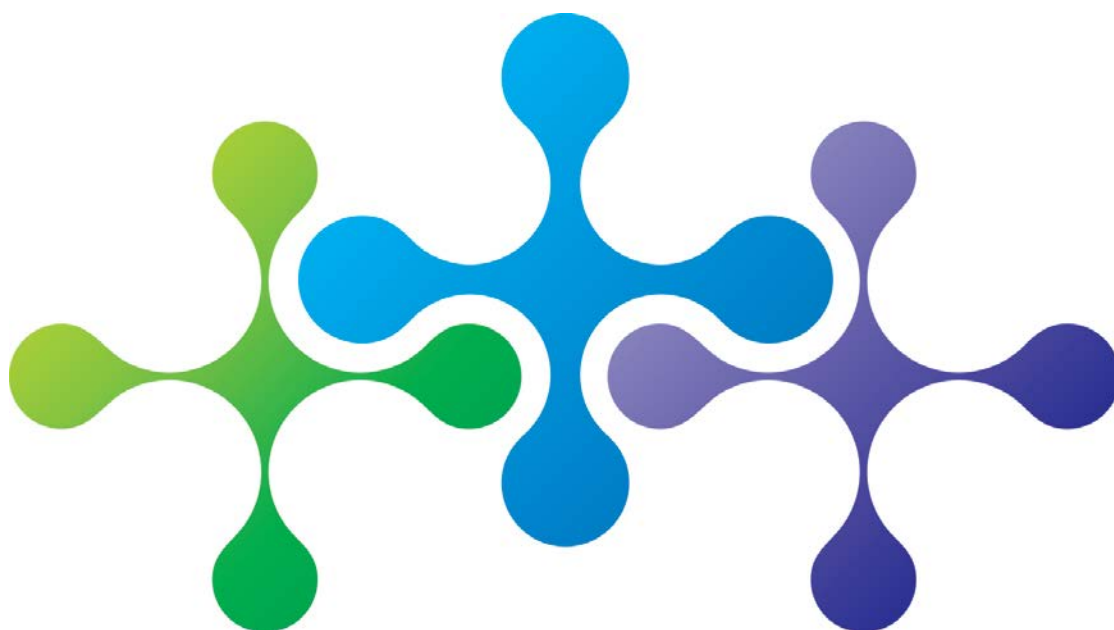
Capital Expenditure does have revenue implications; generally these have the greatest impact in the year after the capital expenditure has been incurred/project completed. These costs represent a charge for depreciation and use of asset. Depreciation is allocated over the life of the asset.

The Revenue budget for 2019-20 includes the estimated Minimum Revenue Provisions (MRP) based on previous years' expenditure. The cost of borrowing is provided for within the revenue budget.

Capital Programme 2019-20 to 2023-24

Appendix A

Suggested Priority	Project Name	Asset Type	Budget 19-20 £k	Budget 20-21 £k	Budget 21-22 £k	Budget 22-23 £k	Budget 23-24 £k
1	CB – New Custody Suite	Estates	6,430	6,430	750		
1	CB – HQ New Build	Estates	352	11,907	2,567		
1	CB – Custody Improvements	Estates	100	100	100	100	100
1	CIT – ANPR Camera Project	IT	20	20			
1	CIT – ESN (Essential Services Network – Airwave Replacement)	IT		700	700		
	TOTAL PRIORITY 1 PROJECTS		6,902	19,157	4,117	100	100
2	CB – Various Building Improvement, Renovation & Conversion works	Estates	1,250	2,950	2,200	2,500	2,500
2	CB – SARC Redevelopment	Estates		1,000	500		
2	CB – Community Rehabilitation Companies Renovations	Estates	25				
2	CIT – Technology Services Refresh and Upgrades	IT	1,090	1,450			
2	CIT – Command & Control System	IT	2,000				
2	CO – Vehicle & Equipment Replacement Programme	Other	60	95	200	240	285
	TOTAL PRIORITY 2 PROJECTS		4,425	5,495	2,900	2,740	2,785
	TOTAL PRIORITY 1 & 2 PROJECTS		11,327	24,652	7,017	2,840	2,885



The Nottinghamshire Office of the Police & Crime Commissioner

Capital Strategy

2019-20

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Capital Strategy 2019-20

Section A Introduction

1. Purpose

The Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code requires local authorities to produce a capital strategy to demonstrate that capital expenditure and investment decisions are taken in line with desired outcomes and take account of stewardship, value for money, prudence, sustainability and affordability.

The Capital Strategy is a key document for the Police and Crime Commissioner (PCC) and Nottinghamshire Police and forms part of the authority's integrated revenue, capital and balance sheet planning. It provides a high level overview of how capital expenditure, capital financing and treasury management activity contribute to the delivery of desired outcomes. It also provides an overview of how associated risk is managed and the implications for future financial sustainability. It includes an overview of the governance processes for approval and monitoring of capital expenditure.

Throughout this document the term Group is used to refer to the activities of both the PCC and the Force.

2. Scope

This Capital Strategy includes all capital expenditure and capital investment decisions for the Group. It sets out the long term context in which decisions are made with reference to the life of projects/assets.

Although the Group has its own Capital Strategy and Medium Term Capital Plan, the natural drivers that encourage national, local and regional forces to collaborate, such as cost and resource sharing, along with structured collaborations and national plans, can have a significant influence on local decision making.

One of the focal points therefore of the Capital Strategy is to acknowledge regional and national partnership working, both with other Forces and in the wider context of engagement with other Emergency Services, Local Authorities and the Crown Prosecution Service, to improve overall service to the public.

Wherever possible and subject to the usual risk assessment process, the Group will look to expand the number of capital schemes, which are completed on a

partnership basis, and continually look for areas where joint projects can be implemented, in support of this initiative:

3. Capital Expenditure

Capital expenditure is incurred on the acquisition or creation of assets, or expenditure that enhances or adds to the life or value of an existing fixed asset. Fixed assets are tangible or intangible assets that yield benefits to the Group generally for a period of more than one year, (e.g. land and buildings, IT, business change programmes, equipment and vehicles). This is in contrast to revenue expenditure, which is spending on the day to day running costs of services, such as employee costs and supplies and services.

The capital programme is the Group's plan of capital works for future years, including details on the funding of the schemes.

Capital expenditure is a major cost and as a result it is necessary to ensure that key programmes of work requiring capital expenditure have been properly identified, evaluated and prioritised.

4. Capital vs Treasury Management Investments

Treasury Management investment activity covers those investments, which arise from the organisation's cash flows and debt management activity, and ultimately represent balances, which need to be invested until the cash is required for use in the course of business.

For Treasury Management investments the security and liquidity of funds are placed ahead of the investment return. The management of associated risk is set out in the Annual Treasury Management Strategy.

The CIPFA Treasury Management Code recognises that some local authorities are entitled to make investments for policy reasons outside of normal treasury management activity. These may include service and commercial investments. However, like all police forces, the Group does not have a General Power of Competence, which gives councils the 'power' to do anything an individual can do provided it is not prohibited by other legislation. As such, the Group is prevented from entering into commercial investment activities.

5. Links to other corporate strategies and plans

The PCC produces his Police and Crime Plan every four years, which is refreshed annually and the Chief Constable produces a Force Management Statement.

To support these overarching documents a number of interrelated strategies and plans are in place, such as the Medium Term Financial Strategy, Capital Strategy, Medium Term Capital Plan, Asset Management Plan, Treasury Management and Annual Investment Strategy, People Strategy/Workforce Plan and the Environmental Strategy.

The operation of these strategies and plans is underpinned by the Code of Corporate Governance which includes Contract Procedure Rules and Financial Regulations. Procedure manuals are considered best practice at Force level.

Procurement is the purchase of goods and services. The Group has a Procurement Department that ensures that all contracts, including those of a capital nature, are legally compliant and best value for money.

It is essential that all procurement activities comply with prevailing regulations and best practice as set out in the Code of Corporate Governance, which includes Contract and Financial Regulations. Guidance on this can be sought from the Procurement team.

The main aim is to hold 'value for money' as a key goal in all procurement activity to optimise the combination of cost and quality.

Capital resources should be directed to those programmes and projects that optimise the achievement of these outcomes. The following processes are designed to ensure this happens.

Section B Governance

6. Asset Management

Good asset management is based upon having detailed condition records for all assets. This enables

- Whole Life Appraisal (WLA) to be undertaken for each asset – liaise with OPCC Treasury Management Accountant on Estate assets with a value over £0.600m to ensure component elements are clearly identified
- Compilation of Capital Programme and Plan
- Identification of long term risks

The need for a capital scheme will typically be identified through one or more of the following processes and be submitted on standardised forms.

- Senior Stakeholders will submit business cases that support delivery of local, Force, Regional or National Objectives. These plans must be sponsored by a member of the Chief Constables Management Team (CCMT) and must identify the requirement, rational, deliverables, benefits, links to Force and/or PCC Priorities, and costs in terms of both Capital investment and on-going revenue consequences.
- Reviews of existing capital projects will identify that budget variances are likely to occur and that either more or less funding is likely to be required. Full rationales are required to justify variances and are submitted as per service delivery bids above.
- The other key strategies will inform the capital strategy and a capital scheme bid may arise from that, for example the Force Asset Management Plan, which rationalises and develops the operational buildings and estates, and may require, either sale or purchase or redevelopment of an element of the estate.

Where investment needs are identified these are reported in a business case.

See **Appendix A** for a diagram of process

7. Business Case

A standard template should be used for all business cases. This should be completed in detail for projects with a duration of less than 1 year as well as initial year of multi-year schemes. Start dates, project duration and revenue implications should be clearly identified.

Payments for capital schemes often occur over many years, depending on the size and complexity of the project. Therefore, estimated payment patterns are calculated for each project so that the expected capital expenditure per month/year is known. This is called a cash flow projection or budget profiling.

The approval of a rolling multi-year capital programme assists the Group stakeholders in a number of ways:

- It allows the development of longer term capital plans for service delivery.
- It allows greater flexibility in planning workloads and more certainty for preparation work for future schemes.
- It allows greater integration of the revenue budget and capital programme.
- It also matches the time requirement for scheme planning and implementation since capital schemes can have a considerable initial development phase.

8. Capital Programme – 1 to 5 years

The Capital programme will summarise the capital expenditure of projects over a five year period. This will be less accurate in the later years where only outline information may be currently available. All projects will be supported through business cases.

Business cases should be as detailed as possible for each project over the life of the project.

Where projects are being identified early in the programme, an outline business case with estimated costs, needs to be compiled for the programme beyond year one.

9. Capital Plan – 5 to 10 years

The Asset Management Plan and condition surveys should detail what expenditure will be required on existing assets over the longer term. This should

be identified in the longer term plan, with more detail being provided as these items progress in the Capital Strategy and programme.

10. Long term Risks – over 10 years

Again the Asset Management Plan and condition surveys should identify long term requirements for capital expenditure. This should also link to other key strategies, such as the Police and Crime Plan and people strategy. The main objective would be to identify long term risks (e.g. Clasp building with a life of 25 years). This should be revised and kept up to date.

11. Force Internal Application Process

At any given time the Force is committed to rolling medium term revenue & capital plans, that usually extend for 4 years and beyond. The plans are drawn up, reassessed and extended annually. If required these are re-prioritised to enable the Force to achieve the aims and objectives, established in the PCC's Police and Crime Plan and commitment to support national drivers, such as the National Policing Vision for 2025.

Key focuses of the Capital Programme:

- To ensure the property estate remains fit for purpose, identifying opportunities to streamline assets and develop the estate infrastructure; maintaining core sites, improving core training facilities and progressing the Asset Management Plan.
- To ensure provision is made for IT & Business Change Technology to maintain and develop the existing infrastructure and invest in the core technologies required to provide innovative digital policing services.

The maintenance and replacement of other core assets where necessary, (e.g. vehicles and communication infrastructure).

- The plans acknowledge the constrained financial position of the Force and maximise both the available financial resources and the capacity that the Force has to manage change projects.

The Capital Plan provides the Force infrastructure and major assets through capital investment, enabling the Force to strengthen and streamline core assets and systems, and provides the framework for delivering innovative policing with a lower resource profile.

For any particular budget setting year, the process for the Group starts during the summer of the preceding year with the Force Corporate Development Department and other key Stakeholder Groups. The Group other Collaborative Forces commence earlier on an agreed time table and Communication Strategy to be adopted to secure investment requirements and ideas from the Stakeholder Groups covering the key criteria such as:

- Achievement of high level agreed Local, Regional or National outcomes;
- Maintenance of the essential infrastructure;
- Development of improved capability
- Adjustments to existing prioritised plans/projects.
- Rationalisation & modernisation of estates
- Carbon management & Health and Safety
- Invest to save schemes.

Based on an agreed timetable, Business Cases for consideration will be submitted into Force Corporate Development Department for both the Group and collaborations in order that a joined up approach is made to capital investment.

A deminimis level of £0.02m is currently in place and must be adhered to.

Vehicle purchases must be made in bulk. One-off purchases of new or second-hand vehicles will be a cost to revenue.

Capital will fund new IT systems over £0.1m (below this amount will be considered if grant funded). All system upgrades will be funded by revenue.

Over the autumn, the business Cases will be subjected to the Forces Prioritisation Matrix, this provides a score for the project that considers key factors (eg statutory need, police and crime plan, risk) in assessing the importance of the bid. The bids will then be presented to and extensively reviewed by the Futures Board, before being scrutinised and recommended by the Chief Officer Team.

Business case prioritisation is achieved by initially applying an agreed Force Prioritisation Matrix to the bid. The matrix reflects the Chiefs Constables force commitment, operational priorities, risk profile, benefits and costs and provides an indicative score for each business case.

The Matrix will be adjusted, if required, prior to submission of business cases to reflect any changes to force prioritisation.

The Prioritisation Matrix score is subject to extensive review by Chief Officers and senior staff over the course of the budget process, to ensure prioritisation is effective and that any appeals are given due consideration.

Typically, a costed draft Capital Plan will then be presented to the PCC late autumn, providing views on affordability and potential funding issues and options. It is imperative that the Head of Finance updates the CFO on all changes made prior to the final version.

A final version of the Capital Plan and Programme will be presented to the PCC in the following February for approval, reflecting the known funding position and any further developmental work on the plan.

The formal PCC approval, agrees the capital budget for the following year, and acknowledges the intention for planning purposes of the remaining years of the Capital Plan. Until this approval is given spending cannot commence.

12. Office of the Police and Crime Commissioner

12.1. Affordability and Financial Planning

Prior to submission of the draft Capital Programme in late autumn, a significant amount of financial work will have already been undertaken on Revenue budgets. This work will have identified potential financial position for the Force in respect of the coming medium term, taking into account core known information and stated assumptions.

The revenue financial position is influenced by inflation, committed growth requirements, forecast productivity and efficiency savings, assumptions around grant and council tax funding and any other information introduced during the budget process.

The Capital Programme and the Capital Plan will include forecasts on capital expenditure, revenue consequences of capital programmes and the requirement to financially support capital investment, either through direct financing or borrowing.

12.2. Capital Sustainability

The financial position of the Group has been changing. For many years the Group has benefitted from substantial capital receipt reserves, supported by the sale of operational buildings or from revenue reserves assigned to capital investment.

As we move forward through the next 4 years the picture moves away from funding of the capital programme through use of accumulated receipt reserves and into a position of funding through either direct revenue financing or borrowing for specific projects.

Beyond the next 4 years almost all capital investment will have to be funded from revenue contributions. This is expected to be during a continued period of revenue pressure and uncertainty.

The Group's Strategy is therefore to invest in core infrastructure now that will not only offer overall service improvements to the public, but also maximise revenue savings into the future through more efficient and mobile use of police personnel, enabled by improved Information Technology systems and other core infrastructure for example, connected vehicle fleet and building assets.

Its investment strategy will also be influenced by and take account of National visions for policing, Regional and Local priorities.

12.3. Approval Process

As indicated, the PCC receives the updated Capital Programme supported by a longer term capital plan, in February each year as part of the overall suite of budget reports.

The PCC approves the overall borrowing levels at the budget meeting in February each year as part of the Treasury Management Report. The taking of loans, if required, then becomes an operational decision for the CFO who will decide on the basis of the level of reserves, current and predicted cashflow, and the money market position whether borrowing should be met from internal or external sources.

Once the PCC has approved the capital programme, then expenditure can be committed against these approved schemes subject to the normal contract procedure rules and the terms and conditions of funding.

Whether capital projects are funded from grant, contributions, capital allocations or borrowing, the revenue costs must be able to be met from existing revenue budgets or identified (and underwritten) savings or income streams.

Following approval by PCC the capital programme expenditure is then monitored on a regular basis.

12.4. Funding Strategy and Capital Policies

This section sets out the Group policies and priorities in relation to funding capital expenditure and investment.

12.4.1. Government Grant

The Commissioner only receives limited financial support from the Home Office; annual capital grant is currently less than £0.8m per annum. This grant is not hypothecated and can be carried forward if not spent in the year of receipt.

Specific capital grants may be received for agreed capital works undertaken by those regional policing units for which the Group is the lead force or for themselves only.

12.4.2. Capital Receipts

A capital receipt is an amount of money which is received from the sale of an asset. This cannot be spent on revenue items.

These capital receipts, once received, are used to finance short life assets in future capital programmes. Unfortunately, the pool of assets available for sale is rapidly declining.

All sale receipts from assets originally purchased by capital funding are capital receipts even when below the £0.01m value set by statute.

12.4.3. Revenue Funding

Recognising that the pool of assets available for sale is declining, direct revenue funding (DRF) is seen as a sustainable funding alternative.

12.4.4. Prudential Borrowing

Local Authorities, including the Police, can set their own borrowing levels based on their capital need and their ability to pay for the borrowing. The levels will be set by using the indicators and factors set out in the Prudential Code. The borrowing costs are not supported by the Government so the Group needs to ensure it can fund the repayment costs. The Group's Minimum Revenue Provision (MRP) Policy sets out a prudent approach to the amount set aside for the repayment of debt.

Due to the on-going debt charges (i.e. MRP and external interest charges) the CFO will consider external borrowing and any potential alternative source for financing the capital programme.

12.4.5. Reserves and balances

Unspent capital grant and capital receipt monies can be carried forward in the Balance Sheet until they are required to fund the capital programme.

The Group also uses money held in earmarked revenue reserves to help fund capital expenditure, most notably the Asset Replacement Reserve.

12.4.6. Third party contributions

When working with others on a capital project, and the Group is the lead, total cost of expenditure will be recognised. Any contribution towards financing will be clearly identifiable.

12.4.7. Leasing

The Group may enter into finance leasing agreements to fund capital expenditure. However, a full option appraisal and comparison of other funding sources must be made and the Department must liaise with the Head of Finance to ensure that this is costed accurately. The CFO must be satisfied that leasing provides the best value for money method of funding the scheme, before a recommendation is made to the PCC.

Under the Prudential Code finance leasing agreements are counted against the overall borrowing levels when looking at the prudence of the authority's borrowing.

Section C Management

The PCC owns all assets and has given legal consent for the Chief Constable to manage them on a day to day basis, on his behalf.

The Head of Finance collates the information for the capital plan. The capital programme is managed by the project managers and the Head of Finance monitors and reports on the expenditure regularly, to the Chief Constable's Management Team who, collectively maintain oversight of planned expenditure.

The Chief Finance Officer is responsible for developing and then implementing the Treasury Management Strategy, including the Annual Investment Strategy, along with the completion of all capital spend and funding related returns completed for central government and other regulatory bodies.

During the budget preparation process the Chief Constable's Management Team take a strategic perspective to the use and allocation of the Group's capital assets in planning capital investment. They receive reports on proposed capital projects and make formal recommendations to the PCC during the development of the capital programme.

Having approved the capital plan and the capital programme in February each year the PCC formally holds the Chief Constable to account for delivery of capital projects.

Detailed discussions are held with Collaborative Partners to agree as far as possible Force prioritisation and understand affordability risks and issues on joint ventures.

Once the list of key capital priorities have been identified, in preparing capital project proposals, consideration should be given to the key criteria identified earlier in the year.

13. Individual Project Management

Capital Projects are subject to high levels of scrutiny. This varies dependant on the type of project and may be influenced by size or by the makeup of regional involvement. Each Project will have a Project Manager and potentially a team to implement the project.

Typically projects will have a dedicated Project Board, which, if part of a larger programme may sit under a Programme Board. Programme and Project Boards will have a Senior Responsible Officer or Chair Person.

For those business change programmes where a formal Board has been established, a detailed scheme monitoring report is presented to each Board meeting.

Detailed oversight is further provided through IT Project Management Office, Strategic Estate Groups and Futures Board.

Regional Projects or Programmes may also report into Regional Boards.

14. Monitoring

The Head of Finance will submit capital monitoring reports to both Chief Constable's Management Team and the PCC on a regular basis throughout the year. These reports will be based on the most recently available financial information. These monitoring reports will show spending to date and compare expenditure with the approved capital budget.

For proposed in-year amendments to the capital programme, the department in consultation with the Head of Finance will prepare a business case for submission to the Futures Board and then to the PCC for consideration and approval, including details on how the new scheme is to be funded: such as revenue, grants and/or savings from current capital programme. Additional capital funding will only be considered in exceptional circumstances approved by CFO and PCC.

Monitoring reports are presented to the PCC at either, the Strategic Resources and Performance meeting, or as part of the decision making process if timing of the meeting is not aligned.

15. Performance Management

Clear measurable outcomes should be developed for each capital scheme. After the scheme has been completed, the Chief Constable is required to check that outcomes have been achieved.

Post scheme evaluation reviews should be completed by the Group for all schemes over £0.5 million and for strategic capital projects.

Reviews should look at the effectiveness of the whole project in terms of service delivery outcomes, design and construction, timescales being met, expenditure etc. and identify good practice and lessons to be learnt in delivering future projects.

16. Risk Management

Risk is the threat that an event or action will adversely affect the Group's ability to achieve its desired outcomes and to execute its strategies successfully.

Risk management is the process of identifying risks, evaluating their potential consequences and determining the most effective methods of managing them and/or responding to them. It is both a means of minimising the costs and disruption to the organisation caused by undesired events and of ensuring that staff understand and appreciate the element of risk in all their activities.

The aim is to reduce the frequency of adverse risk events occurring (where possible), minimise the severity of their consequences if they do occur, or to consider whether risk can be transferred to other parties.

Each project should maintain its own risk assessments and monitor these throughout the project term. Where significant risks arise these should be evaluated to see if they should be escalated to the corporate risk register.

To manage risk effectively, the risks associated with each capital project need to be systematically identified, analysed, influenced and monitored.

It is important to identify the appetite for risk by each scheme, especially when investing in complex and costly business change programmes.

The corporate risk register sets out the key risks to the successful delivery of the Group's corporate aims and priorities and outlines the key controls and actions to mitigate and reduce risks, or maximise opportunities.

The Group accepts there will be a certain amount of risk inherent in delivering the desired outcomes of Police and Crime Plan and will seek to keep the risk of capital projects to a low level whilst making the most of opportunities for improvement. Where greater risks are identified as necessary to achieve desired outcomes, The Group will seek to mitigate or manage those risks to a tolerable level.

The Chief Finance Officer will report on the deliverability, affordability and risk associated with this Capital Strategy and the associated capital programme. Where appropriate they will have access to specialised advice to enable conclusions to be reached.

- **Credit Risk**

This is the risk that the organisation with which we have invested capital monies becomes insolvent and cannot complete the agreed contract. Accordingly, the Group will ensure that robust due diligence procedures cover all external capital investment. Where possible contingency plans will be identified at the outset and enacted when appropriate.

- **Liquidity Risk**

This is the risk that the timing of any cash inflows from a project will be delayed, for example if other organisations do not make their contributions when agreed. This is also the risk that the cash inflows will be less than expected, for example due to the effects of inflation, interest rates or exchange rates. Our exposure to this risk will be monitored via the revenue and capital budget monitoring processes. Appropriate interventions will occur as early as possible.

- **Interest Rate Risk**

This is the risk that interest rates will move in a way that has an adverse effect on the value of capital expenditure or the expected financial returns from a project. Interest rates will be reviewed as part of the ongoing monitoring arrangements to identify such adverse effects. As far as possible our exposure to this risk will be mitigated via robust contract terms and when necessary contract re-negotiations.

- **Exchange Rate Risk**

This is the risk that exchange rates will move in a way that has an adverse effect on the value of capital expenditure or the expected financial returns from a project. Where relevant, exchange rates will be reviewed as part of the ongoing monitoring arrangements to identify such adverse effects. As far as possible our exposure to this risk will be mitigated via robust contract terms and when necessary contract re-negotiations.

- **Inflation Risk**

This is the risk that rates of inflation will move in a way that has an adverse effect on the value of capital expenditure or the expected financial returns from a project. Rates of inflation will be reviewed as part of the ongoing monitoring arrangements to identify such adverse effects. As far as possible our exposure to this risk will be mitigated via robust contract terms and when necessary contract re-negotiations.

- **Legal and Regulatory Risk**

This is the risk that changes in laws or regulation make a capital project more expensive or time consuming to complete, make it no longer cost effective or make it illegal or not advisable to complete. Before entering into capital expenditure or making capital investments, the Group will understand the powers under which the investment is made. Forthcoming changes to relevant laws and regulations will be kept under

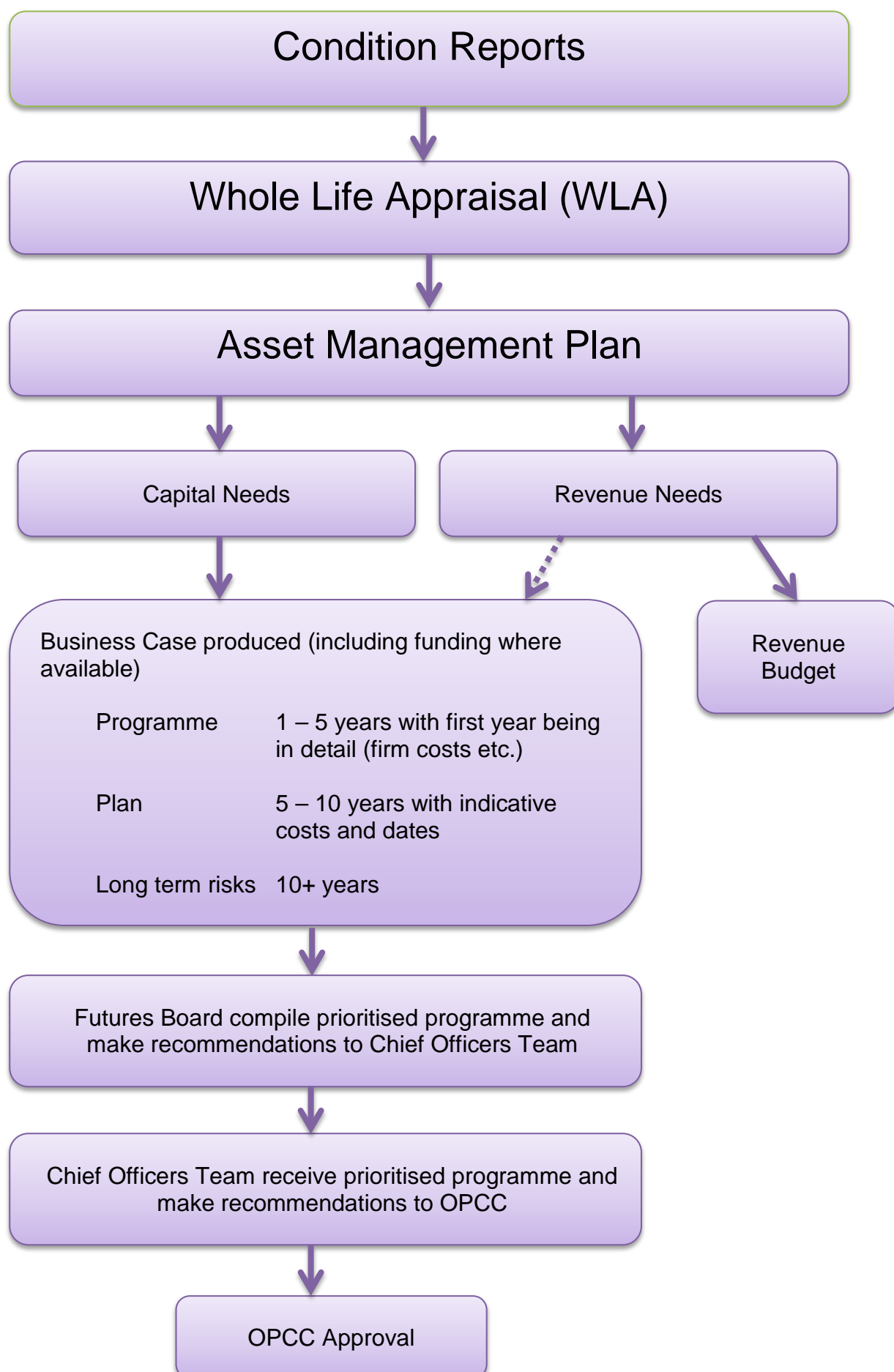
review and factored into any capital bidding and programme monitoring processes.

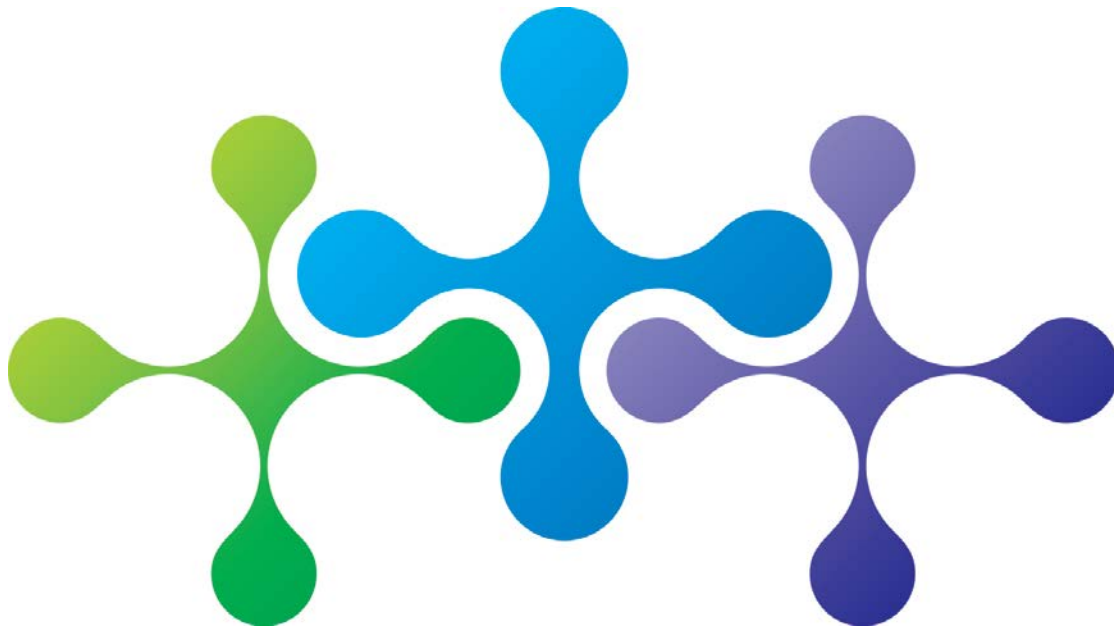
- **Fraud, Error and Corruption**

This is the risk that financial losses will occur due to errors or fraudulent or corrupt activities. Officers involved in any of the processes around capital expenditure or funding are required to follow the agreed Code of Corporate Governance. The Group has a strong ethical culture which is evidenced through our values, principles and appropriate behaviour. This is supported by the national Code of Ethics and detailed policies such as Anti-Fraud and Corruption and Declaration of Interests.

17. Other Considerations

Capital Schemes must comply with legislation, such as the Disability Discrimination Act, the General Data Protection Regulations (GDPR), building regulations etc.





The Nottinghamshire Office of the Police & Crime Commissioner

Treasury Management Strategy

Minimum Revenue Provision Policy Statement and
Annual Investment Strategy

2019-20

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1. INTRODUCTION

1.1 Background

The Nottinghamshire Office of the Police and Crime Commissioner (NOPCC) is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Police and Crime Commissioner's low risk appetite, providing adequate liquidity initially before considering investment return.

The second main function of the treasury management service is the funding of the Commissioner's capital plans. These capital plans provide a guide to borrowing need, and longer term cash flow planning to ensure that the NOPCC can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans. If advantageous debt previously borrowed may be restructured to meet NOPCC risk or cost objectives.

The responsible officer for treasury management is the Chief Finance Officer to the Police & Crime Commissioner (CFO).

CIPFA defines treasury management as:

"The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

1.2 Reporting requirements

The Commissioner is required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actuals.

Prudential and treasury indicators and treasury strategy (this report) - The first and most important report covers:

- A summary of the capital plans (see also the strategy report), prudential indicators and borrowing plans
- The minimum revenue provision (MRP) policy (how residual capital expenditure is charged to revenue over time)

- The treasury management strategy (how the investments and borrowings are to be organised) including treasury indicators
- The investment strategy (the parameters for managing investments)
- Information regarding non treasury investments such as property

A mid-year treasury management report – This will update the Commissioner with the capital position regarding capital, and amend prudential indicators as necessary. It also monitors whether the treasury activity is meeting the strategy and whether any policies require revision.

An annual treasury report – This provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

A detailed capital strategy report – contained in a separate report

Scrutiny

The responsibility for scrutiny lies with the Commissioner supported by the Audit and Scrutiny Panel. The above reports are reviewed at the Strategic Resources and Performance meetings of the Commissioner.

The values within the strategy have been rounded appropriately, and the extent of rounding is clearly labelled. This rounding will in some cases cause a note to be apparently mathematically incorrect.

1.3 Treasury Management Strategy 2019-20

The strategy covers two main areas:

Capital issues

- capital plans and the prudential indicators
- minimum revenue provision (MRP) policy

Treasury management issues

- current treasury position
- treasury indicators which limit the treasury risk and activities of the NOPCC
- prospects for interest rates
- borrowing strategy
- policy on borrowing in advance of need
- debt rescheduling
- the investment strategy

- creditworthiness policy
- policy on use of external service providers
- Policy on use non financial investments

These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, MHCLG MRP Guidance, the CIPFA Treasury Management Code and MHCLG Investment Guidance. The Prudential Code has been recently updated and has been fully adopted .

1.4 Treasury management consultants

NOPCC uses Link Asset Services as its external treasury management advisors.

NOPCC recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external advisors.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The CFO will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

1.5 Training

The CIPFA Code requires that the responsible officer ensures that relevant personnel receive adequate training in treasury management. This especially applies to the Commissioner who is responsible for scrutiny. Training for the Commissioner was formally delivered in March 2014, and the Chief Financial Officer to the Commissioner (CFO) has provided subsequent updates, after attending relevant seminars during the year. The officers involved in treasury management also receive training from Link Asset Services.

2. THE CAPITAL PRUDENTIAL INDICATORS 2019-20 to 2023-24

The Commissioner's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in prudential indicators, to give an overview and confirm capital expenditure plans. Full information regarding capital expenditure plans is included within the separate capital strategy report and capital programme report.

2.1 Capital expenditure

This prudential indicator is a summary of the Commissioner's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle.

The Commissioner is asked to approve the capital expenditure forecasts, excluding other long term liabilities, such as Private Finance Initiatives (PFI) and leasing arrangements, which already include borrowing instruments.

The table below summarises the capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a net financing need.

Capital Expenditure	2017-18 Actual £m	2018-19 Forecast £m	2019-20 Estimate £m	2020-21 Estimate £m	2021-22 Estimate £m	2022-23 Estimate £m	2023-24 Estimate £m
Capital Programme	4.037	11.965	11.327	24.652	7.017	2.840	2.885
Financed by:							
Capital Receipts	0.000	(3.886)	(2.412)	(1.871)	(0.563)	0.000	0.000
Capital Grants & Contributions	(2.794)	(0.793)	(0.758)	(0.394)	(0.295)	(0.166)	(0.065)
Capital Reserve	0.000	0.000	(4.000)	(4.000)	(2.000)	(2.000)	0.000
Net Financing need	1.243	7.286	4.157	18.387	4.159	0.674	2.820

2.2 Commissioner's borrowing need (Capital Financing Requirement)

The second prudential indicator is the Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure, which has not yet been financed from either revenue or capital resources. It is essentially a measure of the underlying borrowing need. Any capital expenditure above, which has not immediately been financed, will increase the CFR.

The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge, which broadly reduces the borrowing need in line with each assets life.

The CFR includes any other long term liabilities (e.g. PFI schemes and finance leases). Whilst these increase the CFR, and therefore the borrowing requirement, these types of scheme include a borrowing facility and so the Commissioner is not required to separately borrow for these schemes.

The Commissioner is asked to approve the CFR projections below:

Capital Financing Requirement (CFR)	2017-18 Actual £m	2018-19 Forecast £m	2019-20 Estimate £m	2020-21 Estimate £m	2021-22 Estimate £m	2022-23 Estimate £m	2023-24 Estimate £m
Total CFR	57.705	62.201	63.399	77.945	78.089	74.745	72.813
Movement in CFR	(1.432)	4.496	1.198	14.546	0.144	(3.344)	(1.932)

Movement in CFR represented by	2017-18 Actual £m	2018-19 Forecast £m	2019-20 Estimate £m	2020-21 Estimate £m	2021-22 Estimate £m	2022-23 Estimate £m	2023-24 Estimate £m
Net financing need for the year (above)	1.243	7.286	4.157	18.387	4.159	0.674	2.820
Less MRP/VRP and other financing movements	(2.675)	(2.790)	(2.959)	(3.841)	(4.015)	(4.018)	(4.752)
Movement in CFR	(1.432)	4.496	1.198	14.546	0.144	(3.344)	(1.932)

N.B. The code does not require the reporting of estimated downward movements to CFR, but this information is included for completeness.

2.3 Minimum Revenue Provision (MRP) policy statement

NOPCC is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the minimum revenue provision - MRP). Additional voluntary payments are also allowed. It is at the CFO's discretion to reverse these additional payments at future dates if deemed necessary or prudent. Payments included in annual PFI or finance leases are applied as MRP. The additional provision that has been made to date is shown in the table below:

Additional Revenue Provision	£m
2016-17	0.750
2017-18	0.250
Total Additional Provision	1.000

Ministry of Housing, Communities and Local Government (MHCLG) regulations have been issued, which require the Commissioner to approve an MRP Statement in advance of each year. A variety of options are available to the Commissioner, as long as there is a prudent provision. No change is proposed from last year.

The Commissioner is recommended to approve the following MRP Statement:

The Commissioner will set aside an amount for MRP each year, which is deemed to be both prudent and affordable. This will be after considering statutory requirements and relevant guidance from the MHCLG.

2.4 Core funds and expected investment balances

The application of resources (capital receipts, grants, reserves etc.) to either finance capital or revenue expenditure, will reduce investments unless replaced by asset sales or an underspend on revenue. Detailed below are estimates of the year end resource balances and anticipated daily cash flow balances:

	2017-18 Actual £m	2018-19 Forecast £m	2019-20 Estimate £m	2020-21 Estimate £m	2021-22 Estimate £m	2022-23 Estimate £m	2023-24 Estimate £m
Fund balances/Reserves	22.682	23.926	20.836	16.733	16.503	16.344	16.485
Capital Receipts	3.886	2.162	2.434	0.563	0.000	0.000	0.000
Provisions	4.385	4.385	4.385	4.385	4.385	4.385	4.385
Other	(2.621)	(2.621)	(2.621)	(2.621)	(2.621)	(2.621)	(2.621)
Total Core funds	28.332	27.852	25.034	19.060	18.267	18.108	18.249
Working Capital*	(4.867)	(4.867)	(4.867)	(4.867)	(4.867)	(4.867)	(4.867)
(Under)/Over borrowing	(16.882)	(12.255)	(10.236)	(9.750)	(9.057)	(5.958)	(2.194)
Expected Investments	6.583	10.730	9.931	4.443	4.343	7.283	11.188

*Working capital balances shown are estimated as at the year end; these may vary throughout the year

2.5 Affordability

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Commissioners overall finances.

The Commissioner is requested to approve the following indicators:

2.6 Ratio of financing costs to net revenue stream

This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream. This indicator is not a mandatory indicator under the revised code, but it has been

reviewed and considered a good indication of the commitment from capital spending.

The estimates of financing costs include commitments and a reasonable assessment of forthcoming capital proposals.

Ratio	2017-18 Actual	2018-19 Forecast	2019-20 Estimate	2020-21 Estimate	2021-22 Estimate	2022-23 Estimate	2023-24 Estimate
	1.8%	2.1%	2.0%	2.5%	2.5%	2.5%	2.8%

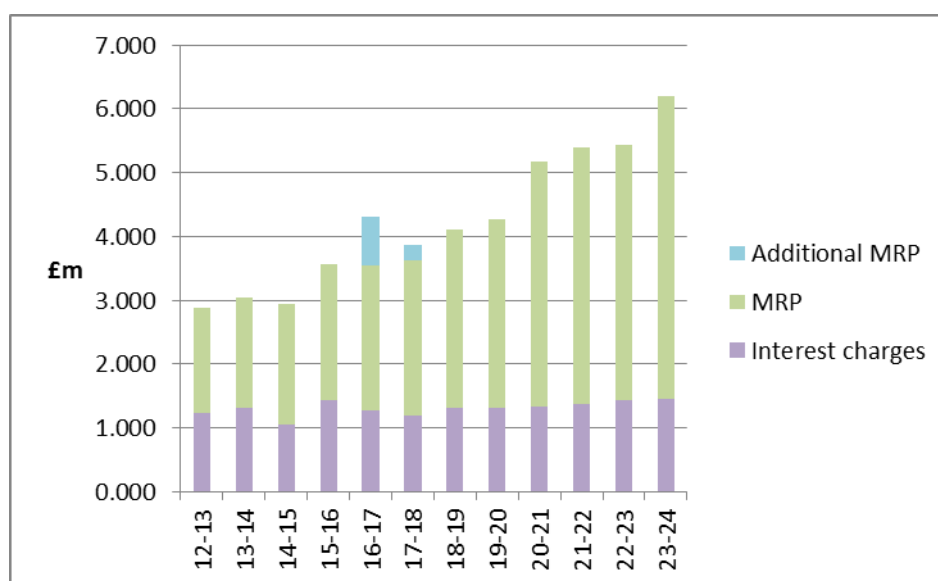
2.7 Incremental impact of capital investment decisions on council tax

This indicator identifies the revenue costs associated with a reasonable assessment of forthcoming capital proposals, compared to the Commissioners existing approved commitments and current plans. The assumptions are based on current plans, but will invariably include some estimates, such as the level of Government support, which is not published over a three year period. Again this indicator is not a mandatory indicator under the revised code, but it has been reviewed and considered a good indicator of the commitment from capital spending.

Incremental impact of capital investment decisions on the band D council tax

Ratio	2017-18 Actual	2018-19 Forecast	2019-20 Estimate	2020-21 Estimate	2021-22 Estimate	2022-23 Estimate	2023-24 Estimate
	£0.00	£1.20	£1.43	£4.52	£5.37	£5.69	£8.25

The graph below shows the financial impact of capital expenditure and borrowing on the Revenue Account:



3. BORROWING

The treasury management function ensures that the Commissioners cash is organised in accordance with the the relevant professional codes, so that sufficient cash is available to meet the capital expenditure plan summarised in Section 2. This will involve both the organisation of the cash flow, including the arrangement of borrowing as appropriate. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

3.1 Current portfolio position

The Commissioners borrowing portfolio position at March 2018, with forward projections is summarised below. The table shows external debt against the underlying capital borrowing need (the Capital Financing Requirement – CFR), highlighting any over or under borrowing.

	2017-18 Actual £m	2018-19 Forecast £m	2019-20 Estimate £m	2020-21 Estimate £m	2021-22 Estimate £m	2022-23 Estimate £m	2023-24 Estimate £m
External Debt							
Debt at 1 April	40.704	37.169	46.292	49.509	64.541	65.378	65.133
New Borrowing	0.000	14.000	4.157	18.387	4.159	0.674	2.820
Borrowing Repaid	(3.535)	(4.877)	(0.940)	(3.355)	(3.322)	(0.919)	(0.988)
Movement in Borrowing	(3.535)	9.123	3.217	15.032	0.837	(0.245)	1.832
Debt as at 31 March	37.169	46.292	49.509	64.541	65.378	65.133	66.965
Capital Financing Requirement	57.705	62.201	63.399	77.945	78.089	74.745	72.813
Other longterm liabilities	(3.654)	(3.654)	(3.654)	(3.654)	(3.654)	(3.654)	(3.654)
Underlying Borrowing Need	54.051	58.547	59.745	74.291	74.435	71.091	69.159
Under/(over) borrowing	16.882	12.255	10.236	9.750	9.057	5.958	2.194
Investments	6.583	10.730	9.931	4.443	4.343	7.283	11.188
Net Debt	30.586	35.562	39.578	60.098	61.035	57.850	55.777

Within the prudential indicators there are a number of key indicators to ensure that activities operate within well defined limits. One of these is that the Commissioner needs to ensure that his gross debt does not (except in the short term), exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2019-20 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.

The CFO reports that this prudential indicator will be complied with in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.

3.2 Treasury Indicators - Limits to borrowing activity

Operational boundary. This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR.

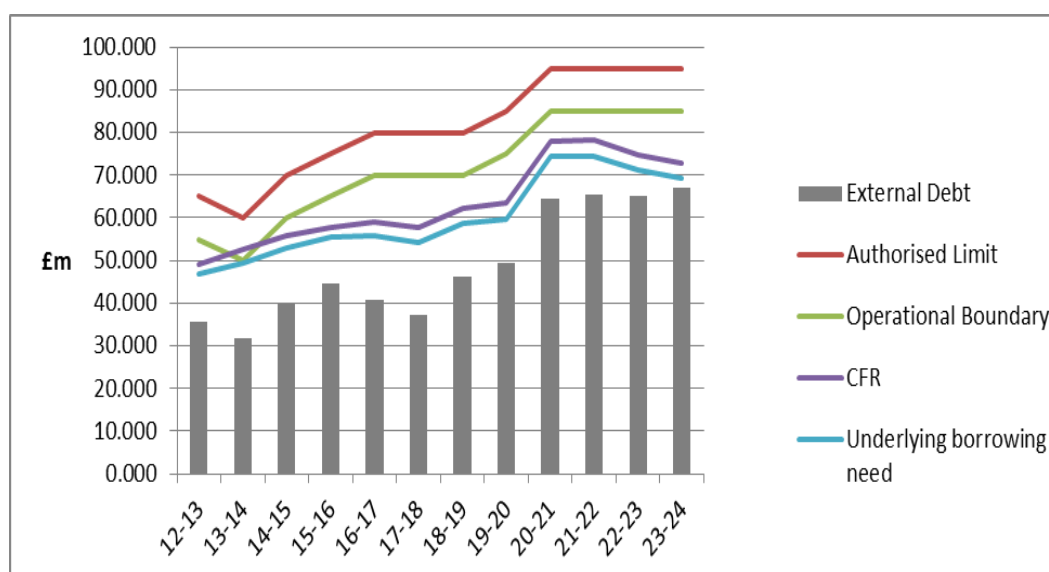
Operational Boundary	2018-19 Forecast £m	2019-20 Estimate £m	2020-21 Estimate £m	2021-22 Estimate £m	2022-23 Estimate £m	2023-24 Actual £m
	70.000	75.000	85.000	85.000	85.000	85.000

Authorised limit. A further key prudential indicator representing a control on the maximum level of borrowing. This is a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the Commissioner. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

The Commissioner is requested to approve the following authorised limit:

Authorised Limit	2018-19 Forecast £m	2019-20 Estimate £m	2020-21 Estimate £m	2021-22 Estimate £m	2022-23 Estimate £m	2023-24 Actual £m
	80.000	85.000	95.000	95.000	95.000	95.000

The table below shows CFR and debt figures from paragraphs 2.2 and 3.1 compared with relevant borrowing limits.



3.3 Prospects for interest rates and economic background

One of the services provided by Link Asset Services is to assist the Commissioner in formulating a view on interest rates. The table below gives the view as at 09-01-19.

Link Asset Services Interest Rate View													
	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22
Bank Rate View	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%	1.25%	1.50%	1.50%	1.75%	1.75%	1.75%	2.00%
3 Month LIBID	0.90%	1.00%	1.10%	1.20%	1.30%	1.40%	1.50%	1.50%	1.60%	1.70%	1.80%	1.90%	2.00%
6 Month LIBID	1.00%	1.20%	1.30%	1.40%	1.50%	1.60%	1.70%	1.70%	1.80%	1.90%	2.00%	2.10%	2.20%
12 Month LIBID	1.20%	1.30%	1.40%	1.50%	1.60%	1.70%	1.80%	1.90%	2.00%	2.10%	2.20%	2.30%	2.40%
5yr PWLB Rate	2.10%	2.20%	2.20%	2.30%	2.30%	2.40%	2.50%	2.50%	2.60%	2.60%	2.70%	2.80%	2.80%
10yr PWLB Rate	2.50%	2.60%	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%
25yr PWLB Rate	2.90%	3.00%	3.10%	3.10%	3.20%	3.30%	3.30%	3.40%	3.40%	3.50%	3.50%	3.60%	3.60%
50yr PWLB Rate	2.70%	2.80%	2.90%	2.90%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.30%	3.40%	3.40%

After the August increase in Bank Rate to 0.75%, the first above 0.5% since the financial crash, the MPC has since then put any further action on hold, probably until such time as the market stabilises post Brexit, and there is some degree of certainty of what the UK will be heading into. It is particularly unlikely that the MPC would increase Bank Rate in February 2019 ahead of the deadline in March for Brexit, if no agreement on Brexit has been reached by then. ***The above forecast, is based on a central assumption that there is an agreement on a reasonable form of Brexit.*** In that case, we think that the MPC could return to increasing Bank Rate in May 2019, with no further movements anticipated until February 2020. However, this is obviously based on making huge assumptions which could be confounded. In the event of a disorderly Brexit, then cuts in Bank Rate could well be the next move.

The long-term trend is for a gentle rise in for gilt yields, and consequently PWLB rates but these can be impacted by unexpected global or UK events.

Rising bond yields in the US have also caused some upward pressure on bond yields for developed economies. However, the extent of that upward pressure has been dampened by the strength of the prospects for economic growth and rising inflation in each country, and on the level of quantitative easing and other credit stimulus measures.

Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:

- Bank of England monetary policy takes action too quickly over the next three years to raise Bank Rate and causes UK economic growth to be weaker than we currently anticipate, and increases in inflation
- Geopolitical risks, especially North Korea, but also in Europe and the Middle East, which could lead to increasing safe haven flows

- A resurgence of the Eurozone sovereign debt crisis, possibly Italy, due to its high level of government debt, low rate of economic growth and vulnerable banking system
- Weak capitalisation of some European banks
- Rising protectionism under President Trump
- A sharp Chinese downturn and its impact on emerging market countries

The potential for upside risks to current forecasts for UK gilt yields and PWLB rates, especially for longer term PWLB rates include:

- The Bank of England allows inflationary pressures to build up too strongly within the UK economy, which then necessitates a later rapid series of increases faster than currently expected
- UK inflation returning to sustained significantly higher levels causing an increase in the inflation premium inherent to gilt yields
- The impact of US fiscal policy reversing too quickly

Investment and borrowing rates

- Investment returns are likely to remain low during 2019-20 but to be on a gently rising trend over the next few years
- Borrowing interest rates have been volatile so far in 2018-19 and have increased modestly since the summer. The policy of avoiding new borrowing by running down spare cash balances has been appropriate over the last few years. However, this needs to be carefully reviewed to avoid incurring higher borrowing costs in the future, when borrowing is essential
- There is a cost of carry to any new long-term borrowing that causes a temporary increase in cash balances, being the difference between borrowing costs and investment returns. There is also an increased risk inevitable with all investments

Against this background and the risks within the economic forecast, caution will be adopted with the 2019-20 treasury operations. The CFO will monitor interest rates and financial markets and adopt a pragmatic approach to changing circumstances.

Treasury Management limits on activity

There are three debt related treasury activity limits. The purpose of these are to constrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However,

if these are set too restrictively they will impair the opportunities to reduce costs/improve performance.

The indicators are:

Upper limits on variable interest rate exposure. This identifies a maximum limit for variable interest rates based upon the debt position net of investments

Upper limits on fixed interest rate exposure. This gives a maximum limit on fixed interest rates;

Maturity structure of borrowing. These gross limits are set to reduce the exposure to large fixed rate sums falling due for refinancing.

The Commissioner is requested to approve the following treasury indicators and limits:

Upper Interest rate exposures 2019-20 to 2021-22		
Limits on fixed interest rates:		
• Debt only		100%
• Investments only		100%
Limits on variable interest rates		
• Debt only		50%
• Investments only		100%
Maturity structure of fixed interest rate borrowing 2019-20 to 2021-22		
	Lower	Upper
Under 12 months	0%	30%
12 months to 2 years	0%	40%
2 years to 5 years	0%	50%
5 years to 10 years	0%	70%
10 years and above	0%	100%

3.4 Policy on borrowing in advance of need

NOPCC will not borrow more than, or in advance of its needs purely in order to profit from the investment of extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the security of such funds is considered.

Borrowing in advance will be made within the following constraints:

- It will be limited to no more than 50% of the expected increase in borrowing need (CFR) over the three year planning period
- Would not be more than 18 months in advance of need

Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

3.5 Debt rescheduling

As short term borrowing rates will be considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be compared to the cost of debt repayment (premiums incurred). Also the current treasury position needs due consideration

The reasons for any rescheduling to take place will include:

- the generation of cash savings and / or discounted cash flow savings
- helping to fulfil the treasury strategy
- enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility)

Consideration will also be given to identify if there is any potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt. All rescheduling will be reported to the Commissioner at the earliest opportunity.

3.6 Municipal Bond Agency

It is possible that the Municipal Bond Agency, will be offering loans to Local Authorities in the near future at borrowing rates lower than those offered by the Public Works Loan Board (PWLb). The Commissioner intends to make use of this new source of borrowing if it becomes available.

4. ANNUAL INVESTMENT STRATEGY

4.1 Investment Policy

The Commissioner's investment policy has regard to the MHCLG's Guidance on Local Government Investments ("the Guidance") and CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes. The Commissioner's investment priorities will be security first, liquidity second and then return.

In accordance with guidance from the MHCLG and CIPFA, and in order to minimise the risk to investments, the NOPCC has below clearly stipulated the minimum acceptable credit quality of counterparties for inclusion on the lending list. This enables diversification and avoids the concentration of risk. The key ratings used to monitor counterparties are the Short Term and Long Term ratings.

The aim of the strategy is to generate a list of highly creditworthy counterparties which will also enable diversification and thus avoidance of concentration risk. Thus providing security of investment and minimisation of risk.

Ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets, by actively engaging with advisors to maintain monitoring on market pricing such as "credit default swaps" and overlay that information on top of the credit ratings.

Other information sources used will include the financial press, share price and other such information regarding the banking sector. This allows a robust scrutiny process on investment counterparties.

At the end of the financial year, the CFO will report on the investment activity as part of the Annual Treasury Report.

4.2 Non-financial Investments Policy

Non-financial investments are essentially the purchase of income yielding assets. Currently radio masts are held and income is received for an item that is no longer operational. They were not acquired with that as a purpose, and were originally operational. The current income yield is circa £0.080m per annum. There is no intention to purchase these kinds of investments and any divergence from this would be the subject of a future report.

4.3 Creditworthiness Policy

The primary criterion is the security of investments. The liquidity (availability) of the investments is secondary consideration. The yield (return) on the investment is also a further consideration. The Commissioner will ensure that:

- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the specified and non-specified investment sections below:
- It has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the prudential indicators covering the maximum principal sums invested

The CFO will maintain a counterparty list in compliance with the following considerations and will keep the criteria under review. It provides an overall pool of counterparties considered high quality which the Commissioner may use, rather than defining what types of investment instruments are to be used.

The lowest credit rating from the main agencies is used when considering counterparties. It is considered that this does not significantly increase risk but may widen the pool of available counter parties. Credit rating information is supplied by Link Asset Services, on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating watches (notification of a likely change), rating outlooks (notification of a possible longer term change) are provided to officers almost immediately after they occur and this information is considered before dealing. Link Asset Services updates counterparties who qualify under the list on a daily basis.

Country and sector considerations - Due care will be taken to consider the country, group and sector exposure of the Commissioners investments. In addition to the considerations already outlined the limits in place will apply to a group of companies and sector limits will be monitored regularly for appropriateness. Investments will only be made in sterling.

Use of additional information other than credit ratings - Additional requirements under the Code requires the Commissioner to supplement credit rating information. Whilst the above criteria relies primarily on the application of credit ratings to provide a pool of appropriate counterparties for officers to use, additional operational market information will be applied before making any specific investment decision from the agreed pool of counterparties. This additional market information (for example Credit Default Swaps, negative rating watches/outlooks and relevant news articles) will be applied to compare the relative security of differing investment counterparties.

Time and monetary limits applying to all investments. The time and monetary limits for institutions on the Commissioners counterparty list are as follows: No changes are proposed. The range of values for Low Volatility Net Asset Value Funds and Ultra Short Dated Bond Funds have the lower limit being the 'normal limit' and above this being at the CFO's discretion.

	Fitch Long term Rating (or equivalent)	Money and/or % Limit	Time Limit
Banks 1 higher quality	AAA	£5m	1 yr
Banks 1 medium quality	AA-	£5m	1 yr
Banks 1 medium/lower quality	A	£4m	6 month
Banks 1 Lower quality	A-	£3m	3 months
Banks 2 – part nationalised	N/A	£5m	1yr
Additional criteria for non UK Banks			
Sovereign	AA-		
Country		25%/£5m	
Banks 3 category – Commissioners banker (not meeting Banks 1)	N/A	£5m	1 day
UK Govt - DMADF	AAA	Unlimited	6 months
Local authorities	N/A	£8m	2 yr
Low Volatility Net Asset Value Funds (LVNAV) (Used to be called Enhanced money market funds with instant access)	AAA	£12/15m	liquid
Ultra Short Dated Bond Funds (Used to be called Enhanced money market funds with notice)	AAA	£3/5m	liquid

4.4 Country Limits

The Commissioner has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of AA- from Fitch. For information the UK has maintained an AA rating.

Approved Non UK countries for investments as at January 2019

Based on lowest available rating

AAA	AA+	AA	AA-
Australia Canada Denmark Germany Luxembourg Netherlands Norway Singapore Sweden Switzerland	Finland U.S.A.	Abu Dhabi France Hong Kong	Belgium Qatar

4.5 Investment Strategy

In-house funds. Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (up to 12 months).

Investment returns expectations - On the assumption that the UK and EU agree a Brexit deal in spring 2019, then Bank Rate is forecast to increase steadily, but slowly over the next few years to reach 2.00% by quarter 1 2022. Bank Rate forecasts for financial year ends (March) are:

- 2018/19 0.75%
- 2019/20 1.25%
- 2020/21 1.50%
- 2021/22 2.00%

The overall balance of risks to economic growth in the UK is probably neutral. The balance of risks to increases in Bank Rate and shorter term PWLB rates, are probably also even and are dependent on how strong GDP growth turns out, how slowly inflation pressures subside, and how quickly the Brexit negotiations move forward positively.

The forecast earnings rates for returns on investments placed for periods up to 3 months are as follows:

- 2018/19 0.75%
- 2019/20 1.00%
- 2020/21 1.50%

- 2021/22 1.75%
- 2022/23 1.75%
- 2023/24 2.00%
- Later years 2.50%

Investment treasury indicator and limit - total principal funds invested for greater than 365 days are limited with regard to liquidity requirements and to reduce the need for early redemption.

The Commissioner is requested to approve the treasury indicator and limit:

Maximum principal sums invested > 365 days	2018-19 £m	2019-20 £m	2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m
	5.000	5.000	5.000	5.000	5.000	5.000

There are currently no funds invested for greater than 365 days. For cash flow generated balances, the CFO will seek to utilise instant access and notice accounts, LVNAVs and short-dated deposits (overnight to 100 days) in order to benefit from the compounding of interest. Ultra Short Dated Bond Funds will be used if considered appropriate by the CFO.

4.6 Investment Risk Benchmarking

These benchmarks are simple guides to maximum risk, and may be breached occasionally, depending on circumstances. The purpose of the benchmarks is that officers will monitor the current and trend position and amend the operational strategy to manage risk as conditions change. Any breach of the benchmarks will be reported, with supporting reasons in the mid-year or Annual Report.

Security - The Commissioner's maximum security risk benchmark for the current portfolio, when compared to these historic default tables, is 0.06% historic risk of default when compared to the whole portfolio.

Liquidity - in respect of this area the Commissioner seeks to maintain:

- Bank overdraft - avoided if possible
- Liquid short term deposits of at least £5.0m available on instant access
- Weighted average life benchmark is expected to be 1 month, with a maximum of 6 months

Yield - local measures of yield benchmarks is that investments achieve returns above the 7 day LIBID rate.

SECTION 151 OFFICER

5.1 Treasury Management Role

The S151 (responsible) officer is the Chief Financial Officer to the Commissioner and they have responsibility for the following:

- Recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance
- Submitting regular treasury management policy reports
- Submitting budgets and budget variations
- Receiving and reviewing management information reports
- Reviewing the performance of the treasury management function
- Ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function
- Ensuring the adequacy of internal audit, and liaising with external audit
- Recommending the appointment of external service providers

For Information	
Public	Public
Report to:	Audit and Scrutiny Panel
Date of Meeting:	22nd February 2019
Report of:	Chief Constable Guildford
Report Author:	Pat Stocker, Information Management Lead
E-mail:	pat.stocker@nottinghamshire.pnn.police.uk
Other Contacts:	
Agenda Item:	11

Force Assurance Report on Compliance with Freedom of Information and Data Protection Requests

1. Purpose of the Report

- 1.1 The purpose of this report is to provide the Joint Audit and Scrutiny Panel (JASP) with data on the legislative compliance of the Freedom of Information Act and Data Protection Act legislation for the calendar year of 2018 for Nottinghamshire Police.

2. Recommendations

- 2.1 It is recommended that members note the monitoring statistics for 2018 in relation to information requests processed by Nottinghamshire Police in line with Freedom of Information and Data Protection legislation.

3. Reasons for Recommendations

- 3.1 To enable the Audit and Scrutiny Panel to fulfil its scrutiny obligations to oversee and consider Freedom of Information and Data Protection Compliance.

4. Summary of Key Points

- 4.1 As a public authority Nottinghamshire Police has a legal responsibility to respond to information requests received and processed in line with Freedom of Information Act (FOIA) and Data Protection legislation. These requests are processed and completed by the Information Request Team.
- 4.2 The legislative deadlines for the Acts are:-
- Freedom of Information 20 working days
 - Data Protection Subject Access 40 calendar days – up to 24th May 2018
 - New Data Protection Legislation - Subject Access is 1 month from 25th May 2018
- 4.3 In the calendar year 2018 the Force received 1273 valid Freedom of Information Act requests and 391 valid Data Protection Subject Access requests (SARs):

- 130 in relation to Data Protection Act 1998
- 261 in relation to Data Protection Act 2018.

Table 1: breakdown of FOIs and SARs 2016-2018

	2016	2017	2018
Valid FOI's Received/Assigned	1239	1247	1273
Invalid FOI's Received/Not assigned	7	6	64
Total FOI	1246	1253	1337
Valid SAR's Received/Assigned	284	319	391
Invalid SAR's Received/Not assigned	78	81	86
Total SAR	362	400	477

- 4.4 Based on the above figures (as recorded on our Cyclops system) this represents an increase in assigned FOI requests received between 2017 and 2018 as 2.08% and an increase in assigned SARs received between 2017 and 2018 as 22.57%. Overall there is a total increase in FOI requests received between 2017 and 2018 of 6.7% and in total SARS received between 2017 and 2018 of 19.5%. The increase in SAR figures can be largely attributed to the removal of the £10 fee and the more accessible nature of making a subject access request under General Data Protection Regulation (GDPR) which now includes verbal requests.
- 4.5 The Information Request team is responsible for receiving, validating and recording requests for information under both the FOIA and DPA. This includes Court Orders served upon the Force. The team is responsible for interrogating the relevant Force systems in order to research records available in relation to requests, manually review each record and judge its appropriateness for disclosure in line with the Acts mentioned above.
- 4.6 Any exemptions prohibiting disclosure are applied by the Information Request officer based on expert knowledge of the Acts. Any exempt information is redacted from disclosure and reasoned arguments recorded. Any public interest arguments are conducted by the relevant Information Request Officer and recorded accordingly.
- 4.7 The Information Request team comprises of:
- 3.6 x FTE staff members including 1 Manager and 2.6 FTE disclosure officers dealing with FOIA and DPA.
 - 2 further staff members who facilitate timely and consistent disclosure of information and documents from the police, into the Family Justice System and conduct 'Police checks' on behalf of Social Care. 1 x FTE is new in post and still undergoing relevant training.
- 4.8 **Freedom of Information (FOI)**

The Force monitors compliance and provides quarterly statistics for Freedom of Information to the NPCC Central Referral Unit based in Hampshire. These statistics are collated from all Forces including Police Scotland and the Metropolitan Police Service. Regional and national statistics are produced and circulated to all Forces on a quarterly basis.

4.9 Current Demand Levels: FOI

- The graph shown at **Appendix 1** shows that Nottinghamshire Police receives just under the national average of FOI requests. This puts the Force in the upper quartile of Forces in terms of the numbers of requests received.
- The graph shown at **Appendix 2** shows that Nottinghamshire Police close less FOI requests per quarter than the national average and have almost double the numbers of those closed outside of the legislative timescale.

This performance level is predominantly due to the current resource level and the increasing size of the backlog of FOI requests. This situation is being addressed as part of the Information Management Team Restructure Business case.

4.10 Subject Access Requests (SAR)

The Information Request team processes Subject Access requests received under Data Protection legislation for information held by Nottinghamshire Police. National Statistics are not routinely circulated from the National Subject Access Group.

4.11 Current Demand Levels: Subject Access Requests (SAR)

The graph shown at **Appendix 3** shows that Nottinghamshire Police receive on average 103 SARs per quarter, respond to 78 with an average of 37 of those outside of the legislative timescale.

This performance level is affected by the complexity and size of requests, especially those relating to email records. As the same resources deal with both FOI and SAR requests then the current resourcing level and size of backlog is again a factor. This situation is being addressed as part of the Information Management Team Restructure Business case.

4.12 Court Orders

The Information Request Team also have the responsibility for disclosures to Court orders which can be received from any court in the UK and Ireland for Child Care, Private and Family Proceedings. In 2018 Nottinghamshire Police received 438 valid Court orders for disclosure; this is an increase of 5.29% on the number of orders received in 2017.

4.13 Current Demand Levels: Court Order

The graph shown at **Appendix 4** shows that Nottinghamshire Police receives on average 113 Court Orders per quarter. 100% of all Court Orders received have been responded to within the order deadline during 2018 as they are prioritised over other types of request. The statistics also show an upward trend in the number of Court Orders being received over the last year and we will continue to monitor this trend

Requests for Court orders are always prioritised due to the risk of delays on cases being managed through the Family Court system if timely checks are not completed. This prioritisation impacts on the delays in responding to the other types of request such as FOIs and Subject Access requests.

4.14 **Other types of Information requests**

The Information Request team also have the responsibility for many other types of disclosure, all of which have to comply with the principles of the FOIA and DPA legislation but may have different timescales for reply - see table below.

Table 2: Data Protection General Requests Categories

Category	Description	Time scale
Insurance	Validation of details in relation to crimes for insurer to settle claim	30 working days
Home Office	UK Border Agency and Immigration requiring confirmation and details of Police involvement for those wishing to stay in the country	40 calendar days
Housing Confirmation	Local and Social housing requiring confirmation of the reason given by the person who has presented to them as homeless.	5 working days
Housing General	As above but require more specific detail	40 calendar days
Insurance Appendix E	Insurance companies requiring information in relation to a claim that they believe is fraudulent	40 calendar days
NHS	General Medical Council, Nursing Midwifery Council require details of a registered practitioner who has been involved with the police to consider their fitness to practice	40 calendar days
Legal proceedings	Private legal proceedings such as personal injury claims	40 calendar days

Other Police Forces	Request from other forces for information held by Nottinghamshire Police	No set timescale as soon as is practicable
Schedule 2, Part 1, Paragraph 2: Crime and Taxation	Requests from other prosecuting bodies such as DWP, local authorities and RSPCA	40 calendar days

Income Generation from Information requests

- 4.15 The Information Request Team generate income from some types of information request - see table below:

Table 3: Income generation from information requests 2016 - 2018

Income £	2016	2017	2018
SAR	£2,060.00	£2,240.00	£910
Court	£12,576.70	£18,436.28	£13,850.85
Insurance	£13,376.61	£15,448.30	£9,985.30
Private/Civil	£7,086.00	£5,106.60	£2,411.90
DP Gen	£2,402.00	£1,955.90	£789.30
Total	£37,501.31	£43,187.08	£27,947.35

Figures compiled from Cyclops – additional income received electronically (i.e. via BACs) is recorded in Finance

Please note the 2018 income figure for SARs has significantly reduced following the removal of the statutory £10 fee from 25th May 2018 as part of the new Data Protection Bill 2018. The removal of this fee and the more accessible nature of subject access requests has also prompted many organisations to encourage individual service users to use the subject access request process rather making requests under other parts of the Data Protection Act where charges can still be applied.

Current Risks and Mitigations

- 4.16 Continued delays in responding to FOI/SAR requests outside of the legislative timescales may result in an increase of complaints and the possibility of increased scrutiny by the Information Commissioners Office that could ultimately lead to some reputational damage, enforcement action and potentially monetary penalties.
- 4.17 A business case to restructure the Information Management Unit including additional resources to manage demand was presented and agreed at Force

Executive Board on 14th January 2019. A consultation period will now take place and a recruitment exercise to appoint the additional resources as soon as possible.

- 4.18 A post implementation review of the restructure will take place and reported as part of the next annual Nottinghamshire Police Information Management, Freedom of Information and Data Protection update for calendar year 2019.

5 Financial Implications and Budget Provision

- 5.1 There are no direct financial implications for 2018/19.

6 Human Resources Implications

- 6.1 People Services resources are required to support the consultation and recruitment process following on from restructure business case and they are fully briefed on the requirements.

7 Equality Implications

- 7.1 There are no equality implications arising from this report.

8 Risk Management

- 8.1 Any risks relating to the FOI/DP function are identified on the Information Management Risk Register and managed locally. The Senior Information Risk Owner (DCC Barber) monitors all relevant risks via the Information Management Board.

9 Policy Implications and links to the Police and Crime Plan Priorities

- 9.1 Links to Police and Crime Plan 2018 – 2021:

- 9.1.1 **Transforming Services and Delivering Quality Policing:** The benefits of providing a good service to the public by responding to external DP and FOI requests fully and on time will support the Commissioner's pledge to improve confidence and satisfaction in policing services. It will also reduce complaints to both the Information Commissioner's Office and Professional Standards Department and reduce the resources required to respond to this failure demand.

- 9.1.2 **Demand for Service:** As stated in the Police and Crime Plan (PCP) 2018-2021 "Calls for service to the Force remain significantly higher than average and are increasing in Nottinghamshire against the backdrop of reduced Police officer and staff capacity. The service also records more incidents than an average force". The higher demand recorded in Nottinghamshire aligned with the records

management issues that sees the Force retaining data for longer periods, especially those relating to IICSA and UCPI, also increases the amount of data that needs to be searched on and returned leading to additional time to read and redact requests appropriately.

- 9.1.3 Governance & Accountability** As stated in the PCP 2018-2021, “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.” Both Data Protection and FOI legislation identify roles and responsibilities accountable for the legislative compliance against the Acts. The Information Commissioner would assess the governance processes in place if the Force was to come under their scrutiny following an event such as a number of complaints or a data breach.

10. Changes in Legislation or other Legal Considerations

- 10.1 The General Data Protection Regulations (GDPR) including the Data Protection Act 2018 is now applicable in the UK from 25 May 2018.
- 10.2 An extension to the FOI Act is currently being debated in Parliament which seeks to add to the authorities who are subject to FOI legislation. The bill would include Social Housing and Children’s Safeguarding Boards (amongst others). It would also make information held by contractors acting on behalf of public authorities subject to the FOI Act. If the changes to the contractors information are implemented this could significantly add to the FOI demand already in place. A second reading of the Bill is being heard in Parliament on 25/01/2019.

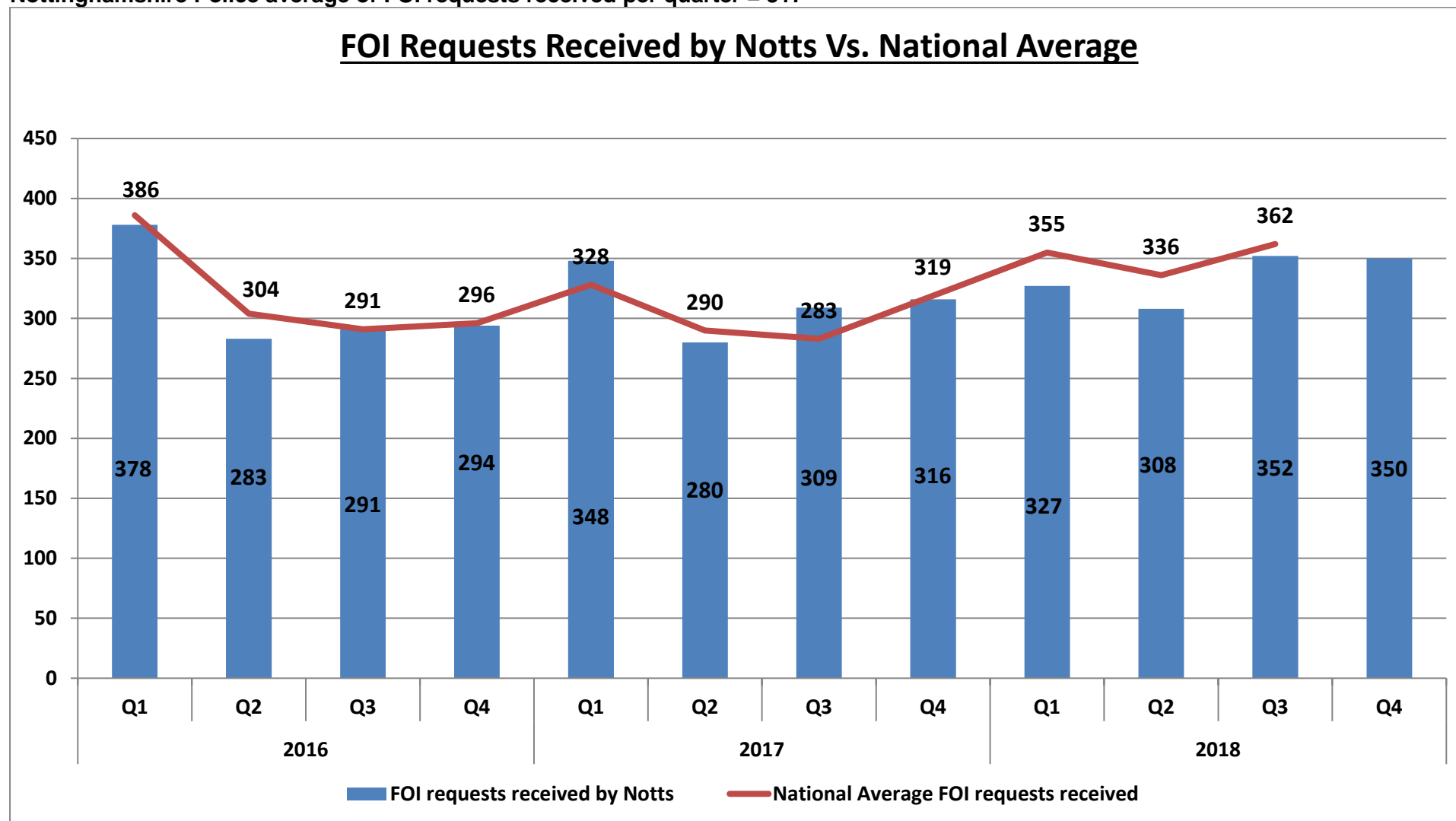
11. Details of outcome of consultation

- 11.1 Any issues in relation to Freedom of Information and Data Protection compliance are monitored through the Information Management Board chaired by the Deputy Chief Constable.

12. Appendices

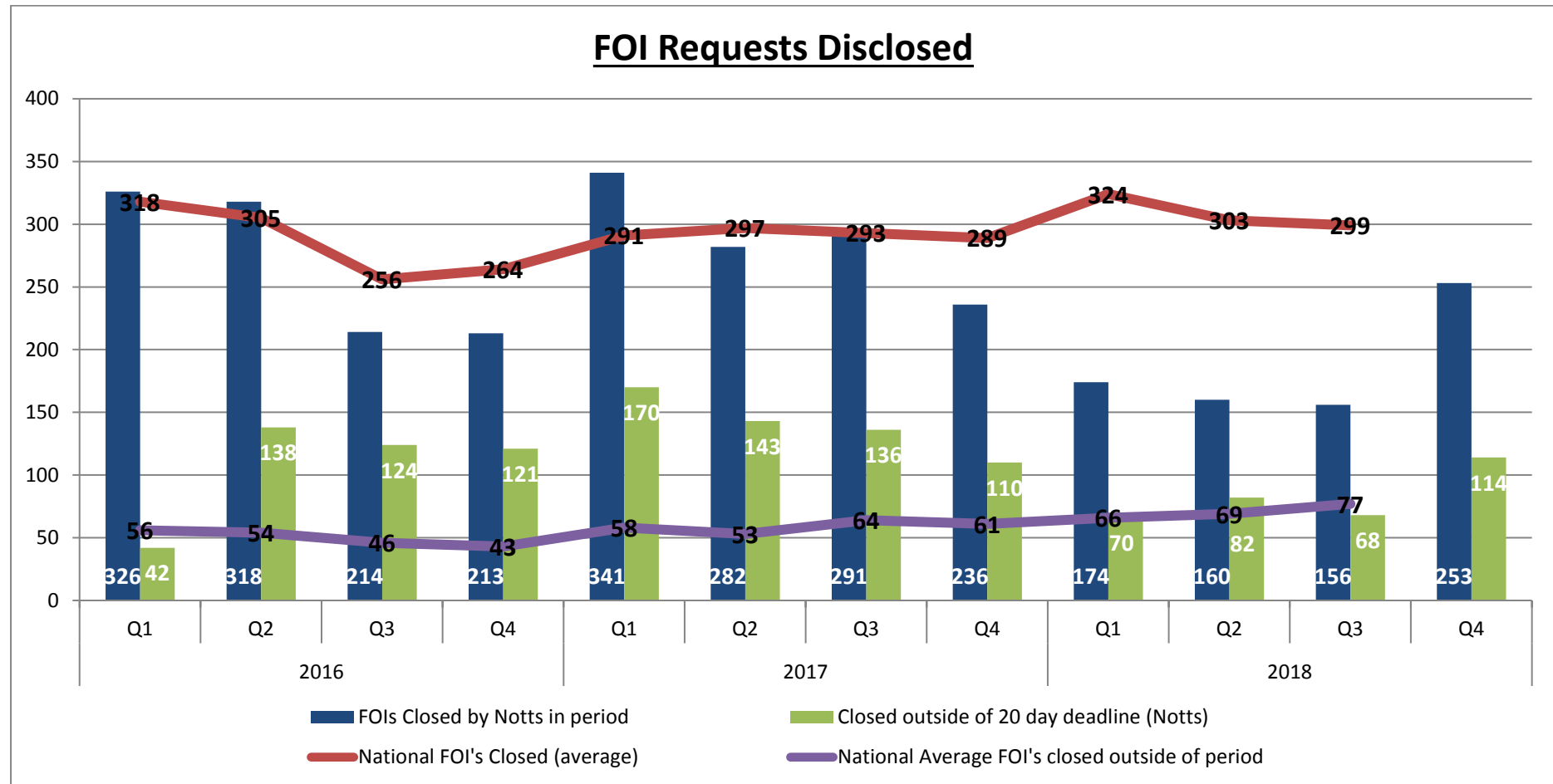
- 12.1 Appendix 1 – FOI Requests Received
- 12.2 Appendix 2 – FOI Requests Disclosed
- 12.3 Appendix 3 – Subject Access requests
- 12.4 Appendix 4 – Court Orders Received

Appendix 1: Freedom of Information Act Requests – the national average of FOI requests received per quarter = 323
Nottinghamshire Police average of FOI requests received per quarter = 317

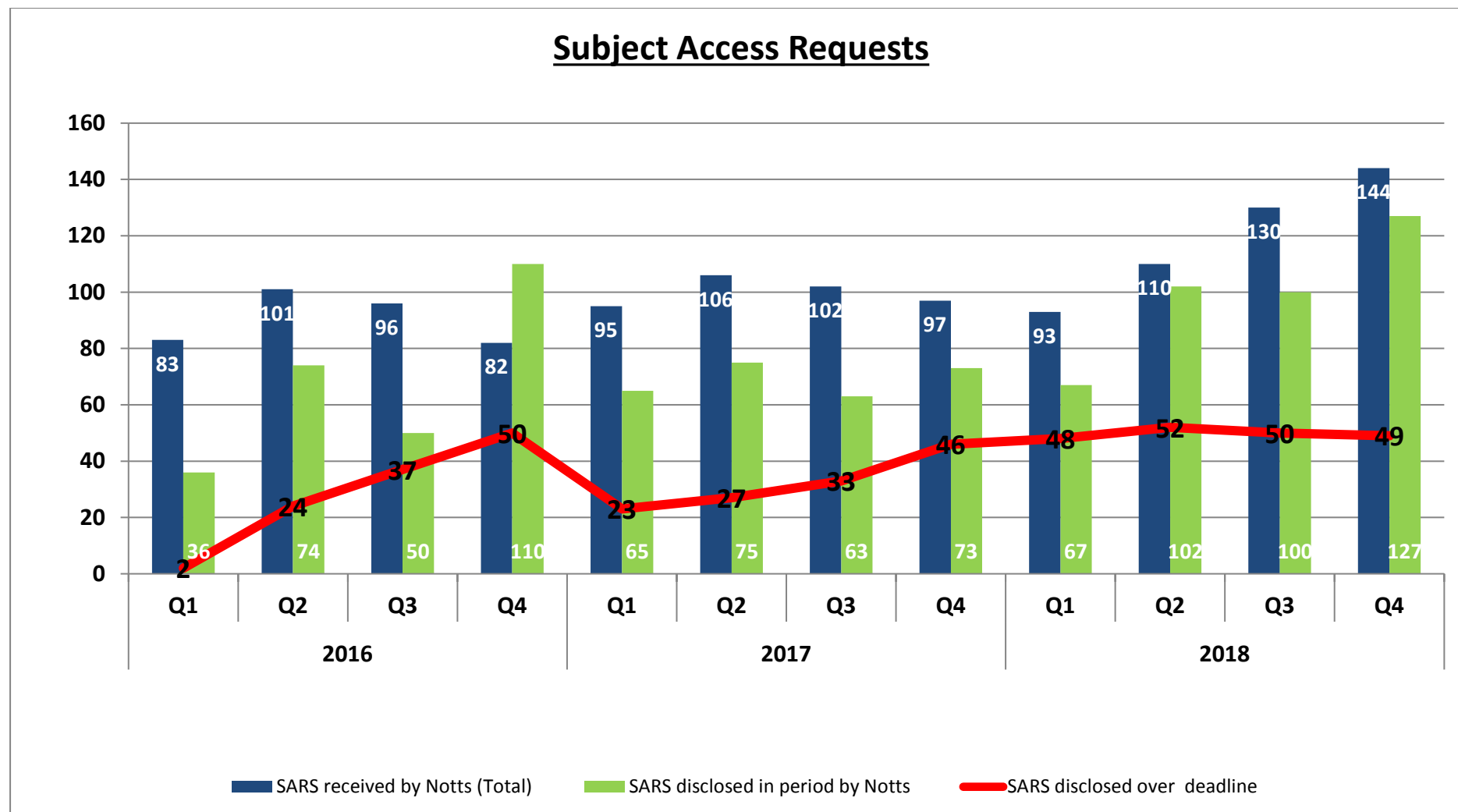


Appendix 2: FOI Closed – the national average of FOI requests closed per quarter = 294. Nottinghamshire Police closed 246 FOI requests on average over the same period.

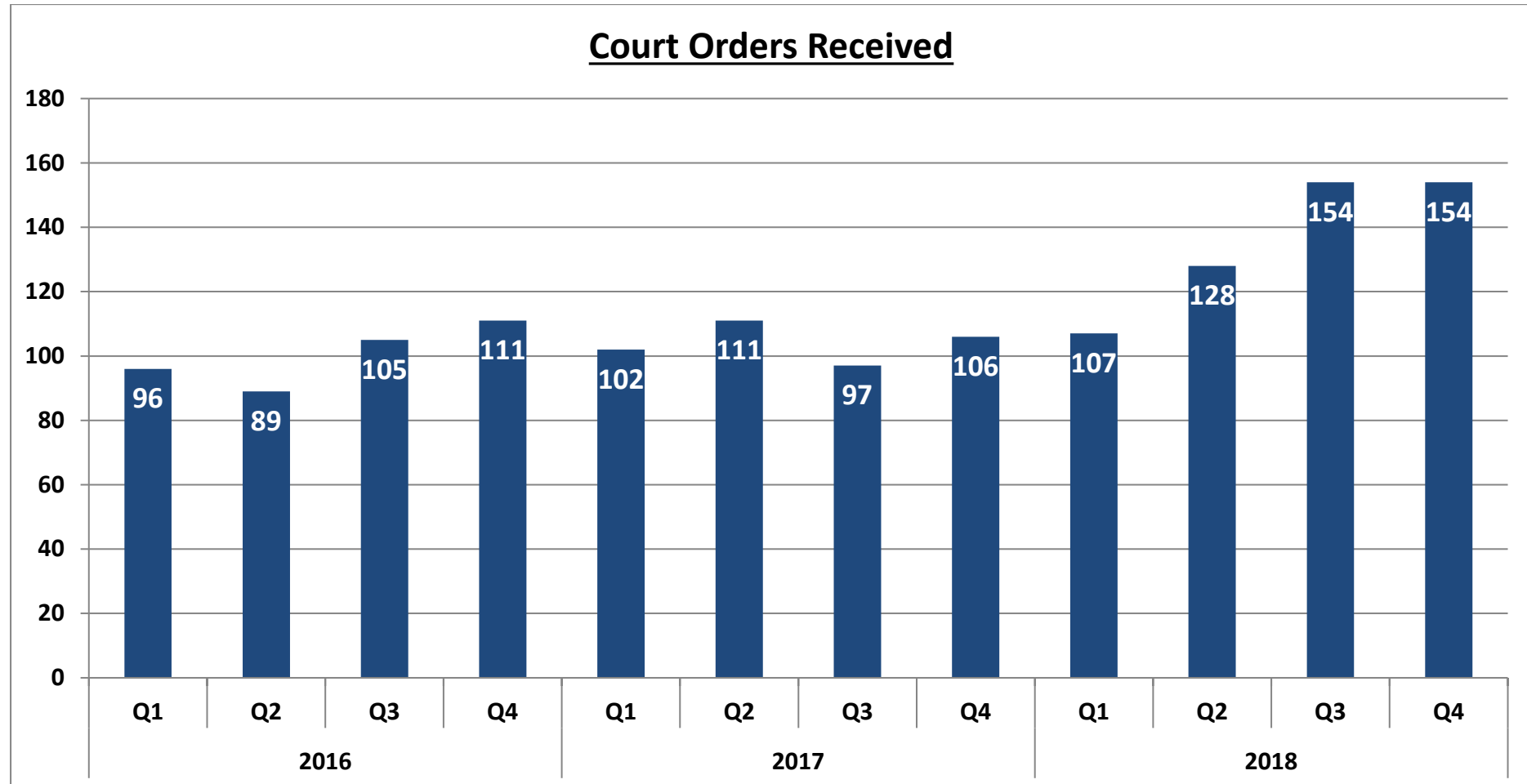
Closed outside of 20 day timescale: the national average of FOI requests closed outside of the 20 day timescale per quarter = 59. Nottinghamshire Police closed 109 FOI requests outside of the 20 day timescale on average over the same period.



Appendix 3 – Subject Access Requests – the average number of SARs received by Nottinghamshire Police per quarter = 103 and the average number disclosed per quarter = 78 of which, on average, 37 were responded to outside of the legislative timescale. National SAR statistics are not available to use as a comparator to other forces performance.



Appendix 4 – Court Orders – The average number of Court Orders received by Nottinghamshire Police per quarter is 113. 100% of all Court Orders received have been responded to within the order deadline during 2018 as they are prioritised over other types of request. The chart also shows an upward trend in the number of Court Orders being received over the last year and we will continue to monitor this trend.



For Information	
Public/Non Public*	Public
Report to:	Joint Audit and Scrutiny Panel
Date of Meeting:	22 February 2019
Report of:	Police & Crime Commissioner
Report Author:	Business Support Manager
E-mail:	Katy.owen@nottinghamshire.pnn.police.uk
Other Contacts:	
Agenda Item:	12

*If Non Public, please state under which category number from the guidance in the space provided.

PUBLICATION SCHEME MONITORING, REVIEW AND ASSURANCE

1. Purpose of the Report

- 1.1 The purpose of this report is to provide the Joint Audit and Scrutiny Panel (the Panel) with assurance that the Nottinghamshire Office of the Police and Crime Commissioner is working in full compliance of the Freedom of Information (FOI) Act 2000 and The Elected Local Policing Bodies (Specified Information) Order 2011.
- 1.2 The FOI Act 2000 provides public access to information held by public authorities. It does this in two ways:
 - Public authorities are obliged to publish certain information about their activities; and
 - Members of the public are entitled to request information from public authorities.
- 1.3 The Elected Local Policing Bodies (Specified Information) Order 2011 ("the 2011 Order") specifies information which must be published by a Police and Crime Commissioner.¹

2. Recommendations

- 2.1 That the panel notes the report.

3. Reasons for Recommendations

- 3.1 The Panel have a responsibility to ensure that the Commissioner and Chief Constable discharge their legal obligations and responsibilities.
- 3.2 The public also hold Commissioners to account through being able to benchmark their performance and vote accordingly in elections. To help the public fulfil this role there are a number of separate pieces of information that Commissioners much publish to comply with The Elected Local Policing Bodies (Specified Information) Order 2011 such as data on salaries and contracts.

¹ [Elected Local Policing Bodies \(Specified Information\) Order 2011](#)

- 3.3 The CoPaCC monitors police governance in the United Kingdom.
- 3.4 The CoPaCC team will undertake a review of England and Wales Police and Crime Commissioners' compliance with The Elected Local Policing Bodies (Specified Information) Order 2011. It is expected this year's review will take place in Spring 2019.
- 3.5 The Transparency Quality Marks awards will be presented at the Police Governance Summit in July.

4. Summary of Key Points

- 4.1 The Office of the Police and Crime Commissioner received 38 requests for information between the period of 1 January – 31 December 2018. Details of the requests are published on the Police and Crime Commissioner's website.
- 4.2 50% of the requests for information were acknowledged within 5 working days.
- 4.3 95% of the requests for information were responded to within the 20 working days deadline.
- 4.4 The Office of the Police and Crime Commissioner is fully compliant with the Elected Local Policing Bodies (Specified Information) Order 2011. The information is detailed on the Police and Crime Commissioner's website via the follow website address:
- <http://www.nottinghamshire.pcc.police.uk/Get-in-touch/Freedom-of-Information/Publication-Scheme.aspx>
- 4.5 The Order is reviewed by the Business Support Manager on at least a quarterly basis to ensure information is up to date and accurate.

5. Financial Implications and Budget Provision

- 5.1 None

6. Human Resources Implications

- 6.1 None

7. Equality Implications

- 7.1 None

8. Risk Management

- 8.1 None

9. Policy Implications and links to the Police and Crime Plan Priorities

9.1 None

10. Changes in Legislation or other Legal Considerations

10.1 None

11. Details of outcome of consultation

11.1 None

12. Appendices

12.1 None

13. Background Papers (relevant for Police and Crime Panel Only)

13. N/A

For Information	
Public/Non Public*	Public
Report to:	Joint Audit and Scrutiny Panel
Date of Meeting:	22nd February 2019
Report of:	Chief Constable Guildford
Report Author:	Pat Stocker – Information Management Lead
E-mail:	Pat.stocker@nottinghamshire.pnn.police.uk
Other Contacts:	
Agenda Item:	13

*If Non Public, please state under which category number from the guidance in the space provided.

Force Report on Monitoring, Review and Assurance of the Publication Scheme

1. Purpose of the Report

- 1.1 The Freedom of Information Act requires every public authority to have a publication scheme, approved by the Information Commissioner's Office (ICO), and to publish information covered by the scheme.
- 1.2 The ICO has published a "Definition document for police forces" (see Appendix A). This guidance is for those police forces which are strategically managed by a Police and Crime Commissioner (PCC) or Police Board. It gives examples of the kinds of information that the ICO would expect them to provide in order to meet their commitments under the model publication scheme.
- 1.3 The guide also states that where information is readily and publicly available from an external website (such as that of a PCC or Police Board) to which the police force has already provided it – the police force must provide a direct link to that information.
- 1.4 The guidance is not meant to give an exhaustive list of everything that should be covered by a publication scheme. The legal commitment is to the model publication scheme, and forces should look to provide as much information as possible on a routine basis
- 1.5 The purpose of this report is to update the Audit & Scrutiny Meeting on the current Force position on the Publication Scheme requirements as listed within the definition document.

2. Recommendations

- 2.1 It is recommended that the Joint Audit and Scrutiny Panel notes the contents of this paper.

3. Reasons for Recommendations

- 3.1 The reason for the recommendation is to ensure that the Joint Audit and Scrutiny Panel is made aware of the current position of Nottinghamshire Police in terms of the Publication Scheme requirements.

4. Summary of Key Points

- 4.1 The ICO guidance is for those police forces which are strategically managed by a Police and Crime Commissioner (PCC). It provides examples of the type of information that the ICO expects the Force to provide in order to meet their commitments under the model publication scheme.
- 4.2 The guidance is not meant to give an exhaustive list of everything that should be covered by a publication scheme. The legal commitment is to the model publication scheme, and forces should look to provide as much information as possible on a routine basis.
- 4.3 The table below shows the types of data identified in the ICO's guidance and the current position on the Force website
- 4.4 **Table 1: Data Categories included in ICO guidance and Force position on publication / availability via Force website**

Who we are and what we do		
Organisational information, structures, locations and contacts		
Requirement	YES/NO/OTHER	Comments / Actions
Force structure	YES	New Force structure published as a news article and is still available online; it will be built into the core website content.
Profiles of COT team	YES	CC/DCC/ACC profiles published.
Identities of senior staff	TO BE PUBLISHED	Not currently published – details of relevant senior staff will be published in due course.
Locations and contact details of police stations and opening hours	YES	Published on the Police Stations web page
Arrangements for Special Constables and civilian volunteers	YES	Published under the 'Careers' section
Relationships with other authorities	YES	Published under 'Our Partners' section
Sponsorship with Businesses	YES	Published under 'Doing business with us'
What we spend and how we spend it		

Financial information relating to projected and actual income and expenditure, procurement, contracts and financial audit		
Annual statement of accounts	YES	Published under 'What we spend'
Force budget (as agreed by PCC or Police Board)	TO BE LINKED TO PCC WEBSITE	Budget report available on PCC website
Expenditure	YES	Published under 'What we spend' and 'Access to Information – Finance'
<p>Details of contracts:</p> <p>Expectation that the force will publish contracts and invitations to tender that exceed £10,000.</p> <p>A list of contracts under £10,000 should also be published to include value, identity of the parties and purpose of the contract.</p>	YES	Published under 'Doing business with us' - Contracts over £25,000 - current contracts awarded for Nottinghamshire Police are available to view by accessing the online Blue Light Procurement database
Expenses paid to or incurred by the Chief Officer, Deputy and Assistant Chief Constables or Commissioners	YES	Included in 'What we spend'
Pay and grading structure	TO BE PUBLISHED	Not currently published – relevant details will be published in due course
Evaluation of police use of resources	YES	Audits and Inspection reports are published
Support for the provision of Community Support Officers	YES	Details on PCSO role published under 'Careers'
What our priorities are and how we are doing Strategies and plans, performance indicators, audits, inspections and reviews. ICO expects as a minimum that information for the current and previous two financial years should be available.		
Strategic plans	YES	Our Priority plan
Annual Policing plans	YES	Police & Crime Plan 2018 - 2021
Area Policing plans	YES	Although not an area plan – lots of information is available via the 'your area' section
Chief Officers Annual Report	YES	Annual Reports available via PCC website
Police Performance Assessments	YES	Audits and Inspection reports are published

Police Force statistics -This will include crime statistics published on the www.police.uk website.	YES	Published under 'Find out how we are performing' Also signpost to police.uk on each neighbourhood page
Neighbourhood Policing arrangements	YES	Your area covers local neighbourhood inspector details, police station and contact details as well as access to social media comments from local team
How we make decisions		
Decision making processes and records of decisions.		
Agenda and minutes for the senior decision making committee	YES	Relevant Strategic Meetings with Force representation are published on the PCC website.
Feedback from public consultation and surveys	TO BE LINKED TO PCC WEBSITE	To be reviewed and linked to what is currently available on the OPCC website
Our policies and procedures		
Current written protocols, policies and procedures for delivering our services and responsibilities		
Policies and procedures for the conduct of police force business	YES	Available under 'Library' – some documents require review and updating
Policies and procedures for the provision of policing services	YES	Available under 'Library' – some documents require review and updating
Policies and procedures about the recruitment and employment of staff	YES	Available under 'Library' – some documents require review and updating
Records management and personal data policies	YES	Available under 'Library' – some documents require review and updating
Fileplans (or any other Business Classification Scheme used for the management of information)	YES	Available under 'Library' – some documents require review and updating
Customer service standards and complaint procedure	YES	Published under 'Contact us'
Charging regimes and policies	YES	List of Financial charges published
Lists and Registers		

Information held in registers required by statute	YES	Access to information – registers includes use of force, COT contact with the media, Gifts, gratuities and hospitality, business interests
Asset registers	NOT FOR EXTERNAL PUBLICATION	Not for external publication – contains sensitive operational/tactical data
Information asset register	NOT FOR EXTERNAL PUBLICATION	Not for external publication – contains sensitive operational/tactical data
CCTV - locations of any overt CCTV surveillance cameras operated by the police force	YES	Mobile Speed Camera Positions published
Registers of interests	YES	Published under 'Access to Information'
Register of gifts and hospitality (senior personnel)	YES	Published under 'Access to Information'
FOI disclosure log	YES	Published under 'Access to Information'
Services provided by the police force		
Information about the services provided by the police force, including leaflets, guidance and newsletters produced for the public and businesses		
Advice and guidance for the general public	YES	Available via Advice Centre
Firearms and explosives licensing, firearms dealers licensing, abnormal load escort, keyholder services	YES	All available via search facility
Police college or learning centre	YES	Links to Regional EMCHRS and National College of Policing
Ceremonial duties	NOT APPLICABLE	Not applicable
Museum	NOT APPLICABLE	Not applicable
Local campaigns	YES	Published under 'Your area' and highlighted on news section and Advice Centre, as appropriate
Media releases	YES	Published under 'News & Appeals'
Details of the services for which the police force is entitled to	YES	List of charges published – based on national list

recover a fee together with those fees		
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5. Financial Implications and Budget Provision

5.1 There are no financial implications relating to this report.

6. Human Resources Implications

6.1 There are no Human Resource implications relating to this report.

7. Equality Implications

7.1 There are no equality implications relating to this report.

8. Risk Management

8.1 There are no risk management implications relating to this report.

9. Policy Implications and links to the Police and Crime Plan Priorities

9.1 There are no policy implications relating to this report.

10. Changes in Legislation or other Legal Considerations

10.1 There are no changes in legislation that are relevant to this report.

11. Details of outcome of consultation

11.1 No consultation took place when preparing this report

12. Appendices

12.1 **Appendix A:** ICO Publication Scheme – Definition document for Police Forces.

Freedom of Information Act

Definition document for police forces

This guidance is for those police forces which are strategically managed by a Police and Crime Commissioner¹ (PCC) or Police Board. It gives examples of the kinds of information that we would expect them to provide in order to meet their commitments under the model publication scheme. Police forces which are managed in a different way may need to consult more than one definition document.

We would expect police forces to make the information in this definition document available unless:

- they do not hold the information;
- the information is exempt under one of the FOIA exemptions or Environmental Information Regulations exceptions, or its release is prohibited under another statute;
- the information is archived, out of date or otherwise inaccessible; or,
- it would be impractical or resource-intensive to prepare the material for routine release.

Where information is readily and publicly available from an external website (such as that of a PCC or Police Board) to which the police force has already provided it – the police force must provide a direct link to that information.

The guidance is not meant to give an exhaustive list of everything that should be covered by a publication scheme. The legal commitment is to the model publication scheme, and forces should look to provide as much information as possible on a routine basis.

Publishing datasets for re-use

Public authorities must publish under their publication scheme any dataset they hold that has been requested, together with any updated versions, unless they are satisfied that it is not appropriate to do so. So

¹ For the Metropolitan Police Service, this is the Mayor's Office for Policing and Crime

far as reasonably practicable, they must publish it in an electronic form that is capable of re-use.

If the dataset or any part of it is a relevant copyright work and the public authority is the only owner, the public authority must make it available for re-use under the terms of a specified licence. Datasets in which the Crown owns the copyright or the database rights are not relevant copyright works.

The Datasets Code of Practice recommends that public authorities make datasets available for re-use under the [Open Government Licence](#).

The term 'dataset' is defined in section 11(5) of FOIA. The terms 'relevant copyright work' and 'specified licence' are defined in section 19(8) of FOIA. The ICO has published [guidance](#) on the dataset provisions in FOIA. This explains what is meant by "not appropriate" and "capable of re-use".

Who we are and what we do

Organisational information, structures, locations and contacts.

We would expect information in this class to be current information only.

- **Force structure**

An outline of the structure of the police force by reference to geographic and other divisions should be included.

- **Profiles of the Chief Officer, Deputy Chief Constable or Deputy Commissioner, Assistant Chief Constables or Assistant Commissioners and Divisional or Area Commanders.**
- **Identity of senior civilian staff**
- **Location of police stations (including mobile units) and public opening hours**
- **Contact details**

Police forces should already be publishing as much information as possible about how they can be contacted in addition to emergency numbers. This should, at least, give some indication of the role of the contact, phone number and, where used, email address. Where possible, give named contacts.

- **Relationships with other authorities**

It will assist members of the public to appreciate the role of the police force if partnership or joint board arrangements with other authorities, for example a road safety partnership or the local criminal justice board, are

detailed and the relationships with the PCC or Police Board, central government departments, the CPS and the IPCC are outlined. If terms of reference for the arrangements are produced, we would expect these to be published.

- **Arrangements for special constables and civilian volunteers**
- **Sponsorship arrangements with businesses**

What we spend and how we spend it

Financial information relating to projected and actual income and expenditure, procurement, contracts and financial audit.

We would expect as a minimum that information for the current and previous two financial years should be available.

- **Annual statement of accounts**
- **Force budget (as agreed by PCC or Police Board)**
- **Expenditure**

Details of expenditure over £500, including costs, supplier and transaction information (monthly).

- **Procurement procedures**
- **Details of contracts currently being tendered**
- **Contracts**

We would normally only expect the force to publish contracts and invitations to tender that exceed £10,000. A list of contracts under £10,000 should also be published to include value, identity of the parties and purpose of the contract.

- **Expenses paid to or incurred by the Chief Officer, Deputy and Assistant Chief Constables or Commissioners**

This should include expenses referenced by categories such as travel, subsistence and accommodation.

- **Pay and grading structure**

This may be provided as part of the Force structure and should, as a minimum, include senior employee salaries (over £58,200). The salaries should be stated in bands of £5,000. For those earning less than £58,200, levels of pay should be identified by salary range.

The 'pay multiple' – the ratio between the highest paid salary and the median average salary of the whole of the authority's workforce.

- **Evaluation of police use of resources**

To include any formal evaluation of the police use of resources.

- **Support for the provision of Community Support Officers**

Information about the employment of Community Support Officers (including details on how they are funded).

- **Financial regulations**

What our priorities are and how we are doing

Strategies and plans, performance indicators, audits, inspections and reviews.

We would expect as a minimum that information for the current and previous two financial years should be available.

- **Strategic plans**

While the strategic plan is likely to be drawn up by the PCC or Police Board in conjunction with the Chief Officer, we would expect that there is ready access to it from the police force.

- **Annual policing plan**
- **Area policing plans**
- **Chief Officer's annual report**
- **Police performance assessments**
- **Police Force statistics**

We would expect police forces to make available to the public statistics which indicate the performance of the force and other statistical information that is used for force management decisions. This will include crime statistics published on the www.police.uk website. Care should be taken to make sure that individuals cannot be identified, particularly where low numbers are recorded.

- **Neighbourhood policing arrangements**

Procedures and arrangements for neighbourhood policing together with contact details.

- **Reports from independent custody visitors**
- **Monitoring record of "Stop and Account"**
- **Privacy impact assessments (in full or summary format)**

How we make decisions

Decision making processes and records of decisions.

We would expect as a minimum that information for the current and previous two financial years should be available.

- **Agenda and minutes for the senior decision making committee**
- **Feedback from public consultation and surveys**

We would not expect information that might damage the operations of the police to be revealed.

Our policies and procedures

Current written protocols, policies and procedures for delivering our services and responsibilities.

We would expect information in this class to be current information only.

- **Policies and procedures for the conduct of police force business**
- **Policies and procedures for the provision of policing services**
- **Policies and procedures about the recruitment and employment of staff**

Where police forces have written policies and procedures falling into these three categories there should be ready access to them. A number of policies, for example equality and diversity, health and safety and conduct, will cover both the provision of services and the employment of staff. If a police force has an Equality Scheme, this should be made available. A policy for outside business interests of officers would be both a policy for the conduct of business and an employment policy. If vacancies are advertised as part of recruitment policies, details of current vacancies will be readily available. It is recognised that releasing some policies or parts of them would impact adversely on the operational activities of the police and that these should not be generally available. As much information should be made available without damaging operational requirements. Policies and procedures for handling requests for information should be included.

Where procedures are developed in combination with other public authorities, these should also be available.

- **Records management and personal data policies**

This will include information security policies, records retention, destruction and archive policies, and data protection (including data sharing) policies.

- **Fileplans** (or any other Business Classification Scheme used for the management of information)
- **Customer service standards and complaint procedure**

Standards for providing services to the public, including the complaint procedure. Complaints procedures will include those covering requests for information and operating the publication scheme.

- **Charging regimes and policies**

Details of any statutory charging regimes should be provided. Charging policies should include charges made for information routinely published. They should clearly state what costs are to be recovered, the basis on which they are made, and how they are calculated.

If the public authority charges a fee for licensing the re-use of datasets, it should state in its guide to information how this is calculated and whether the charge is made under the Re-use Fees Regulations or under other legislation. It cannot charge a re-use fee if it makes the datasets available for re-use under the Open Government Licence.

Lists and registers

We expect this to be information contained only in currently maintained lists and registers.

- **Information held in registers required by statute**

If police forces are required to maintain any register and make the information in it available for public inspection, the existing provisions covering access will usually be adequate. However, we expect forces to publicise which public registers they hold, and how the information in them is to be made available to the public. Where registers contain personal information, police forces must ensure that they consider the data protection principles.

- **Asset registers**

We would not expect police forces to publish all details from all asset registers. We would, however, expect the location of public land and building assets and key attribute information that is normally recorded on

an asset register to be available along with some other information from capital asset registers.

- **Information asset register**

If a police force has prepared an information asset register, it should publish the contents.

- **CCTV**

Details of the locations of any overt CCTV surveillance cameras operated by the police force.

- **Registers of interests**
- **Register of gifts and hospitality (senior personnel)**

This should include details of gifts, given or received; details of any hospitality afforded and by which organisation. Gifts and hospitality declined should also be included.

- **FOI disclosure log**

If a police force produces a disclosure log indicating the information provided in response to requests, it should be readily available. Disclosure logs are recommended as good practice.

Services provided by the police force

Information about the services provided by the police force, including leaflets, guidance and newsletters produced for the public and businesses.

We would expect information in this class to be current information only.

- **Advice and guidance for the general public**
- **Firearms and explosives licensing, firearms dealers licensing, abnormal load escort, keyholder services**
- **Police college or learning centre**
- **Ceremonial duties**
- **Museum**
- **Local campaigns**
- **Media releases**
- **Details of the services for which the police force is entitled to recover a fee together with those fees.**

Consideration	
Public/Non Public*	Public
Report to:	Joint Audit and Scrutiny Panel
Date of Meeting:	22 February 2019
Report of:	Independent Custody Visitor Reporting – Reviewing Custody Records
Report Author:	Kayt Radford
E-mail:	kayt.radford@nottinghamshire.pnn.police.uk
Other Contacts:	
Agenda Item:	14

*If Non Public, please state under which category number from the guidance in the space provided.

INDEPENDENT CUSTODY VISITOR REPORTING – REVIEWING CUSTODY RECORDS

1. Purpose of the Report

- 1.1 To consider if the Independent Custody Visitor (ICV) scheme should implement an additional scheme of reporting.
- 1.2 To consider if the pilot ICV scheme developed by Derbyshire Office of the Police and Crime Commissioner is a suitable option for implementation in Nottinghamshire

2. Recommendations

- 2.1 That Nottinghamshire consider implementing its own pilot scheme based on the model operating in Derbyshire.

3. Reasons for Recommendations

- 3.1 The HMICFRS completed an unannounced inspection visit to police custody suites in Nottinghamshire Police during October 2018. The draft report that has been circulated to the PCC and Nottinghamshire Police as highlighted a number of recommendations for improvement. These recommendations relate to detainees rights and entitlements and welfare which falls within the remit of the ICV scheme.
- 3.2 The current ICV scheme asks volunteers to make unannounced, random visits to police custody suites and report on the rights and entitlements of detainees as well as their personal welfare. ICV's are also able to report on the conditions of the accommodation in police custody. Whilst these reports are effective in highlighting specific issues, the implementation of an additional scheme to reviewed custody records would produce more comprehensive, thematic evidence of the detainee experience in Nottinghamshire police custody. Custody record reviews are able to pre-determine the type of custody records to be reviewed. The Derbyshire custody review report attached (appendix 1) has focussed on detainees considered to have vulnerabilities (mental health problems or children/young people).

4. Summary of Key Points (this should include background information and options appraisal if applicable)

- 4.1 The pilot scheme was devised and first implemented by the Derbyshire Office of the Police and Crime Commissioner in April 2018. The first and second quarter reports have been shared at the regional EMCJS Strategic Custody Board in December 2018 and nationally at the Independent Custody Visitor Association (ICVA) National Expert Forum in October 2018. The work has been praised at both meetings.

5. Financial Implications and Budget Provision

- 5.1 Further resource will need to be set aside for recruitment and training of an additional team of ICVs who will be recruited specifically for this task.
- 5.2 Resources will need to be allocated from Nottinghamshire Police to identify and redact information from the custody records.
- 5.3 Managing the scheme and volunteers. This would fit within the remit of the current Volunteer Manager already recruited to manage volunteer schemes on behalf of the PCC.

6. Human Resources Implications

- 6.1 A new team of ICVs will need to be recruited and trained. For this volunteer opportunity, all ICVs are likely to need Police IT accounts.

7. Equality Implications

- 7.1 This work supports the Equality Act 2010 by its potential to gather information about detainees with protected characteristics, for example, children, young people and the experience of women in detention.

8. Risk Management

- 8.1 The custody records review scheme would need to comply with GDPR guidance to ensure that the risks around the management of information are mitigated.

9. Policy Implications and links to the Police and Crime Plan Priorities

- 9.1 None

10. Changes in Legislation or other Legal Considerations

- 10.1 None

11. Details of outcome of consultation

11.1 None

12. Appendices

12.1 Appendix 1 - Derbyshire ICV Scheme Custody Record Review

APRIL - AUGUST COMPARATIVE DATA

Pilot – Vulnerabilities in Custody

INFORMATION

During the period 1 April– 31 August 2018 there were a total of 6164 DPs held in custody in Derbyshire and of those 3011 were vulnerable (either a child or with mental health vulnerabilities) (representing 49% of the total), of those 2662 DPs had mental health vulnerabilities (88%) and 349 were under the age of 18 (11.5%). From this sample of vulnerable DPs a total of 112 Custody Records, from the months April to August, were interrogated (47 for children and 66 with Mental Health vulnerabilities, 2 Records examined showed that the individual was a Child with Mental Health vulnerabilities) against pre-set criteria. This report presents the findings of those custody records interrogations, and it is important to bear in mind that the sample represents just 1.8% of the total (13.5% of young people and 2.4% of those with Mental Vulnerabilities).

FINDINGS

GENERAL REQUIREMENTS

The Custody Inspectors dip sample a number of Custody Records on a monthly basis - this is to check that DPs have been detained appropriate to [PACE Code C](#) and to ensure the Custody Records are accurately completed.

The areas checked and the findings are as below:

INSTRUCTED IN THE USE OF THE CELL CALL BUTTON – YES											
April	May	June	July	August	Sept	October	November	December	January	February	March
14%	86%	78%	88%	96%							
NO DETAIL IN CUSTODY RECORD FOUND											
78%	13%	22%	12%	4%							
WERE DIETARY REQUIREMENTS CATERED FOR? - YES											
April	May	June	July	August	Sept	October	November	December	January	February	March
28%	23%	17%	27%	28%							
NO DETAIL IN CUSTODY RECORD FOUND											
64%	27%	22%	33%	24%							

NO SEPCIFIC DIETARY NEEDS IDENTIFIED											
	50%	62%	39%	48%							

WERE RELIGIOUS REQUIREMENTS CATERED FOR – YES											
April	May	June	July	August	Sept	October	November	December	January	February	March
0	0	0	0	0							
NO DETAIL IN CUSTODY RECORD FOUND											
100%	100%	100%	100%	100%							

INSTRUCTED IN THE USE OF THE TOILET – YES											
April	May	June	July	August	Sept	October	November	December	January	February	March
14%	13%	28%	12%	8%							
NO DETAIL IN CUSTODY RECORD FOUND											
85%	81%	67%	73%	92%							
NOT APPLICABLE											
	4.5%	5%	6%	0							

CONCLUSION

Instructing DPs in the use of the cell call button has improved dramatically since April. This entitlement is provided to DPs and recorded as such. There is still however, evidence that, for some DPs this entitlement is either not given or not recorded.

It would appear though, that in the main, the Custody Records contain little or no information on any of the other entitlements and whilst it is acknowledged that in all likelihood these basic provisions are met, there still appears little or no recorded detail which we would expect to see.

DETENTION

HMIC (2015) found that the total time in detention ranged from 8 to 13 hours (Kemp 2013). To identify whether or not vulnerable individuals are held longer than the average we have collated information to examine this, and the average time held in detention is outlined in each of charts below, one for young people and one for those with mental health vulnerabilities:

Young people AND Mental Health Vulnerabilities.

AVERAGE LENGTH OF DETENTION FOR ALL DP'S IN DERBYSHIRE											
April	May	June	July	August	Sept	October	November	December	January	February	March
13.4 HRS	13.8 HRS	13.8 HRS	13 HRS	13.1HRS							
AVERAGE LENGTH OF DETENTION FOR YOUNG PEOPLE IN DERBYSHIRE											
April	May	June	July	August	Sept	October	November	December	January	February	March
10.6 HRS	21 HRS	10.5 HRS	11.2 HRS	9.2HRS							
AVERAGE LENGTH OF DETENTION FOR ALL ADULTS WITH NO MH ISSUES											
13 HRS	12.8 HRS	13.3 HRS	12.5 HRS	13.5HRS							
AVERAGE LENGTH OF DETENTION FOR THOSE WITH MENTAL HEALTH VULNERABILITIES IN DERBYSHIRE											
April	May	June	July	August	Sept	October	November	December	January	February	March
14.2 HRS	15.4 HRS	14.8 HRS	13.8 HRS	12.9HRS							

CONCLUSION

From the information gathered our findings show that generally, young people are held according to the average quoted by Kemp (2013), and for less time than the average for all DPs in Derbyshire which is encouraging and demonstrates that children are, by and large processed more quickly.

For those with Mental Health Vulnerabilities the average amount of time held in Derbyshire appears to be reducing month on month and is now in line or less than the average quoted by Kemp.

From the pilot sample the amount of time detained is monitored however, for comparison purposes this is not used as the OPCC selection process randomly selects from a set of custody records with no detail other than the amount of time detained. Often those DPs detained for a longer period of time are chosen, although more recently, to add balance to the selection, we are choosing one short range detention, one medium range and one long range detention, therefore the average amount of time detained from within our sample is reducing.

Delay from Arrival to Authorised detention

Upon arrival at the Custody Suite, DPs should be authorised for detention in an expedient manner. During the month of August this has been monitored and we found that all (25) Custody Records showed that DP's were authorised for detention within 30 minutes of arrival, with two exceptions as below:

DP Category	Time delay
Young Person	59 minutes
Young Person	1 hr 18 mins

RIGHTS

All 112 custody records examined confirmed that the all DP's were given their rights either at booking in or later, if necessary with the AA present. However, it has been noticed that sometimes there is a large delay in receiving these rights with the AA present. As an AA is necessary to be present, this indicates that some DPs are waiting hours before they officially receive their rights and entitlements. It is acknowledged that at times DPs can be aggressive or intoxicated and this can prolong the amount of time it takes to receive their rights and entitlements in the correct setting. Therefore the table below sets out if a DP experienced a delay and if this was due to them being aggressive or intoxicated. For example, in April, 75% of young people in custody had a delay of over an hour to receiving their rights and entitlements in the correct setting. 12.5% of these cases were due to the DP being aggressive or intoxicated. For 62.5% there was no explanation available as to why there was a delay.

IF THE DP EXPERIENCED A DELAY, AND IT WAS DUE TO THEM BEING INTOXICATED OR AGGRESSIVE - YOUNG PEOPLE											
April	May	June	July	August	Sept	October	November	December	January	February	March
12.5%	0%	0%	0%	0%							
DELAY NOT DUE TO BEING INTOXICATED OR AGGRESSIVE											
62.5%	63.6%	62.5%	45.5%	33%							
HOW MANY DPS HAD DELAY OUT OF TOTAL % IN CUSTODY											
75%	63.6%	62.5%	45.5%	33%							

AVERAGE LENGTH OF TIME DETAINED UNTIL FIRST INTERVIEW FOR THOSE WITH MENTAL HEALTH VULNERABILITIES FROM RECORDS INTERROGATED											
April	May	June	July	August	Sept	October	November	December	January	February	March
9.4 HRS	7.5 HRS	12.2 HRS	8.2 HRS	11.7HRS							
NOT DETAIL IN CUSTODY RECORD FOUND											
	2	2	5	1							

IF THE DP EXPERIENCED A DELAY, AND IT WAS DUE TO THEM BEING INTOXICATED OR AGGRESSIVE - MENTAL HEALTH											
April	May	June	July	August	Sept	October	November	December	January	February	March
16.6%	9%	0%	18.1%	6%							
DELAY NOT DUE TO BEING INTOXICATED OR AGGRESSIVE											
16.6%	45.5%	30%	40.9%	28%							
HOW MANY DPS HAD DELAY OUT OF TOTAL % IN CUSTODY											
33.3%	54.5%	30%	59%	33%							

CONCLUSION

The above tables demonstrate that there was no rationale available for the delays for young people receiving their rights and entitlements in the presence of an AA. For those with Mental Health Vulnerabilities a very small proportion were delayed due to them being intoxicated or aggressive and there was no other apparent reason for the delay.

The average length of time from detention being authorised till the first interview for young people and those with mental health vulnerabilities is outlined below. The lack of information in some of the custody records means that for 15 records it is not possible to ascertain how long these DP's waited for their

AVERAGE LENGTH OF TIME DETAINED UNTIL FIRST INTERVIEW FOR YOUNG PEOPLE FROM RECORDS INTERROGATED											
April	May	June	July	August	Sept	October	November	December	January	February	March
9 HRS	10 HRS	8 HRS	7.7 HRS	11HRS							
NOT DETAIL IN CUSTODY RECORD FOUND											
	1	2	0	2							

CONCLUSION

Whilst it is appreciated that there may be a number of reasons as to why there may be a delay in receiving the first interview, this information does appear to show some lengthy waits and it is still disappointing to note is the number of records provide no detail about when an individual was interviewed or whether they were interviewed at all. We would certainly expect to see this information within a Custody Record and therefore suggest that this should be an area for improvement.

APPROPRIATE ADULTS (AA's)

Young people

In the records examined, the Force identified and recorded that an AA was necessary for all young people and the Custody Record confirmed that that the nominated person/ AA was contacted.

Mental Health Vulnerabilities

For those DP's with mental health vulnerabilities the AA provision was mixed, as per the chart below.

IDENTIFIED AS NEEDING AN AA											
April	May	June	July	August	Sept	October	November	December	January	February	March
33%	64%	50%	68%	56%							
AA CONTACTED											
33%	55%	30%	68%	50%							
NO DETAIL FOUND IN CUSTODY											

16%	9%	10%	9%	6%							
BELIEVED THAT AA MAY BE NECESSARY BUT NOT IDENTIFIED AS NEEDING AN AA											
16%	27%	40%	14%	22%							

Whilst we acknowledge that that nature of the mental health vulnerability may not always warrant the need for an appropriate adult there are instances where it was felt that an AA may have been necessary but this was not identified or recorded.

General comments relating to cases when an AA was not required
The DP was assessed by a healthcare professional for heroin addiction, but no assessment was undertaken ref self declared mental health issues. No referral was made regarding mental health issues and therefore no support was put in place. There is no record of contact with the L&D team despite heroin addiction.
No mention of mental health problems or attempts to address these (MH description was possible separation anxiety and post natal depression)
MH description depression and anxiety – no comments about AA provision
MH description depression, heroin addiction – no comments about AA provision

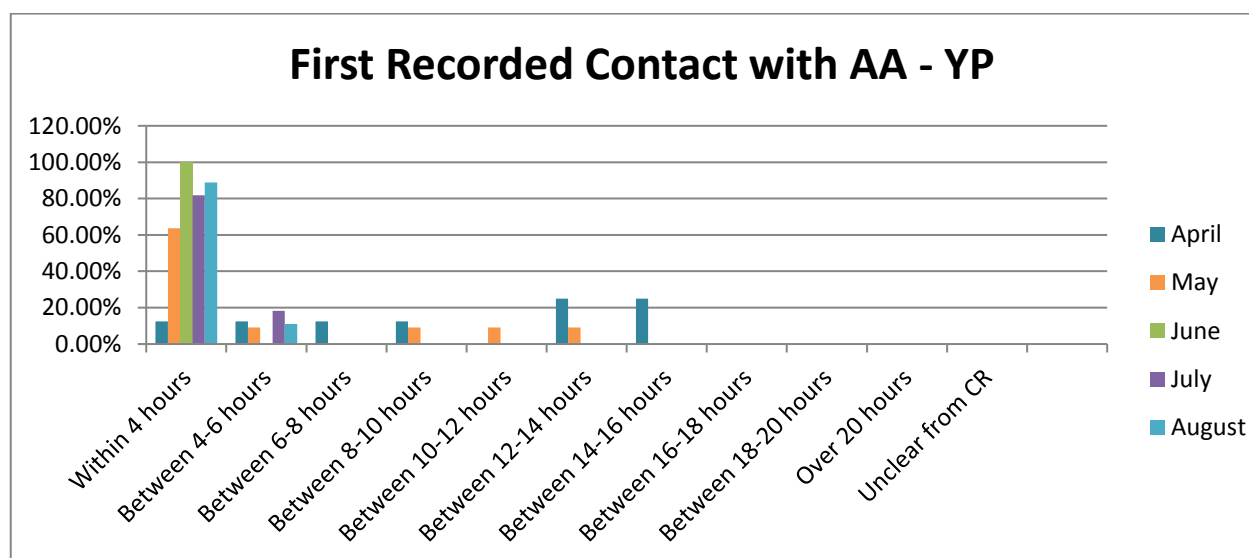
General comments relating to when an AA was identified but was not contacted.
DP arrived in custody and told staff he had previously been sectioned. It didn't take long for CJMHT to ascertain that he was currently under section and needed taking back to a place of safety. It then took 17 hours to secure a bed in the Radborne unit for him. Police transported him due to safety reasons (DP is very unpredictable and often violent) so he could be moved relatively quickly after this but this is a long time to wait in an environment that is not right for the DP. Additionally it was identified that an AA was needed but one was never contacted. Should one have been provided so DP understood what was happening?

CONCLUSION

It is important for those with MH Vulnerabilities to have access to an AA to ensure that they have an understanding of why they are being detained and to advise on access to legal provision. For these reasons it is good practice to offer AA provision to all DPs presenting with MH Vulnerabilities and if this is not the case we expect to see a rationale as to why Custody staff feel this provision was not necessary.

As an n AA should be called as soon as practicably possible, the amount of time after arrest until first contact with the AA has been analysed. :

Young People



HOW LONG UNTIL FIRST RECORDED CONTACT WITH AA FOR YOUNG PEOPLE

April	May	June	July	August	Sept	October	November	December	January	February	March
UP TO 16 HRS	UP TO 14 HRS	WITHIN 4 HRS	UP TO 6 HRS	UP TO 6 HOURS							

RATIONAL FOR DELAY IN RECIEIVNG CONTACT WITH AN AA FOR YOUNG PEOPLE-AUGUST

4-6 HRs	<ul style="list-style-type: none"> AA not contacted until 08:40
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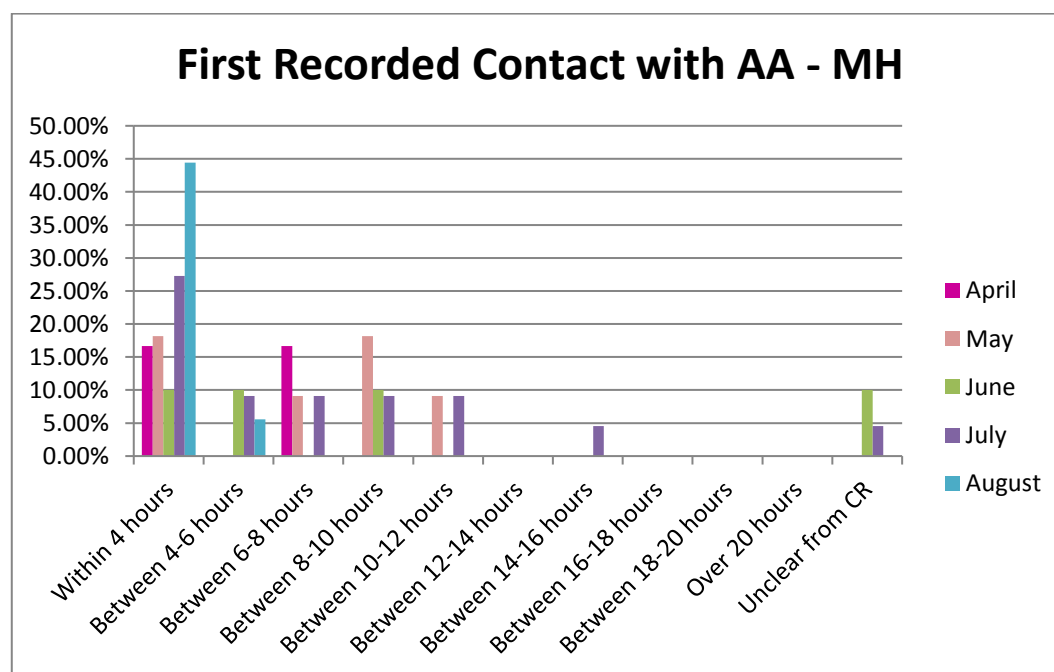
OTHER	<ul style="list-style-type: none"> • AA requested to attend at 08:17 for interview at 10:30
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CONCLUSION

The improvements in the speed of contact with an AA have been dramatic and welcome. During the month of August, there was just one delay and the comments relating to this are detailed above, whilst it is acknowledged that authorised detention for this individual was during the early hours of the morning, is this a reason to delay AA provision?

Additionally, another DP did receive an AA within 4 hours, however, as noted in the comments above, the AA was asked to attend for interview which is concerning as young people should have an AA present for rights, fingerprints and photos etc.,..

Mental Health Vulnerabilities



HOW LONG UNTIL FIRST RECORDED CONTACT WITH AA FOR THOSE WITH MENTAL HEALTH VULNERABILITIES											
April	May	June	July	August	Sept	October	November	December	January	February	March
UP TO 8 HRS	UP TO 12 HRS	UP TP 10 HRS	UP TO 16 HRS	UP TO 6 HRS							

RATIONAL FOR DELAY IN RECEIVING CONTACT WITH AN AA FOR THOSE WITH MH VULNERABILITIES-AUGUST**4-6 HRS**

- AA not contacted until 08:40

CONCLUSION

For those with Mental Health Vulnerabilities there have been huge improvements during the month of August, which is pleasing to note.

SOLICITOR

The percentage of people who saw a solicitor in each month is outlined in the table below.

NO OF YOUNG PEOPLE WHO SAW A SOLICITOR

April	May	June	July	August	Sept	October	November	December	January	February	March
87%	82%	75%	55%	33%							

NO DETAIL IN CUSTODY RECORD

12%	9%	12%	45%	55%							
-----	----	-----	-----	-----	--	--	--	--	--	--	--

NO. OF YOUNG PEOPLE WHO DID NOT WANT A SOLICITOR

0%	9%	12%	0%	11%							
----	----	-----	----	-----	--	--	--	--	--	--	--

During the month of August, 55% of records examined for Young People showed that it was unclear as to whether the DP actually had contact with the Solicitor after the request was made. ICV comments relating to this information in the Custody Record is outlined below.

COMMENTS RELATING TO (NON) CONTACT WITH SOLICITOR YP**UNCLEAR**

- No detail in CR
- Insufficient Information
- Although solicitor requested and contacted, there is no evidence in the CR that the DP had contact with a solicitor.
- CR does not state that solicitor ever arrived at the custody suite
- Not detail in CR

NO. OF THOSE WITH MENTAL HEALTH VULNERABILITIES WHO SAW A SOLICITOR

67%	35%	80%	50%	50%							
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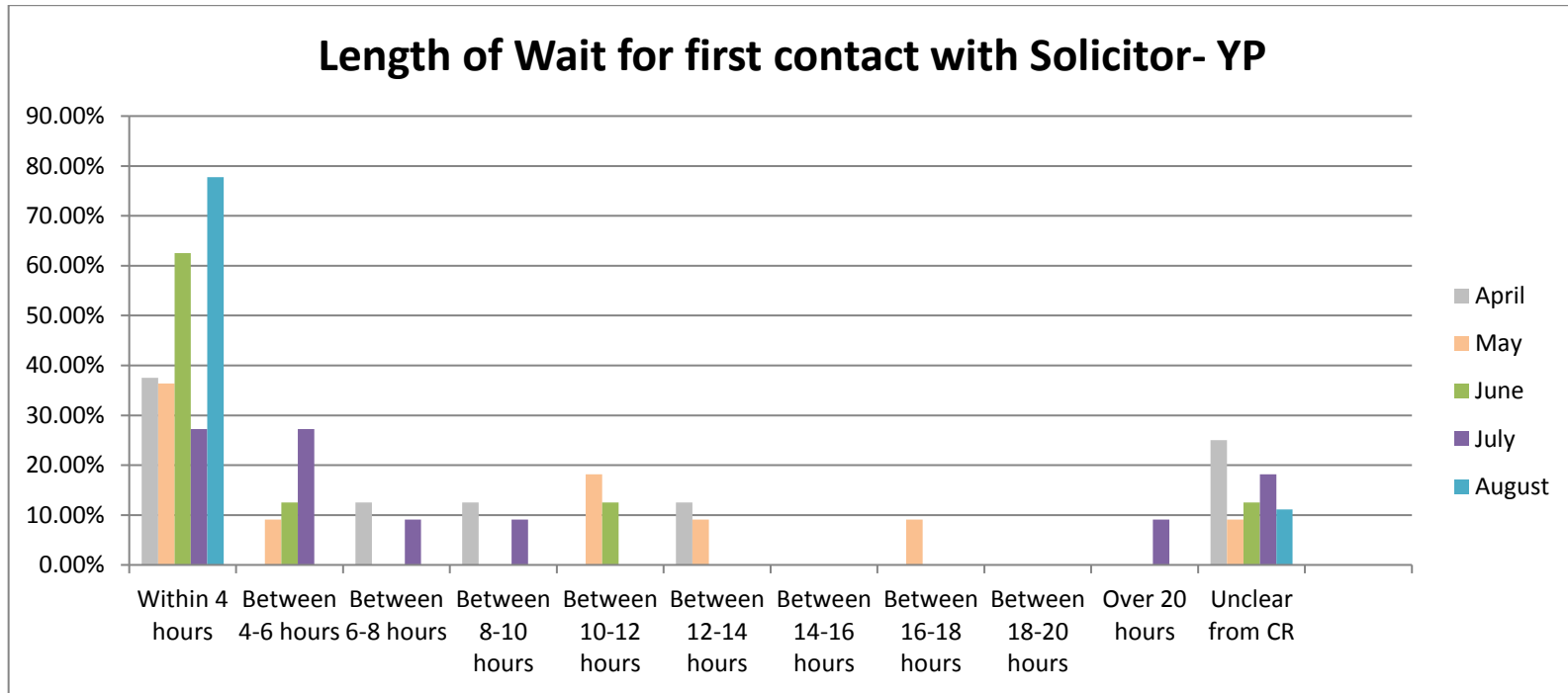
NO DETAIL IN CUSTODY RECORD

17%	18%	0%	27%	17%							
NO. OF MHV WHO DID NOT WANT A SOLICITOR											
17%	45%	20%	23%	33%							

During the month of August, 17% of records examined for those with MH Vulnerabilities it was unclear as to whether the DP actually had contact with the Solicitor after the request was made. ICV comments relating to this information in the Custody Record is outlined below.

COMMENTS RELATING TO (NON) CONTACT WITH SOLICITOR MH	
UNCLEAR	<ul style="list-style-type: none"> CR does not state that solicitor ever arrived at the custody suite 2 records contained no detail at all.

Where legal representation was sought the length of wait from when detention was first authorised to see a solicitor is detailed in the charts below:

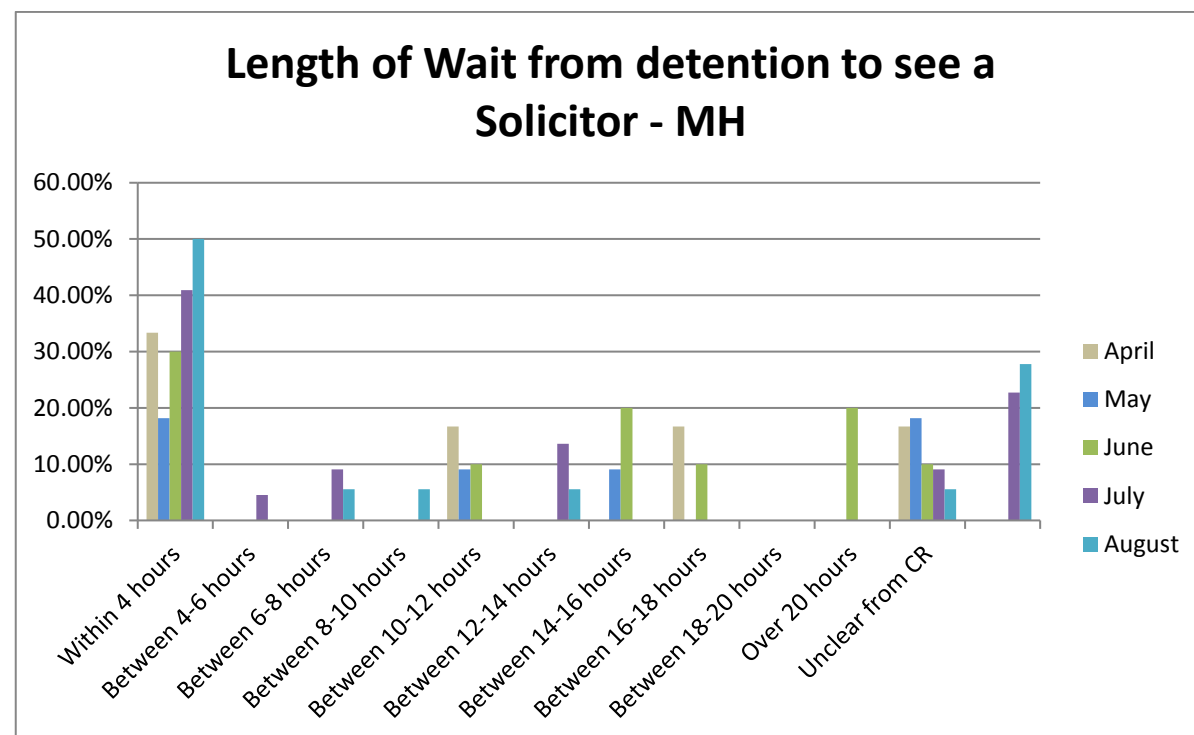


Young People

AVERAGE LENGTH OF WAIT FROM WHEN DETENTION WAS FIRST AUTHORISED TO FIRST CONTACT WITH A SOLICITOR – YP

April	May	June	July	August	Sept	October	November	December	January	February	March
5.8 HRS	7.2 HRS	3.7 HRS	6.4 HRS	4 HRS							
NO DETAIL IN CUSTODY RECORD FOUND											
2	1	1	2	1							

Mental Health Vulnerabilities



AVERAGE LENGTH OF WAIT FROM WHEN DETENTION WAS FIRST AUTHORISED TO FIRST CONTACT WITH A SOLICITOR – MH

April	May	June	July	August	Sept	October	November	December	January	February	March
8 HRS	7.5 HRS	11.7 HRS	5 HRS	4HRS							
NO DETAIL IN CUSTODY RECORD FOUND											
1	2	1	2	1							

CONCLUSION

It is pleasing to note that the length of wait from detention authorised to first contact with the solicitor has reduced for both young people and those with MH vulnerabilities. From the records examined it is disappointing to note the high percentage of young people's records that contain no detail about whether they actually saw a solicitor after the request was made. This was far less for those with MH vulnerabilities which is encouraging.

AA VS. SOLICITOR

Due to the fact that there were often long delays for AAs, it is important to assess whether this has any link with a DP requesting a solicitor. The table below outlines how long it took for some DPs to see an AA and how long it took them to request a solicitor. There is a correlation between these two (highlighted in red) which could be attributed to a DP not requesting a solicitor until they have seen an AA.

HOW LONG UNTIL DP REQUESTED SOLICITOR	HOW LONG UNTIL DP SAW AN AA											
	WIHTIN 4 HRS	4-6 HRS	6-8 HRS	8-10 HRS	10-12 HRS	12-14 HRS	14-16 HRS	16-18 HRS	18-20 HRS	20+ HRS	UNCLEAR	NA
UNDER 1 HR	24	6	2	3	1	2	3	0	0	0	1	17
1-2 HRS	3	0	0	0	1	0	0	0	0	0	0	0
2-4 HRS	4	0	0	0	0	0	0	0	0	0	0	0
4-6 HRS	1	1	0	0	0	0	0	0	0	0	0	0
6-8 HRS	0	0	2	0	0	0	0	0	0	0	0	0
8-10 HRS	0	0	0	1	0	0	0	0	0	0	0	0
10-12 HRS	0	0	0	0	0	1	0	0	0	0	0	0
12-14 HRS	0	0	0	0	0	0	0	0	0	0	0	0
14-16 HRS	0	0	0	0	0	0	0	0	0	0	0	0
16-18 HRS	0	0	0	0	0	0	0	0	0	0	0	0
18-20 HRS	0	0	0	0	0	0	0	0	0	0	0	0

Appendix 1

20-22 HRS	1	0	0	0	0	0	0	0	0	0	0	0
22-24 HRS	0	0	0	0	0	0	0	0	0	0	0	0
24-36 HRS	0	0	0	0	0	0	0	0	0	0	0	0
36-72 HRS	0	0	0	0	0	0	0	0	0	0	0	0
72+ HRS	0	0	0	0	0	0	0	0	0	0	0	0
UNCLEAR	1	0	0	0	0	0	0	0	0	0	0	0
NA	2	0	2	2	2	0	0	0	0	0	1	4

Additionally, it is important to assess whether the force recognising that an AA is necessary has any implication on whether a DP asks to see a solicitor. We found 4 cases where DPs with mental health vulnerabilities had not seen an AA and also had not seen a solicitor.

CONCLUSION

The above information highlights the importance of ensuring that DPs receive an AA as soon as possible when they are necessary. Not recognising that an AA is needed could lead to someone not receiving the legal advice that they are entitled to. Delays in receiving an AA could lead to DPs also experiencing lengthy delays in receiving the legal advice that they are entitled to, which could prolong their time in custody and is a breach of their rights.

FEMALE OFFICER

Girls under the age of 18 must be under the care of a woman while being detained as this is a requirement under Section 31 of the Children and Young Persons Act 1933. In accordance with the recent work undertaken by ICVA, it is considered to be important to offer the assistance of a female Officer to all women being detained. The below tables outline how many female DPs were assigned a female officer each month.

FEMALE OFFICER ASSIGNED TO FEMALE DP FOR YOUNG PEOPLE											
April	May	June	July	August	Sept	October	November	December	January	February	March
0%	100%	100%	100%	100%							
NO DETAIL IN CUSTODY RECORD FOUND											
100%	0	0	0	0							

FEMALE OFFICER ASSIGNED TO FEMALE DP FOR THOSE WITH MENTAL HEALTH VULNERABILITIES

April	May	June	July	August	Sept	October	November	December	January	February	March
0%	33%	50%	78%	67%							
NO DETAIL IN CUSTODY RECORD FOUND											
100%	67%	50%	22%	17%							

For those who did not receive a female officer, there was no rationale available as to why.

CONCLUSION

It is encouraging to see that the recording of assigning a female Officer to a female DP has improved month on month and we look forward to continued improvements in this area. Where no female officer has been assigned we would expect to see some rationale as to why within the Custody Record, so it is disappointing to note that the Custody Records examined did not contain this rationale.

OBSERVATION LEVELS

The Custody Officer is responsible for managing the supervision and level of observation of each detainee and should keep a written record in the custody record.

For every record examined it was noted that an observation level was set – the below tables demonstrate whether these were adhered to.

OBSERVATION LEVELS ADHERED TO YES – YP											
April	May	June	July	August	Sept	October	November	December	January	February	March
100%	82%	100%	82%	100%							
OBSERVATION LEVELS ADHERED TO NO– YP											
0%	18%	0%	18%	0%							

OBSERVATION LEVELS ADHERED TO YES – MH											
April	May	June	July	August	Sept	October	November	December	January	February	March
100%	100%	100%	86%	100%							

OBSERVATION LEVELS ADHERED TO NO– MH											
0%	0%	0%	14%	0%							

From the records interrogated, the vast majority showed that an observation level was set and adhered to.

CONCLUSION

Derbyshire Constabulary continually work well at setting and adhering to observation levels

LIAISON AND DIVERSION

ACCESS TO L & D TEAM – YES (YOUNG PEOPLE)											
April	May	June	July	August	Sept	October	November	December	January	February	March
38%	54.5%	0%	72%	67%							
ACCESS TO L & D TEAM – NO (YOUNG PEOPLE)											
0%	9%	62%	18%	22%							
NO DETAIL FOUND IN THE CUSTODY RECORD											
62%	36%	25%	9%	11%							
ACCESS TO L & D TEAM – YES (MH VULNERABILITIES)											
April	May	June	July	August	Sept	October	November	December	January	February	March
50%	27%	40%	45%	39%							
ACCESS TO L & D TEAM – NO (MH VULNERABILITIES)											
16%	45%	0%	5%	39%							
NO DETAIL FOUND IN THE CUSTODY RECORD											
33%	27%	60%	50%	22%							

ANY EVIDENCE OF ACCESS TO THE L&D TEAM/MH TEAM OR REASONS FOR NO CONTACT
<ul style="list-style-type: none"> • Seen in cell by lead nurse and youth worker. DP denied any issues and was open to social care. • SCREENED:DP had been discharged from mental health services due to non-engagement. Main problem lies with drugs • SCREENED: not open to mental health services. DP encouraged to engage with Derbyshire Recovery Partnership • Screened • No detail in CR Found x 5 • Seen in cell by Lead nurse and engagement worker but told them to go away.

- Assessed by CJLDT in cell.
- Seen by lead nurse, not open to MH services. Already has YOS and social worker.
- Seen by lead nurse, DP did not wish to engage with MH services
- DP open to Amber Valley Community team, concerns about DPs behaviour in community, CTO issued today but no beds available.

CONCLUSION

Liaison and Diversion (L & D) services identify people who have mental health, learning disability, substance misuse or other vulnerabilities when they first come into contact with the criminal justice system as suspects, defendants or offenders. The service can then support people through the early stages of criminal system pathway, refer them for appropriate health or social care or enable them to be diverted away from the criminal justice system into a more appropriate setting, if required. It is therefore encouraging to see that the Custody Record is now showing more access to the L & D Team for young people and the detail shows that this is often offered to those with MH issues but is not always taken up. There still continues to be records where no detail can be found, although it is pleasing to note that this is getting much better and more detail can now be found.

CHILDREN

DESIGNATED DETENTION ROOM

Appendix 1

The Home Office state that all police forces should consider allocating areas that can be used as designated facilities for children and young people. Derby, Chesterfield and Buxton Custody Suites all have designated detention rooms for young people; the chart below indicates how many young people were assigned a specific junior detention cell.

WAS A JUNIOR DETENTION CELL ASSIGNED											
April	May	June	July	August	Sept	October	November	December	January	February	March
38%	64%	75%	91%	56%							
JUNIOR DETENTION CELL NOT ASSIGNED											
13%	9%	13%	9%	11%							
NO DETAIL IN CUSTODY RECORD FOUND											
50%	27%	13%	0%	33%							

There were 4 occasions when there was no detail found within the custody record and one record that showed that a junior room was not allocated and on this occasion no rationale was included.

CONCLUSION

There had been month on month improvements in (either) the recording and/or the offering of a designated detention room for young people, however, during the month of August completion of Custody Records in this respect dipped. . It is recognised that there may not be a designated detention room for young people available. However, it is expected that if this is the case then it should be recorded within the custody record.

TRANSFER TO LOCAL AUTHORITY ACCOMMODATION

After a child has been charged there is presumption that they will be granted bail which is considered the most preferable option, however if the child is charged with an offence and refused bail, custody officers have a duty under section 38(6) of the Police and Criminal Evidence Act 1984 to secure transfer to Local Authority accommodation. In addition, it is recognised that young people may find spending a night in a police cell a worrying, frightening and intimidating experience and the length of time young people are detained should be kept to a minimum.

PERCENTAGE OF YOUNG PEOPLE THAT WERE HELD OVER NIGHT											
April	May	June	July	August	Sept	October	November	December	January	February	March
63%	82%	63%	55%	67%							
OF THOSE DETAINED, HOW MANY WERE ARRESTED IN THE EVENING OR EARLY HOURS OF THE MORNING											
80%	44%	80%	33%	67%							

The above table indicated how many of those detained overnight were arrested in the evening or early hours of the morning, therefore being detained overnight was perhaps unavoidable.

PERCENTAGE OF YOUNG PEOPLE THAT WERE CHARGED											
April	May	June	July	August	Sept	October	November	December	January	February	March
25%	45%	13%	27%	22%							
NO DETAIL IN CUSTODY RECORD FOUND											
	18%	38%	18%	11%							

DETAILS RELATING TO TRANSFER (OR NOT)

- DP was not considered fit for transfer due to severity of alleged offence
- This 16 year old DP was arrested on a Saturday afternoon and remained in custody until a court appearance on Monday morning. Despite his age and status, there is no record of any attempt to find age appropriate accommodation and this issue was not mentioned in any of the detention reviews. Although it appears that the DP was initially placed in an age appropriate cell, he was moved to an adult cell without any explanation as to why. The record details that he was detained in two junior cells and two adult cells during the period of his detention. An attempt to see the DP was made by a CJLDT nurse and engagement worker, the DP refused to engage. The response to his lack of engagement was recorded as a plan to contact his youth worker and undertake a routine social care screening by CJLDT. There is no further reference to this plan. It is not clear from the record whether the DP requested that a nominated person was to be informed of his detention. The record is incomprehensible "I want DOESN'T KNOW - OFFICER WILL ATTEND". If it were not for the fact that the DP's age was specified and one paragraph referred to youth services, this record reads as that of an adult detained for nearly two days.
- DP was returned to his care home.
- Accommodation for the DP needed to be secure and LA confirmed that no secure accommodation was available.

CONCLUSION

There continues to be a number of occasions when a person under 16 years of age is held overnight yet alternative accommodation is not sought. Additionally there is still a lack of rationale as to why this happens.

As detailed in the comments above, during the month of August there was one occasion when Local Authority care was sought but none was available.

MENTAL HEALTH (MH) VULNERABILITIES

From the sample, all records examined showed the DPs were held under PACE or other and NOT S136.

DETAILS RELATING TO TRANSFER (OR NOT)

- Self diagnosis of bi-polar and split personality disorder was not supported by the CJLDT. DP has been discharged from mental health services due to non-engagement (Page 8). DP is currently receiving treatment from their GP.
- Unclear why it took so long (13hrs) before interview took place. AA response was prompt, although took 4 hours for DP to receive R&E in presence of AA. Process was overtaken by the fact that DP had a seizure and was admitted to hospital. Filling in of the CR has improved.
- DP reported that he had mental health issues and had a prescription from a psychiatrist but this was not followed up and no mental health assessment was considered. CR says medication was prescribed by custody medic but unclear if this was given. CR records that DP went to hospital twice - but other parts of record suggest there was only one visit - may be to do with how it is recorded. Record of Sgts's review on page 51 was not completed. Custody staff seemed to focus on DP's physical injuries rather than mental health concerns. Filling in of the CR has improved. Good to see the risk of suicide being taken noted and passed forward.

- The DP was assessed by a healthcare professional for heroin addiction, but no assessment was undertaken re self declared mental health issues. No referral was made regarding mental health issues and therefore no support was put in place. There is no record of contact with the L&D team despite heroin addiction. The DP identified her son as the nominated person, but despite a record of one attempted unanswered phone call, no further contact is recorded. The DP was assigned a female officer on each shift. CEWS was carried out.
- It is apparent, that on detention this DP was suffering from serious MH issues. However, the DP was not referred for a MHA for over four hours after detention. Once requested, the assessment could not be undertaken until the following day and in fact only took place at 13:12. The DP was quickly sectioned following the MHA, however the only explanation for the delay in conducting the MHA, was that Hartington MHU did not wish to conduct a MHA until a bed was identified. This seems to be the wrong way round and led to the lengthy wait in custody for a seriously ill DP.
- DP had paranoid schizophrenia and a resident at Kingsway under section 37. CO's had regular communication with Kingsway and DP was kept in for such a period of time due to the offense being possession of a fire arm and the DP potentially being a danger to the public. No official MH assessment ever took place.
- DP had PTSD and was arrested for a violent offence. Stated that he posed no risk to himself, only others, but still took items of clothing from him and yet left him on the lowest possible observations. Rationale doesn't seem to add up here.

The MH tag covers a range of MH issues from depression, anxiety through to PTSD and it is acknowledged that not all those detained with MH vulnerabilities would need a MH assessment, the below table provides detail as to whether a MH Assessment was requested, t

CONCLUSION

From the records examined there appears to be a number of cases where a DP has been held with some worrying mental health concerns, despite this, the DP does not receive a mental health assessment nor do they seem to have contact with anyone from the mental health team.

For Information	
Public/Non Public	Public
Report to:	Joint Audit and Scrutiny Panel (JASP)
Date of Meeting:	22nd February 2019
Report of:	DCC Barber Charlie Radford, Chief Finance Officer OPCC
Report Author:	Amanda Froggatt, Strategic Support Officer
E-mail:	amanda.froggatt@nottinghamshire.pnn.police.uk
Other Contacts:	
Agenda Item:	15

Joint Audit and Scrutiny Panel Proposed Work Plan 2019/20

1. Purpose of the Report

- 1.1 The purpose of this report is to present the proposed work plan for the Joint Audit and Scrutiny Panel for the 2019/20 year.

2. Recommendations

- 2.1 That Joint Audit and Scrutiny Panel members note the report and attached appendix, and agree the contents.
- 2.2 That a nominated member of the Joint Audit and Scrutiny Panel attends the Information Management Board to obtain assurance in relation to Information Sharing protocols (monitoring, assurance and outcomes) and Force Information Management Policy monitoring, assurance and improvement outcomes.

3. Reasons for Recommendations

- 3.1 To enable the Panel to fulfil its scrutiny obligations with regard to Force activity.

4. Summary of Key Points

- 4.1 The proposed workplan has been discussed with members and prepared based on the business planning cycle for both the OPCC and Nottinghamshire Police.
- 4.3 The proposed Joint Audit and Scrutiny work plan has been prepared in consultation with the Chief Finance Officer in order to fulfil our statutory obligations with regards to reporting in these areas of business.

5. Financial Implications and Budget Provision

- 5.1 There are no financial / budget implications arising from this report.

6. Human Resources Implications

- 6.1 There are no direct HR implications as a result of this report.

7. Equality Implications

- 7.1 There are no direct HR implications as a result of this report. HR implications resulting from specific actions will be managed on a case by case basis.

8. Risk Management

- 8.1 There are no risk management issues arising from this report.

9. Policy Implications and links to the Police and Crime Plan Priorities

- 9.1 Any policy implications will be subject to current policy development process.

10. Changes in Legislation or other Legal Considerations

- 10.1 There are no direct legal implications as a result of this report.

11. Details of outcome of consultation

- 11.2 The proposed work plan has been produced in partnership between the Force and the OPCC.

12. Appendices

- 12.1 Appendix 1: Proposed Joint Audit and Scrutiny Panel Work Plan 2019-20.

PROPOSED JOINT AUDIT AND SCRUTINY PANEL WORK PLAN 2019/20

22ND FEBRUARY 2019 AUDIT PLANNING MEETING			
	New Internal Audit Plan 2019/20 – if available	Annual	Mazars – Brian Welch
	PCC Update Report	Each Meeting	OPCC – Phil Gilbert
	Budget Reports (for information) <ul style="list-style-type: none"> • Treasury Management Strategy • Reserves Strategy • Capital Programme • MTFS • Budget Report • Capital Strategy • Precept Report 	Annually	OPCC – Charlie Radford
	External Audit Plan - if available	Annually	Ernst and Young
	Internal Audit Progress Report	Each Meeting	Mazars – Brian Welch
	Update on actions from audits, inspections and reviews and presentation on Modern Slavery (Includes Internal audit, External Audit, HMIC, AGS improvements)	Each meeting	OPCC - where appropriate Force - DCC
	Force Report on Monitoring, Review and Assurance of the Publication Scheme	6-Monthly	Force – Pat Stocker
	OPCC Report on Compliance with Freedom of Information Requests and the Specified Information Order	6-Monthly	OPCC – Lisa Gilmour
	Force Assurance Report on Compliance with Freedom of Information and Data Protection Requests	6-Monthly	OPCC – Pat Stocker
	Force Assurance Mapping report and presentation on this from DCC Barber		Force – DCC
	DRAFT JASP Workplan	Annually	Force – DCC

WEDNESDAY 29th MAY 2019 YEAR END MEETING

	Annual Internal Audit Assurance Report (including review of past year and audit schedule for 2018/19)	Annually	Mazars – Brian Welch
	New Internal Audit Plan 2019/20	Annually	Mazars – Brian Welch
	Draft CC's Statement of Accounts 17/18 Draft Group Statement of Accounts 17/18	Annually	OPCC – Charlie Radford Force – Mark Kimberley
	Draft Annual Force Governance Statement 2017/18 Draft Annual OPCC Governance Statement 2017/18	Annually	Force – DCC OPCC – Charlie Radford
	External Audit Plan	Annually	Ernst and Young
	Review of OPCC Risk Management arrangements Review of Force Risk Management arrangements	6 Monthly	OPCC – Kevin Dennis Force – DCC
	Update on actions from audits, inspections and reviews (Includes Internal audit, External Audit, HMIC, AGS improvements)	Each meeting	OPCC - as required Force – DCC
	PCCs Update Report	Each Meeting	OPCC – Phil Gilbert
	Force Report on Complaints and Misconduct, Investigations, New and Open Cases	6-Monthly	Force – Supt PSD
	Force Report on IPCC Investigations, Recommendations and Actions	6-Monthly	Force – Supt PSD
	Force Report of Whistle Blowing and Anti-Fraud and Corruption Policies and Review of Compliance	6-Monthly	Force – Supt PSD
	Force Report on Business Continuity Compliance and Assurance Testing and Exercising	Annually	Force – Corporate Development
	Force Treasury Update Report to show compliance with Treasury Management Strategy	Annually	OPCC – Charlie Radford

WEDNESDAY 24th JULY 2019**FINAL ACCOUNTS MEETING**

	External Audit ISA260 Government Report	Annually	
	Final Force Statement of Accounts 17/18 Final Group Statement of Accounts 17/18 (OPCC and Force AGS to be incorporated)	Annually	OPCC – Charlie Radford Force – Paul Dawkins
	Summary set of Accounts for Publication	Annually	OPCC – Charlie Radford
	Internal Audit Progress Report	Each Meeting	Mazars – Brian Welch
	Update on actions from audits, inspections and reviews (Includes Internal audit, External Audit, HMIC, AGS improvements)	Each meeting	OPCC - as required Force – DCC
	Review Working Together Agreement incorporating SoD, Fin Regs and SOs	Annually	OPCC – Kevin Dennis
	Force Assurance Mapping Report	Annually	Force – Corporate Development
	OPCC Report on Compliance with Freedom of Information Requests and the Specified Information Order	6-Monthly	OPCC – Lisa Gilmour
	Force Assurance Report on Compliance with Freedom of Information and Data Protection Requests	6-Monthly	OPCC – Pat Stocker

15th NOVEMBER 2019 CHAIR TOPIC

Internal Audit Progress Report	Each Meeting	Mazars – Brian Welch
Review of OPCC Risk Management arrangements Review of Force Risk Management arrangements	6 Monthly	OPCC – Kevin Dennis Force – DCC
Update on actions from audits, inspections and reviews (Includes Internal audit, External Audit, HMIC, AGS improvements)	Each meeting	OPCC - Where appropriate Force – DCC
Annual Audit Letter – External Audit	Annual	Ernst and Young
PCC Update Report	Each Meeting	OPCC – Phil Gilbert
Force Report on Complaints and Misconduct, Investigations, New and Open Cases	6-Monthly	Force – Supt PSD
Force Report on IPCC Investigations, Recommendations and Actions	6-Monthly	Force – Supt PSD
Force Report of Whistle Blowing and Anti-Fraud and Corruption Policies and Review of Compliance.	6-Monthly	Force – Supt PSD

Review of key areas to support Corporate Governance arrangements: *(review of requirements to be finalised and then prioritised. Areas to be identified for reports or internal audits and will be informed by assurance mapping)*

Sources of assurance to include:

- Effectiveness of partnerships
- Monitor the application of the pension schemes
- Review of delegated powers
- Review Register of Interests
- Financial Management/Financial Systems
- Legislative change

- Scheme of delegation
- Annual report from PSD on their activity - i.e. no of dismissals final letters and nature of the event
- By exception report on Insurance Claims covering Public Liability, Employer's Liability, Motor Liabilities including Costing and Lessons Learned
- By exception report on Outcomes of Public Finance Initiative Contracts

DRAFT