

JOINT AUDIT AND SCRUTINY PANEL

Tuesday 23 September 2014 at 2.00 pm

COUNTY HALL
WEST BRIDGFORD
NOTTINGHAM

Membership

Stephen Charnock (Chair)
Leslie Ayoola
John Brooks
Peter McKay
Philip Hodgson

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 17 June 2014
4. Statement of Accounts and Annual Governance Statements for 2013-14
5. External Audit of the Accounts 2013-14 (ISA 260)
6. Strategic Risk Register Report (2014/15 Quarter 1)
7. East Midlands Police Collaboration Update
8. Internal Audit Progress Report
9. Audit and Inspection Report
10. Panel Work Plan and Meeting Schedule

FOR INFORMATION ITEMS

PCC Update Report – report to Police and Crime Panel on 15th September 2014

Performance & Insight Report – report to Strategic Resources and Performance meeting on 3rd September 2014

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 9670999 extension 801 2005 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: sara.allmond@nottscc.gov.uk for clarification or advice prior to the meeting.

NOTTINGHAMSHIRE POLICE AND CRIME COMMISSIONER
County Hall, West Bridgford, Nottingham, NG2 7QP

MINUTES
OF THE MEETING OF THE
NOTTINGHAMSHIRE POLICE AND CRIME COMMISSIONER
JOINT AUDIT & SCRUTINY PANEL
HELD ON TUESDAY 17 JUNE 2014
AT COUNTY HALL, WEST BRIDGFORD
NOTTINGHAM
COMMENCING AT 2.00 PM

MEMBERSHIP

(A - denotes absent)

Mr Stephen Charnock (Chair)
Mr Leslie Ayoola
Mr John Brooks
Dr Phil Hodgson
Mr Peter McKay

OFFICERS PRESENT

Jackie Alexander	Professional Standards Directorate, Notts Police
John Cornett	KPMG (External Audit)
Paul Davies	Democratic Services, Notts County Council
Chris Eyre	Chief Constable, Notts. Police
Phil Gilbert	Performance and Policing Policy Officer, OPCC
Margaret Monckton	ACO Resources, Notts. Police
Charlotte Radford	Chief Finance Officer, OPCC
Paddy Tipping	Police and Crime Commissioner
Angela Ward	Baker Tilly (Internal Audit)

1. ELECTION OF CHAIRMAN

Stephen Charnock was elected as Chairman of the Panel for 2014/15.

2. APOLOGIES FOR ABSENCE

Apologies for absence were received from Adrian Benselin, Kevin Dennis, DCC Sue Fish, Patrick Green and Paddy Tipping.

3. DECLARATIONS OF INTERESTS BY MEMBERS AND OFFICERS

None.

4. MINUTES OF THE PREVIOUS MEETING

The minutes of the previous meeting held on 18 February 2014 were agreed as an accurate record and signed by the Chairman.

5. IPCC INVESTIGATIONS

Jackie Alexander, Professional Standards Directorate (PSD) introduced the report. She explained that of the 17 cases referred to in the Independent Police Complaints Commission (IPCC) from 1 October 2013 to 3 March 2014, 15 had been deemed suitable for local investigation, and two identified for supervised investigation. She also reported on the outcomes of investigations during that period, and observed that investigation locally rather than by the IPCC might still result in a criminal or disciplinary sanction. In response to a query, she undertook to clarify the discrepancy between the 17 cases in paragraph 4.1 of the report, and the 19 cases in Appendix A.

During discussions, the following points were raised:-

- The figures were in line with the normal pattern, and this was corroborated by the IPCC. Jackie Alexander would obtain comparative data with other forces. She indicated that Nottinghamshire had a relatively high level of complaints, which she regarded as healthy, as it showed people's readiness to complain.
- The force took a robust line on racism, and monitored the pattern of complaints. There was a reluctance by younger people to make complaints even though they might express strong views about stop and search. The Force would tackle this through its overall efforts to build trust and confidence, and widen its recruitment from ethnic minorities.

RESOLVED 2014/014

That the summary of IPCC investigations be noted.

6. IPCC LESSONS LEARNED FEEDBACK

The report summarised the Force's approach to learning from the Independent Police Complaints Commission (IPCC) and internal investigations and legal challenges. The IPCC asked the Force to demonstrate how it had learned from complaints.

During discussions, the following points were clarified:-

- In some instances, the Professional Standards Directorate monitored the implementation of the lessons learned over a long period to ensure good

practice was embedded. In other cases, the learning was disseminated but officers left to implement it.

- The IPCC Learning the Lessons bulletin identified overnight detention of young people as an issue. The Panel was assured that the Force took this very seriously. There was also an on-line learning system to share information between PSDs.
- The College of Policing had recently launched a Code of Ethics, which would become statutory. The Force was already working on its implications.
- Officers might receive feedback on incidents through the Unsatisfactory Performance Procedures, either by the PSD or departments.

RESOLVED 2014/015

That the report be noted.

7. PROFESSIONAL STANDARDS REPORTING PROCEDURE ("WHISTLEBLOWING")

Jackie Alexander introduced the draft Professional Standards Reporting Procedure for the Force, which offered several routes for the reporting of incidents, and support mechanisms for people who made a report.

During discussions the following points were clarified:-

- The majority of issues raised through Integrity Messenger were grievances or management issues.
- There were some negative views about the procedure, which were successfully addressed in training sessions.
- Integrity Messenger had the benefit of allowing dialogue with people even though they remained anonymous.

RESOLVED 2014/016

That the Panel be assured by the processes in place for whistleblowing, as detailed in the report.

8. REGIONAL PROCUREMENT ANTI-FRAUD AND CORRUPTION POLICY – REVIEW OF COMPLIANCE, OCTOBER 2013 – MARCH 2014

Margaret Monckton introduced the report on compliance with the East Midlands Strategic Commercial Unit's (EMSCU) policy on the prevention of fraud and corruption in procurement. No fraudulent activity had been identified in relation to Nottinghamshire Police.

During discussions the following point were clarified:-

- The policy covered the three partner forces of Nottinghamshire, Derbyshire and Northamptonshire. It linked to work within Nottinghamshire Police on integrity. Other controls existed against fraud and corruption in non-procurement activities, for example the Force's Anti-Corruption Unit.
- HMIC were to undertake an inspection of police integrity and corruption in July.

RESOLVED 2014/017

That it be noted that:

1. EMSCU's Commercial Director has received no reports of any fraudulent activity following any audit of procurement activity undertaken by the Force.
2. EMSCU's Head of Procurement Services has advised that there have been no reports of any fraudulent activity in relation to procurement activity undertaken by Nottinghamshire Police.
3. EMSCU's Head of Supplier Services will write to suppliers before the end of June 2014 to re-iterate the Force's position in relation to gifts, gratuities and hospitality.

9. INTERNAL AUDIT ANNUAL ASSURANCE REPORT 2013/14

Angela Ward introduced the Internal Audit Annual Assurance Report for the year ending 31 March 2014. She affirmed that the report complied with the Public Sector Internal Audit Standards.

During discussions the following point was raised:-

- The absence of an Internal Audit self-assessment against the charter was queried. It was pointed out that the standards required an annual self-assessment of compliance (undertaken by Baker Tilley) and a five-yearly external assessment. Ms Ward agreed to follow this up.

RESOLVED 2014/018

1. That the Panel note the opinion provided, "adequate" and the work undertaken in 2013/14.
2. That the Internal Auditor clarify whether all self-assessment requirements have been met.

11. DRAFT ANNUAL GOVERNANCE STATEMENTS

Margaret Monckton introduced the report on the draft Annual Governance Statements for the Force, PCC and EMSOU. Chris Eyre indicated that the AGS was widely shared inside the Force before he signed it off, and he sought assurance that statements were valid before he did so.

During discussions the following point were clarified:-

- Issues highlighted on page 19 of the Force's AGS reflected the key risk management work in the Force.
- It was suggested that officers receive a hard copy of the Code of Conduct, and sign to say that they have received and understand it.
- The AGSs should identify significant governance issues from last year's statements, and what action was taken.
- The EMSOU AGS would be better treated as a part of the Force's AGS.

RESOLVED 2014/019

That the Panel's comments be noted and reflected in the final versions of the Annual Governance Statements.

12. POLICE AND CRIME PLAN 2013-18 – 12 MONTH MONITORING REPORT

Phil Gilbert introduced the monitoring report on the Policing Plan. He indicated that ticks in the document were to distinguish pledges from strategic themes.

During discussions the following points were clarified:-

- The plan was for five years, but had been refreshed, although the seven strategic themes remained valid. There would be some other changes in the new delivery plan.
- If the Panel identified any issues of concern, it could ask for a further detailed report or decide to scrutinise in detail. Panel members felt that the monitoring report was of greater relevance to the Police and Crime Panel in holding the PCC to account.
- Partnership work was now focussed on crime. Partners who failed to deliver would not be funded again.
- There had been a great improvement in sickness absence.

RESOLVED 2014/020

1. That the progress made under the Police and Crime Plane be noted.

2. That no particular issues be identified at this stage for the PCC to take forward in the refresh of the Plan.

13. STATEMENT OF ACCOUNTS - ORAL UPDATE

Charlotte Radford reported that the first draft of the statement of accounts was almost complete, and all external items had been received.

RESOLVED 2014/021

That the oral update be noted.

14. EXTERNAL AUDIT PLAN 2013/14

John Cornett introduced the External Audit Plan for 2013/14. He compared the lack of guidance last year with the requirement to comply with the CIPFA guidance which was now available. Margaret Monckton referred to the amount of work this required in re-stating the previous year's accounts. The external auditor was of the view however that the changes were not significant. There were also differences of view about the degree of risk relating to the A19 appeal and the 2013/14 accounts.

RESOLVED 2014/022

1. That progress on the External Audit Plan 2013/14 be noted.
2. That discussions continue between the Force, PCC's Office and the External Auditor about compliance with CIPFA guidance and the statement of audit risks.

15. INTERNAL AUDIT OF CRIME RECORDING UNDERTAKEN BY BAKER TILLEY

Angela Ward introduced the Internal Audit report on crime recording, linking it to the HMIC and Public Administration Select Committee reports on this topic. The Force had agreed to all the recommendations in the report apart from one to disband the Crime and Incident Data Quality Board.

During discussions the following points were clarified:-

- Last time HMIC had reviewed crime recording by Nottinghamshire Police, they identified the second highest level of compliance with NCRS in the country. However the Internal Audit recommendations were seen as helpful in focussing crime recording more on the victim's experience.
- Panel members queried how they might oversee implementation of the recommendations.

- There appeared to be errors in calculating percentages in the performance report to the Police and Crime Panel. It was agreed to look into these.
- The Force's IT section were looking into the problems which officers had experience in recording ethnicity using mobile devices.

RESOLVED 2014/023

1. That the recommendations of the Internal Audit report be supported.
2. That the Panel oversee implementation of the recommendations.

16. AUDIT OF IMPLEMENTATION OF FORMER POLICE AUTHORITY'S SCRUTINY REPORT RECOMMENDATIONS ON ANTI-SOCIAL BEHAVIOUR

Phil Gilbert introduced the report on progress made in implementing the 32 recommendations of the former Police Authority's scrutiny review of anti-social behaviour (ASB). He pointed out that the Anti-Social Behaviour Act would supersede some of the recommendations. Angela Ward took the Panel through the Internal Audit report.

During discussions the following points were clarified:-

- The on-line facility Track My Crime might encourage better recording of ASB by victims.
- The ASB Act introduced new powers and ways of working which meant that some recommendations of the scrutiny review should no longer be pursued.
- The Act came into force in the autumn. The Chief Constable recommended an audit of the new system no earlier than six months later.

RESOLVED 2014/024

That the Panel agree that the Force has implemented as far as possible the recommendations of the former Police Authority's scrutiny review of anti-social behaviour.

17. INTERNAL AUDIT PROGRESS REPORT

RESOLVED 2014/025

That the report be noted.

18. AUDIT AND INSPECTION

RESOLVED 2014/026

1. That progress made against audit and inspection recommendations be noted.
2. That the forthcoming audits and inspections be noted.

19. WORK PLAN AND SCHEDULE OF MEETINGS

The work plan and schedule of meetings was considered by the Panel.

RESOLVED 2014/027

That the work plan and schedule of meetings be noted.

The meeting closed at 4.05 pm

CHAIR

For Comment / Decision	
Public/Non Public*	Public
Report to:	Audit and Scrutiny Panel
Date of Meeting:	23rd September 2014
Report of:	The Chief Finance Officer & ACO Resources
Report Author:	Charlotte Radford
E-mail:	
Other Contacts:	Paul Steeples
Agenda Item:	4

STATEMENT OF ACCOUNTS AND ANNUAL GOVERNANCE STATEMENTS FOR 2013-14

1. Purpose of the Report

- 1.1 To provide members with a copy of the audited statement of accounts and annual governance statements for 2013-14.

2. Recommendations

- 2.1 Members are requested having examined the statements provided to recommend the accounts and annual governance statements to the Police & Crime Commissioner for approval.
- 2.2 To also recommend the accounts and governance statements to the Police & Crime Commissioner and Chief Constable for signing.

3. Reasons for Recommendations

- 3.1 This complies with Accounts and Audit Regulations and good financial governance.

4. Summary of Key Points

- 4.1 This is the second year of Group Accounts for the Commissioner and Chief Constable.
- 4.2 The accounts representing the Chief Constable show the cost of policing in the provision of services to deliver the Police & Crime Plan.
- 4.3 The Group accounts also include the financial statement relating to the Office of the Police & Crime Commissioner.
- 4.4 Both legal entities are providing these statements to reflect the working arrangements under stage 1 of the Police Reform and Social Responsibility Act 2011. The statements for 2013-14 have been revised following guidance from CIPFA and conform with the joint accounts of all PCC's and CC's.

- 4.5 From April 2014 there have been changes in respect to the transfer of staff from the Commissioner to the Chief Constable; these will be reflected fully in the accounts for 2014-15.
- 4.6 These accounts are the final accounts having made changes identified by the auditors and represent fairly the financial position of the Group and its individual entities.
- 4.7 There are two Annual Governance Statements, one for each entity detailing the governance arrangements in place for 2013-14.

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.

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

- 9.1 This complies with Financial Regulations which underpin the achievement of all Police & Crime Plan priorities.

10. Changes in Legislation or other Legal Considerations

- 10.1 This complies with the Accounts and Audit Regulations.

11. Details of outcome of consultation

- 11.1 The draft accounts were made available on the website for comment. No comments have been received.

12. Appendices

- 12.1 Appendix A - The Chief Constables Statement of Accounts 2013-14
Appendix B - The Group Statement of Accounts 2013-14
Appendix C - The PCC's Annual Governance Statement 2013-14
Appendix D - The Chief Constables Annual Governance Statement 2013-14



NOTTINGHAMSHIRE
POLICE

PROUD TO SERVE

**The Chief Constable of
Nottinghamshire
Statement of Accounts
2013-2014**

The Chief Constable of Nottinghamshire Statement of Accounts Contents Page

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Explanatory Foreword

1 Introduction

This is the Statement of Accounts for the legal entity of the Chief Constable as created under the Police Reform and Social Responsibility Act 2011 (The Act). The Act was a major reform to the governance of policing. It created two legal entities the Chief Constable of Nottinghamshire (the Chief Constable (CCN)) and the Police & Crime Commissioner (the Commissioner).

Each legal entity is required to produce its own Statement of Accounts and Annual Governance Statement. The Accounts are consolidated into the Group Accounts (the Group) of the Police & Crime Commissioner and therefore the Chief Constable's accounts are similar to those of a subsidiary company in the private sector.

The resources provided by the Commissioner to the Chief Constable are used to achieve the requirements of the Police & Crime Plan (the Plan) and the Commissioner holds the Chief Constable to account in relation to delivery against the Plan. Based upon this principle these accounts are memorandum accounts to reflect the cost of the service that the Chief Constable has provided in the achievement of the Plan and not the detailed set of Accounts as produced by the Commissioner.

The guidance relating to how this change is accounted for has evolved during this year namely in the issuance of Local Authority Accounting Panel (LAAP) bulletin 98A. Additionally the Chief Constable is now confirmed in law as a Local Authority and any transactions not relating to taxation can be neutralised. This has resulted in a restating of these Accounts. More information is included in point 5 of this foreword.

2 Purpose

The purpose of this foreword is to provide a clear guide to the most significant matters reported in the Statement of Accounts. The values within the financial statements are disclosed with roundings that are appropriate to their individual presentation. The roundings are explained within the header for each statement that has financial information.

3 Background

Under the stage 1 transfer of the Act all police staff, assets and liabilities transferred to the Commissioner. This is an interim phase to allow agreement of the governance going forward from 1 April 2014. This is when transfers are made to the Chief Constable, but until then the accounting treatment has been done on the basis of agent and principal.

4 The Financial Statements

The Accounts are prepared in accordance with the Code of Practice on Local Authority Accounting 2013-2014 (The Code) which fully incorporates International Financial Reporting Standards (IFRS).

The main sections contained within the Statement of Accounts are:

- **Annual Governance Statement (page 21)**
This sets out governance arrangements.
- **The Statement of Responsibilities (Page 8)**
This sets out the respective responsibilities of the Chief Constable of Nottinghamshire and the Chief Financial Officer and also includes the signed certificate of approval.
- **Comprehensive Income & Expenditure Statement (Page 10)**
This Statement shows the accounting cost in the year of providing services in accordance with The Code. There is appended a memorandum note stating the resources used in providing the policing service, this has been calculated at true economic cost.
- **Movement in Reserves Statement (Page 11)**
The Chief Constable holds no reserves.
- **Balance Sheet (Page 11)**
The Chief Constable holds no assets or liabilities.
- **Cash Flow Statement (Page 11)**
The Chief Constable holds no cash and cash equivalents.
- **Notes to the Accounts including Accounting Policies (Page 12)**
These provide additional information concerning items in the above statements and additional relevant information, including the relevant Accounting Policies. The accounting policies are congruent with policies as adopted by the Commissioner.
- **Independent Auditor's Report (Page 20)**
The Auditors opinion will be provided in one report that will be included in the Group Statement of Accounts.

5 Review of the Financial Statements

As mentioned in the introduction the content of the financial statements for the Chief Constable have been reviewed to ensure that not only legislative requirements are reflected but also the reality of local circumstances. Specifically the Principal and Agent relationship can no longer be relied upon and a CIES, rather than a Statement of Resources Consumed is needed. Therefore a Balance Sheet, MIRS and Cash Flow Statement are also required. In the Statement of Resources Consumed presented in 2012-2013 Accounts, the true cost of pensions and employee emoluments were included but the reserve relating to this was carried on the Commissioners Balance Sheet. This is now carried on the Chief Constable Balance Sheet. Although the contract of employment is with the Commissioner the control of most staff and officers is with the Chief Constable and hence this treatment is appropriate.

The Commissioner receives all income and makes all payments from the Police Fund for the Group and has responsibility for entering into contracts and establishing the contractual framework under which the Chief Constable's staff operates. The Commissioner has not set up a separate bank account for the Chief Constable, which reflects the fact that all income is paid to the Commissioner. The Commissioner has not made arrangements for the carry forward of balances or for the Chief Constable to hold cash backed reserves. However the

Chief Constable does control much of the income and it is appropriate to account for it within its CIES. The funding for the Chief Constables net cost is reimbursed by the Commissioner.

The International Accounting Standards Board framework states that assets, liabilities and reserves should be recognised when it is probable that any 'future' economic benefits associated with the item will occur. At the outset the Commissioner took responsibility for the finances of the whole group and controls the assets, liabilities and reserves and accepts the risks and rewards relating to these. Therefore with the exception of the staff related reserves previously mentioned no other balances will be in the Chief Constables Accounts. Non-current Assets are controlled by the Commissioner and all decisions relating to sales or decommissioning are taken by the Commissioner. The Capital Programme to purchase Non-current assets is also controlled by the Commissioner. The Chief Constable uses these assets in the provision of service, and to recognise this, the depreciation is charged to the Chief Constable Accounts as a proxy.

The Police Officer Pension Fund account will continue to sit within the Commissioners Accounts. Although the transactions relate to Officers within the Chief Constables, the Pension Fund Account demonstrates how the pension liability between the Commissioner and Home Office has been calculated.

This review will result in restatements. Further review following Stage 2 Transition on 1 April 2014 will take place.

6 Governance Arrangements

The Chief Constable of Nottinghamshire is responsible for the operational activities of the Force. This responsibility is discharged in accordance with statutory requirements, the Oath of Police Officers, the Police Discipline Code, Police Regulations and the Scheme of Delegation. There is joint responsibility with the Commissioner for ensuring that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. In discharging this accountability senior officers are responsible for putting in place proper procedures for the governance and the stewardship of the resources at their disposal. The annual review of the system of Governance and Internal Control has been included within the arrangements for the Annual Governance Statement. The Annual Governance Statement details how the right things are done, in the right way, for the people of Nottinghamshire, in a timely, inclusive, open, honest and accountable manner.

7 Budget Management Statement

Actual 2012-13 £m	Revenue Expenditure	Budget 2013-14 £m	Actual 2013-14 £m	Variance + (-) £m	NOTE
157.7	Employee Costs	158.9	157.7	-1.2	1
6.1	Premises Maintenance	5.9	6.5	0.6	2
6.0	Transport	5.8	6.2	0.4	3
13.6	Supplies and Services	12.5	14.6	2.1	4
7.8	Agency costs	7.0	7.7	0.7	5
3.2	Capital Financing	3.8	3.5	-0.3	6
3.7	Pensions	3.4	4.3	0.9	7
-10.9	Income	-4.8	-6.4	-1.6	8
187.3	Net Cost of Services	192.5	194.1	1.6	
0.0	Use of Reserves	1.6	0.0	-1.6	9
187.3	Net Budget Requirement	194.1	194.1	0.0	
187.3	Net Operating Expenditure (within the CIES)	194.1	194.1	0.0	

Notes

- 1 The saving against budget is due to staff vacancies held throughout the year and a reduction in overtime.
- 2 The increase in expenditure year on year is largely on higher energy costs and the outsourcing of cleaning to a cleaning contractor.
Versus budget the variance is due to increased energy costs and the budget including an efficiency target which was achieved through savings in other lines of expenditure.
- 3 Versus budget the variance is due the budget including an efficiency target which was achieved through savings in other lines of expenditure.
- 4 The reduction in expenditure year on year and against budget reflects the increase in the cost of insurance, uniforms due to the force's commitment to recruiting new officers and efficiency target which was achieved through savings in other lines of expenditure.
- 5 The increase in expenditure versus budget reflects additional regional collaboration contributions for activities/services undertaken during 2013-2014, both new and full year impacts. These activities/services include legal, learning & development, occupational health services and East Midlands serious & organised crime function.
- 6 The increase in expenditure year on year reflects higher interest payments and an increased minimum revenue provision (MRP) charge reflecting the capital spend from 2012-2013.
- 7 Reflects an increased number of officers leaving on medical retirements.
- 8 The decrease in income year on year largely reflects the transfer of the PCSO grant, which was £5.5m in 2012-2013 to main stream funding.
- 9 The budget was based on making a £1.6m contribution to reserves. However this was not achieved due to cost pressures and the Commissioner agreed a spending limit of the 2013-2014 funding being £194.1m.

8 Pensions

Both Police Officers and Police Staff participate in different defined benefit pension schemes. These provide members with retirement lump sums and monthly pensions related to pay and service. The Police Officers scheme is unfunded and met by payments from the Home Office. Police Staff may join the Local Government Pension Scheme (LGPS); this is a funded scheme administered by Nottinghamshire County Council.

Pension Costs are included in the cost of service provision. The CIES includes the cost of pensions at current service cost adjustment.

9 Accounting Policies

The Accounting Policies have been harmonised with the Commissioner. There are no changes this year. The Accounting Policies included here are the ones relevant to this year's accounts, and are included within the relevant Notes to the Accounts.

10 Post Balance Sheet Events

There are no Post Balance Sheet events which have affected the Accounts presented.

11 Jointly Controlled Operations

There are a number of regional collaborations in place where the Chief Constable and Commissioner have entered into collaboration agreements for the provision of particular services. These are included in the memorandum account as a cost against the specific category of expenditure. This includes operational and support functions. The detailed accounts relating to the Jointly Controlled Operations (JCO) are provided in the Group Accounts.

Since 1 October 2013 Nottinghamshire Police joined the National Police Air Support Service (NPAS), replacing the shared arrangement with Derbyshire Constabulary.

12 Future Outlook

The changes resulting from the Stage 2 Transition Order, of the Act, will come into effect from 1st April 2014. Consequently there will be significant changes in the 2014-2015 Accounts to reflect the transfers of staff from the employment of the Commissioner to the Chief Constable, that take place on that date.

Over the next couple of years a review at national level of the Funding Formula will take place, which together with austerity cuts in grant funding will impact on the resources available.

13 Going Concern

The Accounts have been prepared on the basis that the Chief Constable is a going concern. The Stage 2 of the PCC transition will involve transfers of services from the Commissioner to The Chief Constable; however it is considered that the essence of policing for Nottinghamshire by the Group will remain unchanged.

Statement of Responsibilities

The Chief Constable of Nottinghamshire's Responsibilities

The Chief Constable is required to:

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

The Chief Financial Officer Responsibilities

The Chief Financial Officer is responsible for the preparation of the Chief Constable's Statement of Accounts in accordance with proper practices as set out in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom. The statement is required to present fairly, the financial position of the Chief Constable at the accounting date and its Income and Expenditure for the year ended 31 March 2014.

In preparing the Accounts, the Chief Financial Officer has:

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

I certify that in my opinion the Statement of Accounts present a true and fair view of the financial position of the Chief Constable of Nottinghamshire at 31 March 2014 and its Income and Expenditure for the year ended 31 March 2014.

Margaret Monckton ACA

ACO – Resources

Chief Financial Officer to the Chief Constable of Nottinghamshire

I certify as the Chief Constable of Nottinghamshire that the Statement of Accounts presents a true and fair view of the financial position of the Chief Constable of Nottinghamshire at 31 March 2014 and its income and expenditure for the year ended 31 March 2014.

Chris Eyre

Chief Constable of Nottinghamshire

23 September 2014

Core Financial Statements

CS1	Comprehensive Income and Expenditure Statement
CS2	Movement in Reserves Statement
CS3	Balance Sheet
CS4	Cash Flow Statement

CS1 Comprehensive Income and Expenditure Statement

2012-2013 Restated					2013-2014		
Gross Exp' £000	Gross Income £000	CCN Net Exp' £000			Gross Exp' £000	Gross Income £000	CCN Net Exp' £000
103,468	-11,384	92,084	Local Policing	a	108,271	-5,258	103,013
16,120	-234	15,885	Dealing with the Public	b	19,388	-310	19,078
13,663	-576	13,088	Criminal Justice Arrangements	c	18,272	-1,107	17,165
5,002	-3,639	1,363	Road Policing		6,137	-2,563	3,574
12,702	-226	12,476	Specialist Operations	d	11,314	-705	10,609
15,007	-739	14,267	Intelligence		15,449	-986	14,463
55,036	-1,342	53,694	Investigation	e	46,536	-1,168	45,368
3,223	-21	3,202	Investigative Support	e	7,766	-51	7,715
5,299	-3,949	1,350	National Policing		5,594	-3,330	2,264
216	0	216	Corporate and Democratic Core		216	0	216
387	0	387	Non Distributed Costs		73	0	73
0	-215,294	-215,294	Funding from Commissioner		0	-221,526	-221,526
230,124	-237,404	-7,281	Cost Of Services		239,016	-237,004	2,012
			Financing and Investment Income & Expenditure -				
90,187	-6,775	83,412	pensions interest		98,466	-8,502	89,964
320,311	-244,179	76,131	Surplus (-) or Deficit on Provision of Services		337,482	-245,506	91,976
			Other Comprehensive Income & Expenditure -				
		321,394	Pension Fund Adjustment under regulations				-102,425
		397,525	Total Comprehensive Income & Expenditure				-10,449

Notes

- a The main movement is due to the Police Community Support Officer grant £5.5m moving into main stream funding in 2013-2014
- b This now includes the Crime Management Bureau previously part of Investigation
- c This now includes file preparation previously part of Investigation
- d This has reduced in officer numbers and received additional income relating to the G8 summit
- e Regional Forensic costs are now included in Investigative Support, not Investigations

CS2 Movement in Reserves

2013-14	General Fund £000	Pensions Reserve £000	Accum' Absence £000	Total Unusable Reserves £000
Balance at 1 April 2013	0	2,145,196	5,535	2,150,731
Surplus (- deficit) on the provision of services (accounting basis)	91,976			91,976
Other Comprehensive I & E - revaluation gains & losses		-102,425		-102,425
Total CIES	91,976	2,042,771	5,535	2,140,282
Adjustment between accounting basis & funding basis under regulations				
Pension costs adj between calculated in accordance with IAS19 and the contributions due under pension scheme regulations	-143,717	143,717		0
Employers contribution to Pension Scheme	51,784	-51,784		0
Charges for Employee Benefits	-43		43	0
Balance at 31 March 2014	0	2,134,704	5,578	2,140,282
2012-13 Restated				
Balance at 1 April 2012	0	1,748,090	5,116	1,753,206
Surplus (- deficit) on the provision of services (accounting basis)	76,131			76,131
Other Comprehensive I & E - revaluation gains & losses		321,394		321,394
Total CIES	76,131	2,069,484	5,116	2,150,731
Adjustment between accounting basis & funding basis under regulations				0
Pension costs adj between calculated in accordance with IAS19 and the contributions due under pension scheme regulations	-127,328	127,328		0
Employers contribution to Pension Scheme	51,616	-51,616		0
Charges for Employee Benefits	-419		419	0
Balance at 31 March 2013	0	2,145,196	5,535	2,150,731

CS3 Balance Sheet

31 March 2013 £000		31 March 2014 £000
-5,535	Short Term Creditor Accumulated Absences	-5,578
-2,145,196	Long Term Creditor Net Pension Liabilities	-2,134,704
-2,150,731		-2,140,282
	Unusable Reserves	
5,535	Accumulated Absences	5,578
2,145,196	Pension Reserves	2,134,704
2,150,731		2,140,282

CS4 Cash Flow Statement

31 March 2013 Restated £000		31 March 2014 £000
76,131	Net surplus (-) or deficit on the provision of services	91,976
	Adjustment for non cash movements	
-419	Accumulated absences	-43
-75,712	IAS 19 Pension Adjustments	-91,933
0	Representing cash and cash equivalents	0

Notes to the Accounts including Accounting Policies

1 General Principles

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

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

The CIES summarises transactions for the 2013-2014 financial year. Annual Statement of Accounts are required to be published under the Accounts and Audit Regulations 2011, in accordance with proper accounting practices. These practices primarily comprise of the Code of Practice on Local Authority Accounting in the United Kingdom 2013-2014 (The Code) and the Best Value Accounting Code of Practice 2013-2014, supported by International Financial Reporting Standards (IFRS).

The Accounts have been prepared on a 'going concern' basis. The stage 2 transitional arrangements for the Commissioner are not considered to affect the applicability of this principle. Under The Act, The Chief Constable and the Commissioner are separate 'Corporation Sole' bodies. Both are required to prepare separate Statement of Accounts.

2 Accruals of Income and Expenditure

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

- Fees, charges and rents due are accounted for as income at the date of supply.
- Supplies are recorded as expenditure when they are used.
- Expenditure in relation to services received is recorded as services are received, rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for as income or expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where debts are doubtful, the debt is written off by a charge to the CIES.

3 Exceptional Items

There are no exceptional items applicable to the Chief Constable in 2013-2014.

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

There are no prior period adjustments or changes in Accounting Policies, applicable to the Chief Constable in 2013-2014.

In applying accounting policies, the Chief Constable has had to make certain judgements about complex transactions or those involving uncertainty about future events. There are no critical judgements made in the Statement of Accounts. The largest area of estimation included within the accounts is in staff related costs. Accruals for overtime, bonuses, early retirement costs and other one off payments have been checked retrospectively and found to be reasonable.

5 Charges to Revenue for Non-Current Assets

The CIES is charged with the following amounts to record the true cost of holding fixed assets:

- Depreciation of Non-Current Assets.
- Revaluation and Impairment losses on assets used where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.
- Revaluation Gains reversing previous losses charged to the CIES.
- Amortisation of Intangible Assets.

The memorandum accounts reflect the cost of these.

6 Government Grants and Contributions

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

7 Jointly Controlled Operations and Jointly Controlled Assets

These are accounted for in accordance with IAS 31- Interests in Joint Ventures, according to agreed proportions of use. They are all governed by Section 22 Agreements. They are explained briefly in item 10 of the explanatory foreword.

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

8 Overhead Costs

The Service analysis is based on Service Expenditure analysis Code of Practice (SeRCOP) 2013-2014, as modified by the Police Objective Analysis. The costs of overheads are fully allocated to services. The one exception is that the cost of discretionary benefits awarded to employees retiring early is a Non Distributed Cost.

9 Provisions

Provisions are made where an event has taken place that gives a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

The memorandum account reflects the transfer to or from provisions made during the year and not the value of the provision which remains within the Commissioners Accounts.

10 VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income. The Chief Constable does not submit a VAT return. The Commissioner submits a single VAT return on behalf of the group.

11 Resources used in Provision of Police Services

Although all transactions relating to 2013-2014 are solely within the Accounts of the Commissioner and all assets are owned and controlled by the Commissioner, the Chief Constable has used resources to provide policing, and the true cost of this is included in the CIES. It includes the cost of depreciation on assets owned as a proxy for the rental value. It includes all adjustments required under IFRS for accrued employee benefits and pension costs.

11.1 Income within Cost of Services

The significant reduction in partnership income is due to £5.5m of PCSO grant which has been incorporated into mainstream funding. Also DIP (drugs control) funding £0.6m is no longer available.

2012-13 £000		2013-14 £000
-13,856	Partnership and Joint Controlled Operations	-6,508
-1,858	P.F.I Grant	-1,858
-2,141	Recharge of Officers	-1,550
-4,255	Other Income	-5,562
-22,110	General Income	-15,478
-215,294	Funding from Commissioner	-221,526
-237,404	Total	-237,004

11.2 Financing and Investment Income and Expenditure

2012-13 £000		2013-14 £000
90,187	Partnership and Joint Controlled Operations	98,466
-6,775	P.F.I Grant	-8,502
83,412		89,964

12 External Audit Costs

The Audit Commission has outsourced the work formerly undertaken by its Audit Practice, KPMG were appointed as external auditor on 1 September 2012, for 2012-2013 onwards. The cost of which was £0.020m. (£0.020m in 2012-2013).

13 Pensions

Full details of these defined benefit pension schemes can be found within the Accounts of the Group. As part of employment conditions, the Group makes contributions towards the cost of post employment benefits. Although these benefits will not actually be payable until employees retire, the value of this is included within the CIES.

14 Leases and PFI

PFI and similar contracts are agreements with the Commissioner to receive services, where the responsibility for making available the Property, Plant and Equipment needed to provide the services remains with the PFI contractor. Leases and PFI agreements are treated in accordance with IFRS and the value of these are included within the statement of resources used. Full details of these schemes can be found within the Accounts of the Group.

15 Officer Emoluments

Benefits Payable during Employment

Short-term Employee Benefits are those due to be settled within 12 months of the year-end. This includes salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars). An accrual is made for the cost of holiday entitlements or any form of leave, e.g. time off in lieu earned, but not taken before the year-end, which employees can carry forward into the next financial year. The accrual is made at the payment rates applicable in the following accounting year, being the period in which the employee takes the benefit.

15.1 Employees earning over £50,000

All employees receiving more than £50,000 remuneration for the year were paid the following amounts excluding; senior officers reported in 15.2 and employers pension contributions. The table includes 3 Officers over the rank of Superintendent (4 in 2012-13).

2012-13 No of employees	Remuneration Band	2013-14 No of employees
115	£50,000 - £54,999	132
71	£55,000 - £59,999	63
10	£60,000 - £64,999	13
2	£65,000 - £69,999	7
6	£70,000 - £74,999	4
17	£75,000 - £79,999	14
2	£80,000 - £84,999	0
1	£85,000 - £89,999	3
1	£90,000 - £94,999	0

15.2 Senior Officers Remuneration

The following table sets out the remuneration for senior officers posts. The officers included in this table are not included in table 15.1.

2013-2014 Post Holder Information	Notes	Salary £	Benefits in Kind £	Other Payment £	Sub Total £	Employers Pension Contrib' £	Total inc Pension Contrib' £
			Note 7	Note 8			
Chief Constable		142,973	6,292	3,554	152,819	34,599	187,418
Deputy Chief Constable (A)	1	23,719	1,119	5,812	30,650	5,740	36,390
Deputy Chief Constable (B)	2	94,170	9,177	6,096	109,443	22,789	132,232
Assistant Chief Constable - Crime, Justice & Protective Services							
Assistant Chief Constable (A)	3	82,275	6,900	3,000	92,175	17,822	109,997
Assistant Chief Constable (B)	4	21,876	0	1,171	23,047	5,294	28,341
Assistant Chief Constable - Local Policing							
Assistant Chief Constable (A)	5	78,716	3,753	2,873	85,342	18,912	104,254
Assistant Chief Constable (B)	6	21,464	112	1,551	23,127	5,194	28,321
Assistant Chief Officer - Resources		102,828	6,111	0	108,939	14,601	123,540
		568,021	33,464	24,057	625,542	124,951	750,493

Note 1: Deputy Chief Constable (A) retired on 13 June 2013

Note 2: Deputy Chief Constable (B), in post from 14 June 2013. She was previously an Assistant Chief Constable up until 13 June 2013 (see note 6)

Note 3: Assistant Chief Constable (A) in post from 28 May 2013

Note 4: Assistant Chief Constable (B) was acting in role until 24th June 2013, substantive post for remainder of the year was as a Chief Superintendent. The costs shown only relate to his time in the ACC role.

Note 5: Assistant Chief Constable (A) in post from 10 June 2013

Note 6: Assistant Chief Constable (B) in post until 13 June 2013

Note 7: Benefits in Kind include taxable expenses such as mileage, car allowances and medical expenses

Note 8: Other payments include Rent Allowance, Housing Allowance & Compensatory Grant

SENIOR OFFICERS EMOLUMENTS 2012-2013

2012-2013 Post Holder Information	Notes	Salary £	Benefits in Kind £	Other Payment £	Sub Total £	Employers Pension Contrib' £	Total Inc Pension Contrib' £
			Note 7	Note 8			
Chief Constable - A	1	59,879	3,312	8,848	72,039	14,292	86,331
Chief Constable - B	2	142,143	4,649	3,554	150,346	34,399	184,745
Deputy Chief Constable	3	107,177	6,076	3,930	117,183	25,936	143,119
Assistant Chief Constable - Crime							
Assistant Chief Constable - A	4	84,549	4,486	9,224	98,259	18,510	116,769
Assistant Chief Constable - B	5	28,983	0	931	29,914	8,905	38,819
Assistant Chief Constable - Territorial							
Assistant Chief Constable - A	6	8,585	0	2,610	11,195	2,078	13,273
Assistant Chief Constable - B		105,849	8,002	8,003	121,854	25,615	147,469
Assistant Chief Officer (Resources)		105,846	6,636	0	112,482	15,030	127,512
		643,011	33,161	37,100	713,272	144,765	858,037

Note 1: Chief Constable (A) retired on 31 August 2012

Note 2: Chief Constable (B), Chris Eyre, was Acting Chief Constable from 1 April 2012 and substantive in post from 1 September 2012

Note 3: Deputy Chief Constable from 2 May 2012 (previously Assistant Chief Constable - Territorial A)

Note 4: Assistant Chief Constable B retired on 7 January 2013

Note 5: Acting Assistant Chief Constable from 10 December 2012. Previously a Chief Superintendent.
The costs shown are only related to the period in the ACC role

Note 6: Assistant Chief Constable (A) until 1 May 2012

Note 7: Benefits in Kind include taxable expenses such as mileage, car allowances and medical expenses

Note 8: Other payments include Rent Allowance, Housing Allowance, Compensatory Grant

16 Termination Benefits

Termination benefits are amounts payable as a result of a decision to terminate an employee's employment before the normal retirement date or an acceptance of voluntary redundancy. The recognition of these benefits has changed this year in accordance with the Code. These are charged to the CIES when the Group is demonstrably committed to the decision.

The Commissioner terminated contracts of 17 employees during the year (22 in 2012-2013), incurring costs of £0.3m (£0.6m in 2012-2013). This comprised redundancy payments of £0.1m, pension strain costs of £0.2m. Other departures agreed cover voluntary redundancies and compromise agreements. All of the employees were included within the CIES. The Group made no material payments in relation to injury awards during the year ended 31 March 2014.

Exit Package cost band (inc special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13 £000	2013-14 £000
£0 - £20k	3	7	9	6	12	13	111	127
£20k -£40k	3	1	4	1	7	2	216	59
£40k -£60k	0	1	0	0	0	1	0	49
£60k -£80k	1	0	1	1	2	1	139	76
£80k -£100k	0	0	0	0	0	0	0	0
£100k -£150k	0	0	1	0	1	0	104	0
Total	7	9	15	8	22	17	570	311

17 Related Parties

The Chief Constable is required to disclose material transactions with related parties. These are bodies or individuals that have the potential to control or influence the organisation or vice versa. Disclosure of these transactions allows transparency to the extent that the Chief Constable might have been constrained in its ability to operate independently, or might have secured the ability to limit another party's ability to bargain freely.

The Commissioner as the parent corporation asserts a significant influence over the Chief Constable as previously indicated in Note 1.

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

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

Joint arrangements and collaborations are areas where significant influence can be exerted by all parties. More information is included in the explanatory foreword item 10.

18 Accounting Standards Issued but not Adopted

A number of new and revised standards have been issued addressing the accounting for consolidation, involvements in joint arrangements and disclosure of involvements in other entities.

IFRS 10 Consolidated Financial Statements; introduces a new definition of control, used to determine which entities are consolidated for the purposes of group accounts. The Commissioner group includes also the Chief Constable. There are partnerships with other agencies but none meet the definition of an associate. The regional collaboration work is considered within Joint Arrangements below. No impact is expected on the 2013-2014 Statement of Accounts.

IFRS 11 Joint Arrangements; covers the accounting for a 'joint arrangement', which is defined as a contractual arrangement over which two or more parties have joint control. These are classified as either a joint venture or a joint operation. Proportionate consolidation can no longer be used for jointly controlled entities. The entity's regional collaboration work within the East Midlands falls under the category of a jointly controlled operation and will not be affected by the new requirements.

IFRS 12 Disclosures of Involvement with Other Entities: this is a consolidated disclosure standard requiring a range of disclosures about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated 'structured entities'. There is a partnership with our Private Finance Initiative (PFI) providers and more detail is provided in the Commissioner and Group Accounts. There are a number of working arrangements with other entities; however none are of significant value.

**INDEPENDENT AUDITOR'S REPORT TO THE CHIEF CONSTABLE OF
NOTTINGHAMSHIRE 2013-2014**

TO BE INSERTED

CHIEF CONSTABLE OF NOTTINGHAMSHIRE

ANNUAL GOVERNANCE STATEMENT

2013-2014

TO BE INSERTED



NOTTINGHAMSHIRE
POLICE
PROUD TO SERVE

ANNUAL ASSURANCE STATEMENT

2013-2014

Signed _____

Chris Eyre
Chief Constable of Nottinghamshire

23 September 2014

Signed _____

Margaret Monckton
ACO – Resources
Chief Financial Officer to the Chief Constable of
Nottinghamshire

23 September 2014

Glossary of Terms and Abbreviations

The definitions within the glossary are designed to give the user an understanding of the technical terminology contained in the Statement of Accounts. It also contains a guide to the abbreviations used within.

Accounting Policies

These are a set of rules and codes of practice used when preparing the Accounts.

Accrual

A sum included in the final Accounts to cover income or expenditure attributable to an accounting period for goods supplied and received or works done but for which payment has not been received or made by the end of the period.

Budget

This is a statement of the financial plans for a specific period of time. A budget is prepared and approved by the Commissioner prior to the start of the financial year. The budget is prepared on an outturn basis, which means that increases for pay and prices during the financial year are contained within the total budget figure.

Chief Constable of Nottinghamshire (the Chief Constable)

Comprehensive Income and Expenditure Statement (CIES)

Depreciation

The measure of the consumption or other reduction in the useful economic life of a fixed asset, whether arising from use, passage of time or obsolescence through technological or other changes.

Emoluments

All taxable sums paid to or received by an employee including the value of any non-cash benefits received.

Financial Year

The period covered by a set of financial Accounts – the Chief Constable financial year commences 1 April and finishes 31 March the following year.

International Financial Reporting Standard (IFRS)

These standards are developed by the International Accounting Standards Board (IASB) and regulate the preparation and presentation of Financial Statements. Any material departures from these Standards would be disclosed in the notes to the Accounts.

Nottinghamshire Office of the Police and Crime Commissioner and it's Group (The Group)

Remuneration

Reward for employment in the form of pay, salary, or wage, including allowances, benefits (such as company car, medical plan, and pension plan), bonuses, cash incentives, and monetary value of the non-cash incentives.

Revenue Expenditure

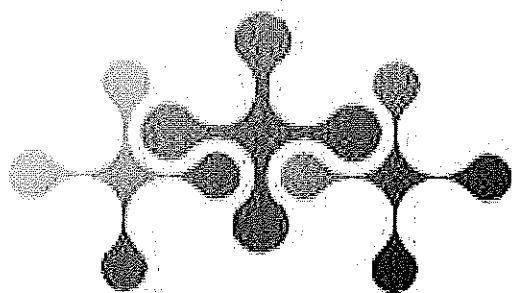
The day to day running costs incurred in providing services.

The Act

The Police Reform and Social Responsibility Act 2011

The Code

The Code of Practice on Local Authority Accounting 2013-2014



Nottinghamshire

POLICE & CRIME COMMISSIONER

& Group Statement of Accounts

2013 - 2014

The Nottinghamshire Office of the Police and Crime Commissioner & Group Statement of Accounts Contents Page

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Welcome to the Statement of Accounts 2013-2014

Delivering value for money policing is a goal that underpins almost every other priority outlined in my Police and Crime Plan. Throughout 2013 - 2014 we've continued to battle serious financial and economic pressures which have restricted our ability to protect



the public in the way we would like. Without careful consideration of how best to invest our limited funding and resources, every one of my ambitious plans to make Nottinghamshire safer would not be possible. We've had to closely match any investment with need and make hard choices between competing priorities.

We've invested over £3m into our local partnerships for community safety and victims' services so that they can expand the support programmes available for those affected by crime. This will ensure vulnerable people receive the help they need before their problems escalate.

We recognise that early intervention and a more holistic approach is key to reducing demand on the emergency services and delivering a permanent reduction in offending. In response, we're expanding our partnership work to address the mental health needs of vulnerable people who come into contact with police which includes the Street Triage scheme whereby specially-trained mental health nurses from Nottinghamshire Healthcare join police officers on callouts in unmarked street triage cars to assist vulnerable people in need of immediate mental health support. We're supporting the expansion of diversionary activities for young people at most risk of offending to give them a chance of leading a more fulfilled, law-abiding lifestyle. And we're also investing time and funding into increasing the use of restorative justice in the City and County to give low-level offenders a chance to learn by their mistakes and make amends. This is just a fraction of the changes we're making in terms of our budget provision to build a framework for policing that seeks to treat the core of criminality - not the effects.

Twelve months ago I published a Police and Crime Plan which set out in some detail my vision for a safer Nottinghamshire. Pleasingly, we're already delivering on many of these targets and promises and I'm optimistic the positive results we're seeing now are going to be felt for many years to come. We're working very closely with our partners, for example, to form a united front against alcohol misuse in the county which is driven by our aim to reduce antisocial behaviour by 50%. Our Alcohol Strategy – a multi-agency agreement to reduce the harm caused by alcohol abuse – is tackling every strand of the issue to reduce the impact of problem drinking including signposting those in the grip of alcohol addiction to the help they need quickly and adopting nationally-recognised schemes to promote responsible management and operation in licensed premises to reduce violent crime.

From day one I've prioritised our duty to respond to victims of crime, witnesses and vulnerable people, introducing a series of measures in 2013-2014 to do this more effectively. We've commissioned research into repeat domestic violence, assessed local provision for all victims

(including survivors of domestic abuse) to identify gaps in support services, analysed the relationship between police and Black, Minority & Ethnic communities to identify better means of engagement and looked at how we can make the journey through the criminal justice system easier for all victims. Importantly, our research has been backed up with resolute action with the launch of schemes such as Track My Crime to give victims greater information and involvement with their case and a more unified approach between those agencies responsible for delivering criminal justice.

We have fought hard against the financial challenges we've faced in 2013-2014 and have continued to build up police officer numbers to increase our visible police presence at a time when many forces are enduring further cuts. An additional 78 police officers are now deployed on our streets – and more are planned - backed by 67 new PCSOs which is testament to shrewd financial and resource management. Such careful budget control and preparation received independent approval by Her Majesty's Inspectorate of Constabulary's (HMIC) Policing in Austerity: Rising to the Challenge inspection which agreed the Force had demonstrated overall sound progress rising to the funding challenge and had responded well through a savings programme that has allowed it to reduce costs while continuing to fight crime. A Base Budget Review has been completed to help us identify opportunities to better align the Force budget with my Police and Crime Plan priorities, compare cost savings and uncover potential opportunities for collaborative working with regional forces as part of my priority to be fair, honest and protect taxpayers' money.

We have a more difficult job than most Forces when it comes to negotiating the financial challenge as a result of the current funding formula. The distinct disadvantage we face afforded by such an approach will continue to put us under pressure in 2014-2015 but I'm confident that with the ongoing commitment of our staff and officers, our increased focus on victims and healing the root causes of offending, and our collective thinking, a safer and happier Nottinghamshire will emerge.

From October, I will take over responsibility for Victims' Services which will enable me to channel funding where need is greatest and make decisions which will improve outcomes for vulnerable people who suffer through crime. In addition, we will welcome the formal introduction of the new Code of Practice to improve victims' experience of the criminal justice system and aim to deliver better systems for increasing confidence among victims of Forced Marriage and Domestic Violence so that they come forward and report their experiences.

There are challenges ahead of us. Difficult decisions which have to be made. But I'm confident that the Force, working with partners, will continue to ensure that we live in safe and secure neighbourhoods.

Paddy Tipping
Nottinghamshire Police and Crime Commissioner

Explanatory Foreword

1 Introduction

On the 15 September 2011 the Police Reform and Social Responsibility Act 2011 (The Act) received Royal Assent in Parliament. This legislation radically changes the way the police in England and Wales are administrated and held accountable. This reform changed the governance of the police, with an elected Police and Crime Commissioner. The first election took place November 2012, and Paddy Tipping took up office on 22 November 2012 until May 2016 (appointments will be for four years after that). At the same time a separate legal entity was established for the Chief Constable of Nottinghamshire (the Chief Constable), who is responsible for operational policing duties. The primary function of the Police and Crime Commissioner (the Commissioner) is to set the priorities for the police force within Nottinghamshire, respond to the needs and demands of communities and ensure that local and national priorities are suitably funded by setting a budget. They are also responsible for the local performance of the Force. The Police and Crime Panel has responsibility for scrutinising the decisions and actions of the Commissioner. This panel is administered independently by the County Council.

The Commissioner appoints the Chief Constable to undertake the policing in line with his Police & Crime priorities.

This set of Accounts is for the Commissioner and incorporates the Chief Constable as a Group. The Chief Constable is also required to produce a set of Accounts as a single entity.

The guidance relating to how this change is accounted for has evolved during this year namely in the issuance of Local Authority Accounting Panel (LAAP) bulletin 98A. Additionally the Chief Constable is now confirmed in law as a Local Authority and any transactions not relating to taxation can be neutralised. This has resulted in a restating of both the Chief Constables and Commissioners Accounts. The overall position of the Group remains unchanged. More information is included in point 5 of this foreword.

2 Purpose

The purpose of this foreword is to provide a clear guide to the most significant matters reported in the Accounts. It explains the purpose of the Financial Statements that follow, a summary of the group's financial activities during 2013-2014 and its financial position as at 31 March 2014. The values within the financial statements have been rounded appropriately, and the extent of rounding is clearly labelled.

3 Background

The Commissioner & Group is responsible for providing policing services to a population of approximately 1.1million in the City of Nottingham and County of Nottinghamshire, with a net budget of £196.9m for 2013-2014. Duties also extend to include crime prevention initiatives with responsibility for victim services coming in to effect in October 2014.

4 The Financial Statements

The Accounts are prepared in accordance with the Code of Practice on Local Authority Accounting 2013-2014 (The Code).

The main sections contained within the Statement of Accounts are:

- **The Statement of Accounting Policies (page 14)** This states the policies adopted in compiling the Statement of Accounts.
- **The Statement of Responsibilities (page 24)** This sets out the respective responsibilities of the Commissioner and the Chief Financial Officer and also includes the signed certificate of approval.
- **Comprehensive Income & Expenditure Statement (CIES) (page 26)** This Statement shows the accounting cost in the year of providing services in accordance with the Code, rather than the amount to be funded from taxation. The 'Surplus or (Deficit) on the Provision of Services' line shows the true economic cost of providing services. Note 18.2 shows the differences between taxation and accounting entries.
- **Movement in Reserves Statement (MIRS) (page 28)** This Statement shows the movement in the year on the different reserves held, analysed into usable reserves and unusable reserves, which are created for accounting purposes under the Code.
- **Balance Sheet (page 30)** The Balance Sheet shows the value of the assets and liabilities held as at the Balance Sheet date. The net assets are matched by the reserves held.
- **Cash Flow Statement (page 31)** The Cash Flow Statement shows the changes in cash and cash equivalents during the year. It is calculated using the 'indirect method' from the Code. Cash flows are classified as operating, investing and financing activities.
- **Pension Fund Account (page 32)** Shows the years transactions on the police officers pension account.
- **Notes to the Accounts (page 33)** These provide additional information concerning items in the above statements and additional relevant information.
- **Independent Auditor's Report (page 64)**
This sets out the opinion of the external auditor as to whether these accounts present a true and fair view of the financial position and operations of the Commissioner and Group for 2013-2014.
- **Annual Governance Statement (page 65)** This sets out governance arrangements in place and areas for improvement.

5 Review of the Financial Statements

As mentioned in the introduction the content of the financial statements for the Commissioner and Chief Constable have been reviewed to ensure that not only legislative requirements are reflected but also the reality of local circumstances. Specifically the Principal and Agent relationship can no longer be relied upon and a CIES, rather than a Statement of Resources Consumed is needed. Therefore a Balance Sheet and MIRS is also required. In the Statement of Resources Consumed, the true cost of pensions and employee emoluments were included but the reserve relating to this was carried on the Commissioners Balance Sheet. This is now carried on the Chief Constable Balance Sheet. Although the contract of employment is with the Commissioner the control of most staff and officers is with the Chief Constable and hence this treatment.

The Commissioner receives all income and makes all payments from the Police Fund for the Group and has responsibility for entering into contracts and establishing the contractual framework under which the Chief Constable's staff operates. The Commissioner has not set up a separate bank account for the Chief Constable, which reflects the fact that all income is paid to the Commissioner. The Commissioner has not made arrangements for the carry forward of balances or for the Chief Constable to hold cash backed reserves. However the Chief Constable does control much of the income and it is appropriate to account for it within its CIES. The funding for the Chief Constables net cost is reimbursed by the Commissioner.

The International Accounting Standards Board framework states that assets, liabilities and reserves should be recognised when it is probable that any 'future' economic benefits associated with the item will occur. At the outset the Commissioner took responsibility for the finances of the whole group and controls the assets, liabilities and reserves and accepts the risks and rewards relating to these. Therefore with the exception of the staff related reserves previously mentioned no other balances will be on the Chief Constables Accounts. Non-current Assets are controlled by the Commissioner and all decisions relating to sales or decommissioning are taken by the Commissioner. The Capital Programme to purchase Non-current assets is also controlled by the Commissioner. The Chief Constable uses these assets in the provision of service, and to recognise this, the depreciation is charged to the Chief Constable Accounts as a proxy.

The Police Officer Pension Fund account will continue to sit within the Commissioners Accounts. Although the transactions relate to Officers within the Chief Constables, the Pension Fund Account demonstrates how the pension liability between the Commissioner and Home Office has been calculated.

This review will result in restatements mainly in the Chief Constables Accounts. A further review following Stage 2 Transition on 1 April 2014 will take place.

6 Governance Arrangements

The Commissioner is responsible for ensuring that its business is conducted in accordance with the law and proper standards. The Commissioner is also responsible for ensuring that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. In discharging this accountability the Commissioner and senior officers are responsible for putting in place proper procedures for the governance and stewardship of the resources at its disposal.

The Chief Constable is responsible for the operational activities of the Force. This responsibility is discharged in accordance with statutory requirements, Oath of Police Officers, the Police Discipline Code and Police Regulations. He is also required to ensure compliance with the Scheme of Delegation.

The annual review of the system of Governance and Internal Control has been included within the arrangements for producing the Annual Governance Statement. The Annual Governance Statement also takes account of the governance arrangements of the Chief Constable. It details how the Commissioner is doing the right things, in the right way, for the people of Nottinghamshire, in a timely, inclusive, open, honest and accountable manner.

7 Budget Variance

Budget Management Statement for the Group

Sources of Finance

Actual 2012-13 £m	Taxation and Non-Specific Grant Income	Budget 2013-14 £m	Actual 2013-14 £m	Variance + (-) £m	NOTE
-80.7	Police Grant	-93.5	-93.5	0.0	
-55.7	Precept (including surplus)	-48.6	-48.6	0.0	
-1.0	Revenue Support Grant	0.0	0.0	0.0	
0.0	Community Safety Grant	-2.8	-2.8	0.0	
-52.6	Non Domestic Rates Redistribution	-52.6	-52.6	0.0	
-1.3	Precept Freeze Grant	-1.3	-1.3	0.0	
-191.3	Total Financing	-198.8	-198.8	0.0	

The revenue expenditure was very much in line with income received and therefore the expected contributions to reserves did not take place.

Revenue Expenditure

Actual 2012-13 £m	Revenue Expenditure	Budget 2013-14 £m	Actual 2013-14 £m	Variance + (-) £m	NOTE
157.8	Employee Costs	158.9	157.7	-1.2	1
6.1	Premises Maintenance	5.8	6.5	0.7	2
6.0	Transport	5.8	6.2	0.4	3
13.6	Supplies and Services	19.1	21.7	2.6	4
7.8	Agency costs	0.6	0.5	-0.1	5
3.2	Capital Financing	3.8	3.5	-0.3	6
3.7	Pensions	3.3	4.3	1.0	7
1.1	Commissioner	4.5	4.4	-0.1	8
-10.9	Income	-4.8	-6.3	-1.5	9
188.4	Net Expenditure	197.0	198.5	1.5	
0.0	Contribution to Reserves	1.8	0.0	-1.8	10
188.4	Net Budget Requirement	198.8	198.5	-0.3	11

Notes

- 1 The saving against budget is due to staff vacancies held throughout the year and a reduction in overtime.
- 2 The increase in expenditure year on year is largely on higher energy costs and the outsourcing of cleaning to a cleaning contractor.
Versus budget the variance is due to increased energy costs and the budget including an efficiency target which was achieved through savings in other lines of expenditure.
- 3 Versus budget the variance is due the budget including an efficiency target which was achieved through savings in other lines of expenditure.
- 4 The reduction in expenditure year on year and against budget reflects the increase in the cost of insurance, uniforms due to the force's commitment to recruiting new officers and efficiency target which was achieved through savings in other lines of expenditure.
- 5 The increase in expenditure versus budget reflects additional regional collaboration contributions for activities/services undertaken during 2013-2014, both new and full year impacts. These activities/services include legal, learning & development, occupational health services and East Midlands serious & organised crime function.
- 6 The increase in expenditure year on year reflects higher interest payments and an increased minimum revenue provision (MRP) charge reflecting the capital spend from 2012-2013.
- 7 Reflects an increased number of officers leaving on medical retirements.
- 8 The increase year on year reflects the new responsibility for £3.6m community engagement projects.
- 9 The decrease in income year on year largely reflects reflects the transfer of the PCSO grant, which was £5.5m in 2012-2013 to main stream funding.
- 10 The budget was based on making a £1.8m contribution to reserves. However this was not achieved due to cost pressures and the Commissioner agreed a spending limit of the 2013-2014 funding being £198.8m.

8 Pensions

The Group participates in two defined benefits pension schemes, providing members with retirement lump sums and monthly pensions related to pay and service. The Police Officers scheme is unfunded and met by payments from the Home Office.

The Police Pension Scheme for police officers, is an unfunded defined benefit final salary scheme. This means that investment assets are not built up to meet the pensions liabilities, and cash has to be generated to meet actual pensions payments as they fall due. Under the Police Pension Fund Regulations 2007, if the amounts receivable by the pensions fund for the year are less than amounts payable, the Commissioner must annually transfer an amount required to meet the deficit to the pension fund. Subject to parliamentary scrutiny and approval, up to 100% of this cost is met by a central government pension top up grant. If however, the pension fund is in surplus for the year, the surplus is required to be transferred from the pension fund to the Commissioner who then must repay the amount to central government.

Police Staff (including Police Community Support Officers) are, generally, eligible to join the funded Local Government Pension Scheme (LGPS); administered by Nottinghamshire County Council. This is a funded defined benefit final salary scheme, meaning that the Commissioner and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets.

Pension Costs are accounted for in accordance with International Accounting Standard (IAS) 19. This requires an organisation to account for retirement benefits in the year in which they are earned, even if the actual payment of benefit will be in the future. From 1 April 2014 this will be moving to a career average scheme.

Discretionary post-retirement benefits Discretionary post-retirement benefits on early retirement are an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. Assets are not built up within the scheme to meet these pension liabilities.

Transactions Relating to Retirement Benefits In order to comply with IAS 19, employer's pension contributions have been replaced with current service costs as estimated by the independent actuary. The Group recognise the cost of retirement benefits in the Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The reversal of the IAS 19 transactions ensures that there is no effect on the amounts to be met from government grant and local taxpayers. The Group Balance Sheet recognises the net pension liability, reserve and long-term debtors.

9 Changes to Accounting Policies

The Accounting Policies have been reviewed and no changes have been made.

10 Borrowing Facilities

Borrowing finances capital expenditure that cannot be met from internal resources. The main source of borrowing is the Public Works Loan Board (PWLb), plus a £3.5m Market Loan which is due to mature in 2066. No new long term borrowing took place during the year. The majority of borrowings are due to mature within the next 10 years.

The Treasury Management Strategy, ensures that borrowing is prudent and only for capital purposes. At 31 March 2014 the accumulated capital financing requirement from all previous capital expenditure was £52.8m. This has assets with a current value of £45.5m. The associated outstanding borrowing is £31.5m (excluding finance lease liabilities).

11 Capital Expenditure

Capital Expenditure on property continues to reflect the changing emphasis for greater partnership working, and with the placing of Police Officers in the heart of communities. Investment has also been made in updating computer systems. Although the actual expenditure was in line with the budget there was several new schemes approved in year offset by delays in existing schemes.

Actual 2012-13 £m	Capital Expenditure	Original Budget 2013-14 £m	Actual 2013-14 £m	Variation + (-) £m
0.3	Intangible Fixed Assets	0.0	0.4	0.4
2.4	Operational Land & Buildings	3.9	3.4	-0.5
2.5	Plant, Vehicles & Equipment	4.0	4.1	0.1
0.0	Assets Under Construction	0.0	0.0	0.0
5.2	Total	7.9	7.9	0.0
2.3	Grants & Contributions	1.7	2.0	0.3
0.0	Internal Borrowing from Reserves	0.0	4.0	4.0
0.0	Capital Receipts	1.7	1.9	0.2
2.9	External Borrowing	4.5	0.0	-4.5
5.2	Total Financing	7.9	7.9	0.0

The 4 year Capital plan of expenditure and financing (excluding any slippage) as approved by the Commissioner;

	Budget 2014-15 £m	Budget 2015-16 £m	Budget 2016-17 £m	Budget 2017-18 £m
Building Projects	2.3	7.5	3.6	0.2
Technology & Other Projects	6.1	3.2	1.4	0.2
Total	8.4	10.7	5.0	0.4
Financed by				
Capital Receipts	0.8	3.2	3.2	0.0
Capital Grants	1.8	1.8	1.8	0.4
External Borrowing	5.8	5.7	0.0	0.0
Total	8.4	10.7	5.0	0.4

12 Significant Provisions and Contingencies

Provisions are made to meet estimated insurance claim liabilities outstanding. This has increased by £0.4m during the year. A new provision has been created during the year for medical retirements. The A19 legal action, which is pending appeal which is not certain enough to be designated as a provision or reserve but is noted as a contingent liability. A breakdown of Provisions is provided in Note 7.3, and Contingent Liabilities in Note 10.

13 Jointly Controlled Operations

There are 8 areas of collaboration which have been treated as Jointly Controlled Operations (JCOs):

- The East Midlands Special Operations Unit (EMSOU)
- The East Midlands Special Operations Major Crime (EMSOMC)
- The East Midlands Technical Surveillance Unit (EMTSU)
- The East Midlands Occupational Health Service (EMOH)

These are all between Nottinghamshire, Derbyshire, Leicestershire, Lincolnshire and Northamptonshire and Nottinghamshire's proportion is 27.3% (27.6% 2012-2013).

- The East Midlands Legal Services (EMLS), a 4 way shared service between Nottinghamshire, Derbyshire, Leicestershire and Northamptonshire. The proportion for this year has been calculated as 31.3% (41.1% 2012-2013)
- The East Midlands Commercial Services Unit (EMSCU), between Nottinghamshire, Northamptonshire and Derbyshire. The proportion for this year has been calculated as 33.33% (33.42% 2012-2013)
- The East Midlands Forensic Services (EMFSS) is between Nottinghamshire, Derbyshire, and Lincolnshire. The proportion for this year has been calculated as 43.8% (44.37% 2012-2013)
- The East Midlands Learning & Development (EMLD) is between Leicestershire, Nottinghamshire, Derbyshire, and Lincolnshire and Nottinghamshire's proportion is 31.3% (31.6% 2012-2013)

All of these arrangements are covered by a Section 22 Agreement, which is a formal legal document. Financial information is included within note 13 to the Accounts.

14 Other Significant Events during the year

There has been a significant Employment Tribunal challenge against the use of the A19 Regulation. The decision is that the enforcement of retirement for officers with 30 years pensionable service contravenes age discrimination legislation. Nottinghamshire have appealed against the decision, and the outcome of this is expected towards the end of 2014. There is a contingent liability noted for this event.

The helicopter service shared with Derbyshire Constabulary ended in October 2013. Nottinghamshire is now a member of the National Police Air Service (NPAS), which has improved resilience, and has resulted in cost savings.

Nottinghamshire have withdrawn from proceeding with the shared Human Resources service with Derbyshire, which was in its preliminary stages.

There was an actuarial valuation report as at 31 March 2013 on Nottinghamshire County Council Pension Fund, which covers the Police Staff Pension Scheme. This resulted in additional payments to the scheme being required as follows; £1.5m in 2014-2015, and £1.6m in each of the following two financial years. However the employer rate of contributions did reduce from 14.2% to 10.8%.

15 Post Balance Sheet Events

There are no post balance sheet events.

16 Future Outlook

The changes resulting from the Stage 2 Transition Order, of the Act, will come into effect from 1 April 2014. Therefore there will be significant changes in the Accounts to reflect the changes in responsibilities which will take place. Also taking place over the next couple of years is a review at national level of the Funding Formula, which together with austerity cuts in grant funding will impact on the resources available.

17 Going Concern

The Accounts have been prepared on the basis that the Group is a going concern. The Stage 2 of the Commissioner transition will involve transfers of services from the Commissioner to the Chief Constable; however it is considered that the essence of policing for Nottinghamshire by the Group will remain unchanged.

Statement of Accounting Policies

1 General Principles

The Statement of Accounts summarises transactions for the 2013-2014 financial year and its position at the 31 March 2014. Annual Statement of Accounts are required to be published under the Accounts and Audit Regulations 2011, in accordance with proper accounting practices. These practices primarily comprise of the Code of Practice on Local Authority Accounting in the United Kingdom 2013-2014 (The Code) and the Best Value Accounting Code of Practice 2013-2014, supported by International Financial Reporting Standards (IFRS). The accounts have been prepared on a going concern basis using the historic cost convention, modified by the revaluation of certain categories of non-current assets and financial instruments. The stage 2 transitional arrangements for the Commissioner are not considered to affect the applicability of this principle.

Under The Act 2011 the Commissioner and Chief Constable are separate 'corporation sole' bodies. Both are required to prepare a separate Statement of Accounts. The Financial Statements included here represent the Commissioner and the Commissioner as a group with the Chief Constable (The Group).

2 Accruals of Income and Expenditure

Revenue is measured at fair value in the year to which it relates, and not when cash payments are made or received. Whilst all the expenditure is paid for by the Commissioner including employee pay, the recognition in the Accounts is based on economic benefit of resources consumed. In particular:

- Fees, charges and rents due are accounted for as income at the date of supply
- Supplies are recorded as expenditure when they are used. When there is a gap between the date supplies are received and their consumption, they are carried as inventory on the Balance Sheet
- Expenditure in relation to services received is recorded as services are received rather than when payments are made. If required a debtor or creditor for the relevant amount is recorded in the Balance Sheet
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract
- Where debts are doubtful, the debt is written off by a charge to the CIES

3 Cash and Cash Equivalents

Cash includes cash in hand and deposits of up 24 hours notice. Cash equivalents are investments that mature up to three months from acquisition date. These are readily convertible to known amounts of cash with insignificant risk of change in value. In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand.

4 Exceptional Items

When items of income and expenditure are material, their nature and amount are disclosed separately, either on the face of the CIES or in the Notes to the Accounts, depending on how significant the items are to an understanding of the Group financial performance.

5 Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for in the current year and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Group financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative figures for the prior period as if the new policy had always been applied. Material errors discovered in prior year figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

6 Charges to Revenue for Non-Current Assets

The CIES is charged with the following amounts to record the true cost of holding fixed assets during the year:

- Depreciation of Non-Current Assets
- Revaluation and Impairment losses on assets used where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- Revaluation Gains reversing previous losses charged to the CIES
- Amortisation of Intangible Assets

The Group is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution, from revenue towards the reduction in its overall borrowing requirement in accordance with statutory guidance, the Minimum Revenue Provision (MRP).

7 Employee Benefits

Benefits Payable during Employment

Short-term Employee Benefits are those due to be settled within 12 months of the year-end. This includes wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars). An accrual is made for the cost of holiday entitlements or any form of leave, e.g. time off in lieu earned by employees, but not taken before the year-end, which employees can carry forward into the next financial year, (Accumulated Absences Account Note 4.2). The accrual is made at the salary rates applicable in the following accounting year, being when the employee takes the benefit. The accrual is charged to the CIES, but then reversed out through the Movement in Reserves Statement.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Group to terminate an employee's employment before the normal retirement date or an acceptance of voluntary redundancy. These are charged to the Non Distributed Costs line in the CIES when the Group is demonstrably committed to the decision (Note 22).

Post Employment Benefits

Employees are members of two separate defined benefits pension schemes providing retirement lump sums and pensions, earned whilst employed by the Group (Note 16).

The Local Government Pensions Scheme (LGPS) for staff is administered by Nottinghamshire County Council. This is a funded scheme, meaning that the Group and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets. This scheme is a multi-employer scheme and the underlying assets and liabilities cannot be directly identified with individual employers. Therefore assets and liabilities are incorporated within these accounts on an apportioned basis. The assets are included at fair value. The liabilities are included at current prices using a discount rate of 4.5% p.a. The discount rate is the yield on the corporate bond index rated over 15 years.

Actuarial gains and losses are charged to the Pension Reserve.

The Police Pension Scheme for police officers is an unfunded scheme, meaning that there are no investment assets built up to meet the pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due. Under the Police Pension Fund Regulations 2007, the Group must transfer amounts to reduce the balance on the Pension Fund to zero. This is reimbursed from Central Government by way of Pension Top-up grant.

Discretionary Benefits

The Group also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements due to medical reasons or injury. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

8 Post Balance Sheet Events

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date on which the Statement of Accounts are authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events

- Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts are not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

9 Financial Instruments

Financial assets and liabilities are recognised on the Balance Sheet when the Commissioner enters a contract. They are initially measured at fair value and carried at their amortised cost. This generally will equate to the principal outstanding plus accrued interest. The interest debited or credited to the CIES is the amount payable per the loan agreement.

Financial assets held by the Group comprise loans and receivables. These have determinable payments but are not quoted in an active market. The loans made by the Group consist of short-term investments. Impairment may be appropriate if it becomes likely that the contract may not be fulfilled.

10 Government Grants and Contributions

All revenue government grants, and third party contributions and donations are recognised as income when the Group satisfies the conditions of entitlement. Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the CIES. Where grants and contributions are unconditional they are carried in the Balance Sheet as an Earmarked Reserve. A de-minimis level of £50,000 exists whereby it is essential that income needs to be assessed whether it should form part of the Earmarked Reserves.

Capital grants are credited to the CIES, and they are reversed out of the General Fund Balance in the Movement in Reserves Statement. The grant is either used to finance capital expenditure or it is posted to the Capital Grants Unapplied Account to fund future capital expenditure.

11 Intangible Assets

Intangible Assets do not have physical substance, but it is expected that future economic benefits or service potential will occur. Software licences are Intangible Assets, and are included at historic cost amortised over seven years, because there is no alternate method to ascertain a fair value.

12 Interests in Companies and Other Entities

The Nottinghamshire Office of the Police and Crime Commissioner is a separate entity to the Chief Constable and the relationship is clearly defined in the Governance Arrangements. The Commissioner has the lead controlling influence in the Group.

13 Inventories

Inventories are valued at the latest buying price as a proxy to fair value. All inventory valuations are based on current purchase price. Inventory Accounts are maintained for uniforms, fuel and stationery. Write-offs are made for obsolete items which are out of date.

14 Jointly Controlled Operations and Jointly Controlled Assets

Jointly Controlled Operations (JCOs) are treated in accordance with IAS 31- Interests in Joint Ventures. They are governed by Section 22 Agreements and incorporated on agreed proportions. More information about the collaborations is included in the Explanatory Foreword 12 and Note 13 to the Accounts.

15 Leases

The Code only uses the term lease, replacing all references to hire or rental. Under IAS 17, Leases are classified as finance leases if the terms of the lease transfer substantially all the risks and rewards incidental to ownership from the lessor to the lessee. Leases that do not meet the definition of finance leases are accounted for as operating leases. Where a lease covers both land and buildings, those elements are considered separately for classification. Major contracts are reviewed for the possibility of embedded leases within them.

Assets held under a finance lease are recognised on the Balance Sheet at fair value (or the present value of the minimum lease payments, if lower). There is a matching liability for the obligation to pay the lessor. Initial direct costs are added to the carrying amount of the asset. Lease payments are apportioned between finance charges debited to the CIES, and the acquisition charge applied to write down the lease liability. When incorporated into the balance sheet they are accounted for in the same way as other non –current assets.

Rentals paid under operating leases are charged to the CIES.

16 Overhead Costs

The Service analysis is based on Service Reporting Code of Practice (SeRCOP) 2013-2014 as modified by the Police Objective Analysis. The costs of overheads are fully allocated to the Groups services, with the exception of:

- Corporate and Democratic Core costs relating to being a single purpose, democratic organisation
- The cost of discretionary benefits awarded to employees retiring early, is a Non distributed cost

17 Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services or for administrative purposes and that are expected to be used for more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that the cost of the item can be measured reliably and it is probable it can generate future economic benefits or service potential. Expenditure that maintains, but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred, to the CIES.

De-minimis levels are applied to allow sensible administration arrangements without materially affecting the figures presented. The de-minimis levels applied for all Property, Plant and Equipment is £10,000.

Component Accounting

Assets are included as separate components, with appropriate depreciation where this is significant. The following de-minimis level applies. Only assets valued above £600,000 are considered and then components are included if the item forms at least 5% of the asset value.

Measurement

Assets are initially measured at cost, comprising, the purchase price plus costs in bringing the asset to the location and to be fit for purpose. The value of assets acquired other than by purchase is deemed to be its fair value. PFI and Finance Lease assets are capitalised at minimum lease payments over the term of the agreement.

Assets are then carried in the Balance Sheet using the following measurement bases:

- Fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV)
- Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value
- For non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value
- Operational buildings have been valued on the basis of Existing Use Value
- Non-Operational buildings have been valued on the basis of Open Market Value.
- Bridewell custody suite is valued on a depreciated replacement cost (DRC) basis as this is deemed to be a specialised asset
- Plant, vehicles and equipment have been included at their depreciated historic valuation, as proxy for fair value. This is because the assets have relatively short lives and values
- Furniture and Fittings are capitalised at cost
- Assets under Construction are included at actual cost
- Investment Properties are revalued annually at market value
- Assets held for sale and Police Houses are held at market value

Increases in valuations have been matched by credits to the Revaluation Reserve since 1 April 2007, the date of its formal implementation. Gains prior to that date are consolidated into the Capital Adjustment Account. Where decreases in value are identified, they are accounted for as follows:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down in the CIES once the Revaluation Reserve is fully used

18 Investment Properties

Investment properties are used to earn rentals or for capital appreciation, and not used in any way to deliver services or is not held for sale. The carrying value is annually revalued to current fair value. Rentals received in relation to investment properties are credited to the CIES.

19 Impairment

Assets are assessed at each year-end for potential impairment. Where it is estimated to be material, an impairment loss is recognised for the deficit, as follows:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down in the CIES

Where an impairment loss is reversed subsequently by a revaluation gain, the reversal is credited to the CIES, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

20 Depreciation

Depreciation is provided for on all operational Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives after allowing for residual values on the following basis:

Asset Type	Depreciation Method	Period of Years
Land	Nil	Nil as will not reduce in value
Property	Straight Line	10-50 years as estimated by the valuer
Vehicles	Straight Line	1-20 years
Plant and Equipment	Straight Line	1-20 years
Finance Leases	Straight Line	Over the life of the finance lease

Where an item of Property, Plant and Equipment has major components whose cost and life span is significantly different from the rest, the components are depreciated separately.

A full years charge is made in the year of acquisition, with no charge made in the year of disposal. Depreciation is charged to the CIES. Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost. This is transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

21 Disposals and Non-Current Assets Held for Sale

When a non-current asset is actively marketed, and the sale is reasonably expected in the next 12 months, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the CIES. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and revalued appropriately.

When an asset is disposed of, or decommissioned for less than £10,000, the receipt is credited to the CIES and the carrying amount of the asset is the loss on disposal.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. Receipts are required to be credited to the Capital Receipts Reserve, and can then only be used to finance new capital investment or set aside to reduce the Commissioner's underlying need to borrow (the Capital Financing Requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

All Revaluation Reserve balances relating to disposed assets are transferred to the Capital Adjustment Account.

22 Private Finance Initiative (PFI)

PFI and similar contracts are agreements to receive services, where the responsibility for making available the Property, Plant and Equipment which provides the services remains with the PFI contractor. The Commissioner has entered into two PFI contracts. The first relates to the initial design and construction, and now the ongoing maintenance of the Riverside building. The second contractor is responsible for the provision and maintenance of vehicles. The vehicles have been judged against IFRIC4 and those valued above the de-minimis, and where at the inception of the lease the minimum lease payments amounted to at least 75% of the fair value of the asset, are classified as finance leases. The majority of vehicles met these conditions and the small remainder are included within the Cost of Services in the CIES.

For Riverside the annual amounts payable to the PFI operators comprise five elements:

- Fair value of the services received during the year – debited to the relevant service in the CIES
- Finance cost – an interest charge of 21.67% on the outstanding Balance Sheet liability, has been debited to the Financing and Investment Income and Expenditure line in the CIES for the building PFI
- Contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the CIES
- Payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease)
- Lifecycle replacement costs – whereby a proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to Property, Plant and Equipment when the relevant works are eventually carried out

23 Provisions

Provisions are made where an event has taken place that gives a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and also that a reliable estimate can be made of the amount of the obligation. This is charged to the CIES on becoming aware of the obligation. They are measured as the best estimate at the balance sheet date, taking into account relevant risks and uncertainties.

Settlement of the obligation is charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed and further transactions to or from the CIES are made appropriately.

24 Contingent Liabilities

A contingent liability arises where an event has taken place that gives a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Group. Contingent liabilities also arise in circumstances where a provision would otherwise be made, but there is not the level of certainty on either likelihood or value. Contingent liabilities are not recognised in the Balance Sheet, but disclosed in a note to the Accounts.

25 Contingent Assets

A contingent asset arises where an event has taken place that gives the potential for an asset, whose existence will only be confirmed by the occurrence or otherwise of uncertain future events, not wholly within the control of the Group. They are not recognised in the Balance Sheet, but disclosed in a note to the Accounts if there is sufficient probability.

26 Reserves

Reserves are set aside for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. Expenditure to be financed from a reserve is charged to the appropriate service and hence included within the Provision of Services in the CIES. The reserve is then appropriated back in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Other reserves are unusable and they are solely to manage the accounting processes for capital, financial instruments, retirement, and employee benefits.

27 VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

28 Cash Flow Statement

This has been prepared using the 'Indirect Method'.

29 Revenue Expenditure Funded from Capital Under Statute (REFCUS)

Revenue expenditure funded from capital under statute (REFCUS) represents expenditure that may be capitalised under statutory provisions, but does not result in the creation of tangible assets. The Group had no REFCUS during the year.

Statement of Responsibilities

The Responsibilities of the Commissioner

The Commissioner is required to:

- Make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has responsibility for the administration of those affairs. The Commissioner has determined the Chief Finance Officer as that officer
- Manage its affairs to ensure economic, efficient and effective use of resources and safeguard its assets
- Ensure that there is an adequate Annual Governance Statement
- Approve the Statement of Accounts

The Chief Finance Officer Responsibilities

The Chief Finance Officer is responsible for the preparation of the Commissioner's Statement of Accounts and the incorporation of the Chief Constable's Accounts to form the Group Accounts. This is in accordance with proper practices as set out in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom. The statement is required to present fairly, the financial position of the Commissioner and the Group at the accounting date and its Income and Expenditure for the year ended 31 March 2014.

In preparing the Accounts, the Chief Finance Officer has:

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

I certify that in my opinion the Statement of Accounts present a true and fair view of the financial position of the Nottinghamshire Office of the Police and Crime Commissioner & Group at 31 March 2014 and its income and expenditure for the year ended 31 March 2014.

C M H Radford CPFA

Chief Finance Officer to the Nottinghamshire Police and Crime Commissioner & Group

I, the Commissioner certify that the Statement of Accounts presents a true and fair view of the financial position of The Nottinghamshire Office of the Police and Crime Commissioner & Group, at 31 March 2014 and its income and expenditure for the year ended 31 March 2014.

Paddy Tipping

The Police and Crime Commissioner

23 September 2014

Core Financial Statements

CS1	Comprehensive Income and Expenditure Statement
CS2	Movement in Reserves Statement
CS3	Balance Sheet
CS4	Cash Flow Statement
P1	Pension Fund Account

CS1 Comprehensive Income and Expenditure Statement for the Group

	2012-2013			2013-2014		
	Gross Exp' £000	Gross Income £000	Net Exp' £000	Gross Income £000	Group Net Exp' £000	Note
Local Policing	103,468	-11,384	92,084	-5,258	103,013	a
Dealing with the Public	16,121	-234	15,886	-310	19,078	b
Criminal Justice Arrangements	13,663	-576	13,088	-1,107	17,165	c
Road Policing	5,002	-3,639	1,363	-2,563	3,574	
Specialist Operations	12,702	-226	12,476	-705	10,609	d
Intelligence	15,007	-739	14,268	-986	14,463	
Investigation	55,036	-1,342	53,694	-1,168	45,368	e
Investigative Support	3,223	-21	3,202	-51	7,715	e
National Policing	5,299	-3,949	1,350	-3,330	2,264	
Corporate and Democratic Core	1,569	-146	1,423	-203	1,238	
Community Safety & Crime Prevention	0	0	0	0	3,613	
Non Distributed Costs	387	0	387	0	73	
Cost Of Services	231,477	-22,256	209,221	-15,681	228,173	3.1
Other Operating Expenditure	1,081	0	1,081	0	916	3.2
Financing and Investment Income & Expenditure	93,408	-7,071	86,337	-8,807	92,897	3.3
Taxation and Non-Specific Grant Income	0	-217,677	-217,677	-228,210	-228,210	3.4
Surplus (-) or Deficit on Provision of Services	325,966	-247,004	78,962	-252,698	93,776	
Surplus (-) or deficit on revaluation of non-current assets			147		-479	4.3
Pension Fund Adjustment under regulations			325,166		-103,795	4.4
Other Comprehensive Income & Expenditure			325,313		-104,274	
Total Comprehensive Income & Expenditure			404,275		-10,497	

Notes

- a The main movement is due to the Police Community Support Officer grant £5.5m moving into main stream funding in 2013-2014
- b This now includes the Crime Management Bureau previously part of Investigation
- c This now includes file preparation previously part of Investigation
- d This has reduced in officer numbers and received additional income relating to the G8 summit
- e Regional Forensic costs are now included in Investigative Support, not Investigations

CS1 Comprehensive Income and Expenditure Statement for the Commissioner and Chief Constable

2012-2013 Restated					2013-2014				
CCN	Commissioner				CCN	Commissioner			
Net Res'ces £000	Gross Exp' £000	Gross Income £000	Net Exp' £000		Net Res'ces £000	Gross Exp' £000	Gross Income £000	Group Net Exp' £000	Note
92,084	0	0	92,084	Local Policing	103,013	0	0	103,013	a
15,885	0	0	15,885	Dealing with the Public	19,078	0	0	19,078	b
13,088	0	0	13,088	Criminal Justice Arrangements	17,165	0	0	17,165	c
1,363	0	0	1,363	Road Policing	3,574	0	0	3,574	
12,476	0	0	12,476	Specialist Operations	10,609	0	0	10,609	d
14,268	0	0	14,268	Intelligence	14,463	0	0	14,463	
53,694	0	0	53,694	Investigation	45,368	0	0	45,368	e
3,202	0	0	3,202	Investigative Support	7,715	0	0	7,715	
1,350	0	0	1,350	National Policing	2,264	0	0	2,264	
216	1,353	-146	1,423	Corporate and Democratic Core	216	1,225	-203	1,238	
0	0	0	0	Community Safety & Crime Prevention	0	3,613	0	3,613	
387	0	0	387	Non Distributed Costs	73	0	0	73	
-125,107	125,107	0	0	Funding within Group	-123,060	123,060	0	0	
82,906	126,460	-146	209,221	Cost Of Services	100,478	127,898	-203	228,173	
0	1,081	0	1,081	Other Operating Expenditure		916	0	916	3.2
-6,775	93,408	-296	86,337	Financing and Investment Income & Expenditure	-8,502	101,704	-305	92,897	3.3
0	0	-217,677	-217,677	Taxation and Non-Specific Grant Income		0	-228,210	-228,210	3.4
76,131	220,949	-218,119	78,962	Surplus (-) or Deficit on Provision of Services	91,976	230,518	-228,718	93,776	
0	147	0	147	Surplus (-) or deficit on revaluation of non-current assets	0		-479	-479	4.3
321,394	3,772	0	325,166	Pension Fund Adjustment under regulations	-102,425		-1,370	-103,795	4.4
321,394	3,919	0	325,313	Other Comprehensive Income & Expenditure	-102,425	0	-1,849	-104,274	
397,525	224,868	-218,119	404,275	Total Comprehensive Income & Expenditure	-10,449	230,518	230,567	-10,497	

Notes

- | | |
|---|---|
| a | The main movement is due to the Police Community Support Officer grant £5.5m moving into main stream funding in 2013-2014 |
| b | This now includes the Crime Management Bureau previously part of Investigation |
| c | This has included file preparation previously part of Investigation |
| d | This has reduced in officer numbers and received additional income relating to the G8 summit |
| e | Regional Forensic costs are now included in Investigative Support, not Investigations |

CS2 Movement in Reserves for the Group 2013-2014

2013-2014		General Fund	Earmarked Reserves	Capital Receipts	Capital Grants	Total Usable Reserves	Reval'n Reserve	Capital Adj'	Pensions Reserve	Collection Fund Adj	Accum' Absence	Total Unusable Reserves	Total Reserves
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Note ref		4.1	4.4	4.3	4.5	4.4	4.4	4.5	4.4	11	4.2		
Balance at 1 April 2013		-7,074	-18,326	-1,923	-121	-27,444	-2,531	3,291	2,163,421	-196	5,588	2,169,574	2,142,130
Surplus - (deficit) on the provision of services (accounting basis)		93,779	0	0	0	93,779	0	0	0	0	0	0	93,779
Other Comprehensive I & E - revaluation gains & losses		0	0	0	0	0	-479	0	-103,795	0	0	-104,274	-104,274
Total CIES		93,779	0	0	0	93,779	-479	0	-103,795	0	0	-104,274	-104,274
Depreciation/Amortisation of non-current assets		-7,237	0	0	0	-7,237	0	7,237	0	0	0	7,237	0
Impairment/Revaluation losses		-2,113	0	0	0	-2,113	0	2,113	0	0	0	2,113	0
Capital grants and contributions credited to the CIES		4,063	0	0	0	4,063	0	-4,063	0	0	0	-4,063	0
Net gain or loss (-) on sale of non-current assets		-105	0	-1,553	0	-1,658	0	1,658	0	0	0	1,658	0
Pension costs adj between calculated in accordance with IAS19 and the contributions due under pension scheme regulations		-145,639	0	0	0	-145,639	0	0	145,639	0	0	145,639	0
Amount by which council tax income included in the CIES		460	0	0	0	460	0	0	0	-460	0	-460	0
Minimum Revenue Provision		2,212	0	0	0	2,212	0	-2,212	0	0	0	-2,212	0
Minimum Revenue Provision (Finance Lease Liabilities)		728	0	0	0	728	0	-728	0	0	0	-728	0
Capital Expenditure charged against the General Fund		236	0	0	0	236	0	-236	0	0	0	-236	0
Employers contribution to Pension Scheme		52,477	0	0	0	52,477	0	0	-52,477	0	0	-52,477	0
Use of Capital Receipts Reserve to finance capital		0	0	1,923	0	1,923	0	-1,923	0	0	0	-1,923	0
Use of Capital grants unapplied for capital exp		0	0	0	6	6	0	-6	0	0	0	-6	0
Adj for depreciation between historical and revalued basis		0	0	0	0	0	95	-95	0	0	0	0	0
Loss on disposal of non current assets met from revaluation reserve		0	0	0	0	0	605	-605	0	0	0	0	0
Charges for Employee Benefits		-23	0	0	0	-23	0	0	0	0	23	23	0
Total adjustment between accounting basis & funding basis under regulations		-94,941	0	370	6	-94,565	700	1,140	93,162	-460	23	94,565	0
Net decrease / (- increase) before transfers to earmarked reserves		-1,162	0	370	6	-786	221	1,140	-10,633	-460	23	-9,709	-10,495
Transfers from / (- to) earmarked reserves		1,162	-1,162	0	0	0	0	0	0	0	0	0	0
Balance at 31 March 2014		-7,074	-19,488	-1,553	-115	-28,230	-2,310	4,431	2,152,788	-656	5,611	2,159,865	2,131,635

CS2 Movement in Reserves for the Group 2012-2013 Comparators

2012-2013	General Fund £000	Earmarked Reserves £000	Capital Receipts £000	Capital Grants £000	Total Usable Reserves £000	Reval'n Reserve £000	Capital Adj £000	Pensions Reserve £000	Collection Fund Adj £000	Accum' Absence £000	Unusable Reserves £000	Total Reserves £000
Note	4.1	4.1				4.3	4.5	4.4	11	4.2		
Balance at 1 April 2012	-7,083	-13,153	-900	-134	-21,270	-2,853	-4,790	1,761,655	-13	5,124	1,759,123	1,737,853
Surplus (- deficit) on the provision of services (accounting basis)	78,962	0	0	0	78,962	0	0	0	0	0	0	78,962
Other Comprehensive I & E - revaluation gains & losses	0	0	0	0	0	147	0	325,166	0	0	325,313	325,313
Total CIES	78,962	0	0	0	78,962	147	0	325,166	0	0	325,313	404,275
Depreciation/Amortisation of non-current assets	-5,454	0	0	0	-5,454	0	5,454	0	0	0	5,454	0
Impairment/Revaluation losses	-6,791	0	0	0	-6,791	0	6,791	0	0	0	6,791	0
Capital grants and contributions credited to the CIES	2,477	0	0	0	2,477	0	-2,477	0	0	0	-2,477	0
Net gain or (- loss) on sale of non-current assets	-416	0	-1,023	0	-1,439	0	1,439	0	0	0	1,439	0
Pension costs adj between calculated in accordance with IAS19 and the contributions due under pension scheme regulations	-128,822	0	0	0	-128,822	0	0	128,822	0	0	128,822	0
Amount by which council tax income included in the CIES	183	0	0	0	183	0	0	0	-183	0	-183	0
Minimum Revenue Provision	1,959	0	0	0	1,959	0	-1,959	0	0	0	-1,959	0
Minimum Revenue Provision (Finance Lease Liabilities)	979	0	0	0	979	0	-979	0	0	0	-979	0
Employers contribution to Pension Scheme	52,222	0	0	0	52,222	0	0	-52,222	0	0	-52,222	0
Use of Capital Receipts Reserve to finance capital	0	0	0	0	0	0	0	0	0	0	0	0
Use of Capital grants unapplied for capital exp	0	0	0	13	13	0	-13	0	0	0	-13	0
Adj for depreciation between historical and revalued basis	0	0	0	0	0	101	-101	0	0	0	0	0
Loss on disposal of non current assets met from revaluation reserve	0	0	0	0	0	74	-74	0	0	0	0	0
Charges for Employee Benefits	-464	0	0	0	-464	0	0	0	0	464	464	0
Total adjustment between accounting basis & funding basis under regulations	-84,127	0	-1,023	13	-85,137	175	8,081	76,600	-183	464	85,137	0
Net decrease / (- increase) before transfers to earmarked reserves	-5,165	0	-1,023	13	-6,175	322	8,081	401,766	-183	464	410,450	404,275
Transfers from / (- to) earmarked reserves	5,173	-5,173	0	0	0	0	0	0	0	0	0	0
Balance at 31 March 2013	-7,074	-18,326	-1,923	-121	-27,445	-2,531	3,291	2,163,421	-196	5,588	2,169,573	2,142,129

CS3 Balance Sheet for the Commissioner and Group

During the year the cash balances relating to money market funds and some bank accounts were reclassified from a Short Term Investment to a Cash and Cash Equivalent having reviewed the terms and conditions in line with our accounting policy number 3. Therefore the figures for 2013 were restated as the value of the change £14.3m was material. This also entailed a restatement of the Cashflow Statement and some supporting notes 6.1.

31 Mar 2013 £000	31 Mar 2013 PCC only £000	31 Mar 2013 Restated £000	Note		31 Mar 2014 PCC only £000	31 Mar 2014 £000
42,987	42,987	42,987	5	Property, Plant & Equipment	44,641	44,641
380	380	380	5	Investment Properties	350	350
2,428	2,428	2,428	5	Assets Held for Sale	2,091	2,091
743	743	743	5.5	Intangible Assets	897	897
11	11	11		Long Term Debtors	4	4
46,549	46,549	46,549		Non-Current Assets	47,983	47,983
16,300	2,000	2,000	6.1	Short Term Investments	2,000	2,000
622	622	622	6.2	Inventories	315	315
22,931	22,931	22,931	6.3	Short Term Debtors	21,247	21,247
45	14,345	14,345	CS4	Cash and Cash Equivalents	13,602	13,602
39,898	39,898	39,898		Current Assets	37,163	37,163
-7,725	-7,725	-7,725	7.1	Short Term Borrowing	-7,636	-7,636
-315	-315	-315		Grant Receipts in Advance	-180	-180
-23,050	-17,467	-23,050	7.2	Short Term Creditors	-18,647	-24,225
-1,048	-1,048	-1,048	CS4	Overdraft	-1,097	-1,097
-2,646	-2,646	-2,646	7.3	Short Term Provisions	-3,596	-3,596
-34,784	-29,201	-34,784		Current Liabilities	-31,156	-36,734
-28,016	-28,016	-28,016	8.1	Long Term Borrowing	-24,053	-24,053
-2,358	-2,358	-2,358	8.2	Other Long Term Liabilities	-3,207	-3,207
-2,163,421	-18,225	-2,163,421	16.3	Net Pension Liability	-18,084	-2,152,788
-2,193,795	-48,599	-2,193,795		Long Term Liabilities	-45,344	-2,180,048
-2,142,132	8,647	-2,142,132		Net Assets	8,647	-2,131,635
-7,074	-7,074	-7,074		General Fund	-7,075	-7,075
-1,923	-1,923	-1,923		Capital Receipts Reserve	-1,553	-1,553
-18,323	-18,323	-18,323	4.1	Earmarked Reserves	-19,488	-19,488
-121	-121	-121		Capital Grants Unapplied	-115	-115
-27,441	-27,441	-27,441		Usable Reserves	-28,230	-28,230
-2,531	-2,531	-2,531	4.3	Revaluation Reserve	-2,310	-2,310
3,291	3,291	3,291	4.5	Capital Adjustment Account	4,431	4,431
2,163,421	18,225	2,163,421	4.4	Pensions Reserve	18,084	2,152,788
-196	-196	-196	11	Collection Fund Adjustment	-656	-656
5,588	5	5,588	4.2	Accumulated Absences	34	5,612
2,169,573	18,794	2,169,573		Unusable Reserves	19,583	2,159,865
2,142,132	-8,647	2,142,132	CS2	Total Reserves	-8,647	2,131,635

CS4 Cash Flow Statement for the Commissioner and Group

Restated due to the reclassification of some investments, (See Balance Sheet).

31 Mar 2013 £000	31 Mar 2013 Restated £000	Note		31 Mar 2014 £000
	2,831		Commissioner	1,800
	76,131		Chief Constable	91,976
78,962	78,962		Net surplus (-) or deficit on the provision of services	93,779
-81,460			Adjust for non cash movements	
	-5,111		Depreciation	-7,006
	-6,791		Impairment and downward valuations	-2,113
	-343		Amortisations	-231
	-847		(-)Increase/decrease in creditors	-308
	5,561		Increase/ (-)decrease in debtors	-1,691
	-97		Increase/ (-)decrease in inventories (stock)	-947
	67		(-)Increase/decrease in provisions	-950
	376		(-)Increase/decrease in other longterm liabilities	-849
	5,172		Increase/ (-)decrease earmarked reserves	1,162
	-76,600		Movement in pension liability	-93,161
	979		Finance Lease Liability	728
	-1,439		Carrying amount of non-current assets held for sale, sold or de-recognised	-1,657
	179		Capital grants applied (but not received in the year)	0
	-5,887		Other non-cash items included	-20
			Adjust for items that are investing and financing activities	
	1,023		Proceeds from the sale of non current assets	1,553
	2,298		Capital grants received during the financial year	4,063
-2,498	-2,498	12	Net cash flows from Operating Activities	-7,648
5,065	5,065		Purchase of non current assets	10,004
-1,023	-1,023		Proceeds from the sale of non current assets	-1,553
4,700	0		Purchase of short-term and long-term investments	0
0	-3,000		Proceeds from short-term and long-term investments	0
-2,298	-2,298		Capital grants received during the financial year	-4,063
6,444	-1,256		Net cash flows from Investing Activities	4,388
-5,000	-5,000		Cash receipts of short and long-term borrowing	-2,500
1,118	1,118		Repayment of short and long-term borrowing	6,552
-3,882	-3,882		Net cash flows from Financing Activities	4,052
64	-7,636		Net (-)increase / decrease in cash & cash equivalents	792
-64	7,636		Represented by a Balance Sheet movement	-792
-939	5,661		Cash and cash equivalents 1 April	13,297
-1,003	13,297		Cash and cash equivalents 31 March	12,505
			Analysed as follows;	
45	45		Imprest Accounts	45
-928	-928		Monies held on behalf of others	-1,097
-120	-120		Overdraft	0
	14,300		Bank Accounts	13,557
-1,003	13,297		Total	12,505

P1 Police Officers Pension Fund Account

2012-13 £000		2013-14 £000
	Contributions Receivable	
-16,773	Employers Contributions 1987 Scheme	-16,023
-2,426	Employers Contributions 2006 Scheme	-2,653
-622	Additional Contributions for early retirements 1987 Scheme	-699
-8,469	Members contributions 1987 Scheme	-8,928
-1,036	Members contributions 2006 Scheme	-1,240
-163	Transfer in 1987 Scheme	-46
-37	Transfer in 2006 Scheme	-310
	Benefits Payable	
43,569	Pensions 1987 Scheme	45,683
6	Pensions 2006 Scheme	6
9,731	Commutations and lump sum retirement benefits 1987 Scheme	8,453
	Payments to / on account of leavers	
0	Refund of contributions 2006 Scheme	188
147	Transfers out 1987 Scheme	85
0	Transfers out 2006 Scheme	1
23,928	Sub total before transfer from the Commissioner of amount equal to the deficit	24,519
-23,928	Transfer of Government Grant from the Commissioner to meet the deficit	-24,519
	Balance at 31 March	

All notes relating to pensions can be found at Note 16 with the Net Asset Statement being at 16.8.

Notes to the Accounts

1 Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out on pages 14 to 23, the Commissioner has had to make certain judgements about complex transactions or those involving uncertainty about future events. The main critical judgement made in the Statement of Accounts is:

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

Major Estimations

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

The professional judgement of the Transport Manager is relied upon to provide vehicle valuations added to the Balance Sheet. These estimations are required due to the unavailability of the purchase information from the PFI supplier.

The item in the accounts for 2013-2014 for which there is a significant risk of material adjustment in the forthcoming financial year is the Insurance Claim Provision. There is generally a time lag between insurable events and the date insurance liability claims are received. No allowance is made for this value unless specific incidents have occurred which make it appropriate to do so. One potential use of the General Reserve is to cover for emerging trends of liability claims or an exceptional value of incurred but not reported claims. Estimates of the value of claims change as information regarding the circumstances evolve. A provision of £2.7m has been made to meet the estimated outstanding amount of insurance claims. This is based on estimates provided by Insurance Companies and by the Regional Legal Services Team. An increase / decrease in the value of claims of 10% have the effect of adding to / or reducing the provision by £0.3m.

2 Prior Period Adjustments and Post Balance Sheet Events

There are prior period adjustments in 2013-2014 for the reclassification of some short term investments. The total value of this is £14.3m. The restatement affected the Balance Sheet, the Cash Flow and associated notes. Also restatement has occurred following new accounting guidelines as described in the explanatory foreword. There are no post balance sheet events which have affected the Accounts presented.

3 Surplus or Deficit on Provision of Services

3.1 Income within Cost of Services

The significant reduction in partnership income is due to £5.5m of PCSO grant which has been incorporated into mainstream funding. Also DIP (drugs control) funding £0.6m is no longer available.

2012-13 £000		2013-14 £000
-13,856	Partnership and Joint Controlled Operations	-6,508
-1,858	P.F.I. Grant	-1,858
-2,141	Recharge of Officers	-1,550
-4,255	Other Income	-5,562
-22,110	Relating to Chief Constable	-15,478
-146	Relating to the Commissioner - other income	-203
-22,256	Total for the Group	-15,681

3.2 Other Operating Expenses

2012-13 £000		2013-14 £000
415	Gains (-) and Losses on Disposal of Non Current Assets	102
666	Levies to National Police Services	814
1,081	Total for the Commissioner & Group	916

3.3 Financing and Investment Income and Expenditure

2012-13 £000		2013-14 £000
90,187	Pensions Interest Cost	98,466
-6,775	Expected return on Pensions Assets	-8,502
83,412	Relating to Chief Constable	89,964
1,272	Interest payable on Debt	1,323
431	Interest element of Finance Leases (Lessee)	81
500	Interest payable on PFI Unitary Payments	514
1,058	Pensions Interest Cost	1,317
-110	Expected return on Pensions Assets	-114
-1	Interest Income	-1
-185	Investment Interest Income	-190
2,965	Relating to the Commissioner	2,930
86,377	Total for the Group	92,894

3.4 Taxation and Non-Specific Grant Income

2012-13 £000		2013-14 £000
-55,936	Council Tax Income	-49,051
-52,504	National Non Domestic Rates	-52,572
-1,332	Council Tax Freeze Compensation	-1,332
0	Community Safety Grant	-2,800
-1,044	Revenue Support Grant	0
-80,686	Non-ringfenced Government Grants	-93,500
-23,928	Home Office Pension Grant	-24,519
-2,247	Capital Grants and Contributions	-4,437
-217,677	Total for the Commissioner & Group	-228,210

4 Movement in Reserves

This note forms the link between CIES and the Balance Sheet Reserves. It includes all the adjustments that are made to the CIES in accordance with proper accounting practice and how they are incorporated into Reserve balances.

4.1 Transfers to / from Earmarked Reserves

This shows how monies have been set aside or used during the year.

	Balance 31 March 2012 £000	T/f Out 2012-13 £000	T/f In 2012-13 £000	Balance 31 March 2013 £000	T/f Out 2013-14 £000	T/f In 2013-14 £000	Balance 31 March 2014 £000
Medium Term Financial Plan	-12,096	0	-2,365	-14,461	277	0	-14,184
Helicopter Operational	-90	0	0	-90	90	0	0
Police Property Act	-81	0	-2	-83	0	-12	-95
Drug Fund	-60	3	0	-57	0	-4	-61
Revenue Grants	-380	380	-2,673	-2,673	118	-449	-3,004
Animal Welfare	0	0	-20	-20	0	0	-20
Tax Base Reserve	0	0	0	0	0	-230	-230
Grants & Commissioning	0	0	0	0	0	-280	-280
PCC Transitional Costs	0	54	-500	-446	41	0	-405
PFI Life Cycle Costs	-187	0	-35	-222	0	-36	-258
Total Commissioner	-12,894	437	-5,595	-18,052	526	-1,011	-18,540
JCO's	-259	0	-12	-271	0	-677	-948
Total	-13,153	437	-5,607	-18,323	526	-1,688	-19,488

4.2 Accumulated Absences Account

The Accumulated Absences Account absorbs the differences from accruing for compensated absences earned but not taken in the year (e.g. leave entitlement carried forward at 31 March). Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account as shown in the MIRS (CS2).

2012-13 CC £000	2012-13 PCC £000	2012-13 Total £000		2013-14 CC £000	2013-14 PCC £000	2013-14 Total £000
5,116	8	5,124	Balance 1 April	5,535	5	5,540
419	-3	416	Increase / (-) Decrease	43	28	71
5,535	5	5,540	Balance 31 March	5,578	33	5,611

4.3 Revaluation Reserve

The Revaluation Reserve was created 1 April 2007 for the revaluation gains on the value of non-current assets. The balance is reduced when assets with accumulated gains are:

- Revalued downwards or impaired and the gains are lost
- Used in the provision of services and the gains are consumed through depreciation
- Disposed of and the gains are realised

2012-13 £000		2013-14 £000
-2,853	Balance 1 April	-2,531
-573	Upward revaluation of assets	-483
720	Downward revaluation of assets and impairments losses not charged to the Surplus/ Deficit on the provision of Services	4
147	Surplus (-) or deficit on revaluation of non-current assets not posted to the Surplus/ Deficit on the Provision of Services	-479
101	Difference between fair value depreciation and historical cost depreciation	95
74	Accumulated gains on assets sold or scrapped	605
175	Amount written off to the Capital Adjustment Account	700
-2,531	Balance 31 March	-2,310

4.4 Pension Reserve

The Pension Reserve absorbs the timing differences between the difference in accounting and funding for post employment benefits in accordance with statutory provisions. The CIES recognises the benefits earned by employees accruing service. The liabilities are adjusted for inflation, valuation assumptions and investment returns. Statutory arrangements require benefits to be financed as employers contributions are paid to pension funds and pensioners. The debit balance on the Pension Reserve represents a substantial shortfall in the benefits earned by past and current employees and the resources set aside to meet them. The statutory arrangements ensure that funding will meet payments.

2012-13 Total £000	2012-13 CC £000	2012-13 PCC £000	2012-13 Restated £000		2013-14 CC £000	2013-14 PCC £000	2013-14 Total £000
1,761,655	1,748,090	13,565	1,761,655	Balance 1 April	2,145,196	18,225	2,163,421
128,822	115,720	1,358	117,078	Pension Costs Adj' for IAS 19	143,717	1,923	145,640
325,166	333,002	3,908	336,910	Other CIES gains / (-) losses	-102,425	-1,370	-103,795
-52,222	-51,616	-606	-52,222	Employers contributions & payments to pensioners	-51,785	-693	-52,478
2,163,421	2,145,196	18,225	2,163,421	Balance 31 March	2,134,703	18,085	2,152,788

4.5 Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences between the accounting for the consumption of non-current assets and for their financing under statutory provisions. The Account is debited with depreciation, impairment losses and amortisations. The Account is credited with minimum revenue provision.

2012-13 £000		2013-14 £000
-4,611	Balance 1 April	3,615
5,032	Charges for depreciation and impairment of non-current assets	6,895
6,617	Revaluation losses on Property, Plant and Equipment	1,221
340	Amortisation of intangible assets	229
1,437	Amounts of non-current assets written off on disposal to the CIES	1,655
13,426		10,000
-175	Adjusting amounts written out of the Revaluation Reserve	-699
13,251	Net written out amount of the cost of non-current assets consumed	9,301
	Capital financing applied in the year:	
0	Use of Capital Receipts to finance new capital expenditure	-1,922
0	Capital expenditure charged against the General Fund	-50
-2,260	Capital grants and contributions applied to capital financing	-1,993
	Statutory provision for capital financing charged to the CIES	
-1,959	Minimum Revenue Provision	-2,212
-806	Finance Lease Liability	-729
-5,025		-6,906
3,615	Total Commissioner 31 March	6,010
-324	JCO's	-1,579
3,291	Total	4,431

5 Non-Current Assets
5.1 Movements in the Year

	Land & Buildings £000	Plant Vehicle & Equipment £000	Investment Properties £000	Assets under Construction £000	Assets Held for Sale £000	Total £000	PFI Assets Included £000
1 April 2013	37,474	23,301	380	0	2,428	63,583	2,060
Additions	2,933	6,391	0	0	0	9,324	49
Revaluation Increases/ Decreases (-) recognised in the Revaluation Reserve	479	0	0	0	0	479	0
Revaluation Increases/ Decreases (-) recognised in the Surplus / Deficit on the Provision of Services	-1,191	0	-30	0	0	-1,221	0
Derecognition - Disposals	0	-1,197	0	0	-1,423	-2,620	0
Accumulated Depreciation and Impairment written off	-281	0	0	0	0	-281	0
Assets reclassified to / from Held for Sale	-1,086	0	0	0	1,086	0	0
Other Movements in cost or valuation	0	0	0	0	0	0	0
31 March 2014	38,328	28,495	350	0	2,091	69,264	2,109
Accumulated Depreciation and Impairment							
1 April 2013	2,016	16,096	0	0	0	18,112	424
Depreciation charge	3,078	3,818	0	0	0	6,896	94
Accumulated Depreciation and Impairment written off	-281	0	0	0	0	-281	0
Derecognition - Disposals	0	-965	0	0	0	-965	0
31 March 2014	4,813	18,949	0	0	0	23,762	518
Commissioner 31 March 2013	35,458	7,205	380	0	2,428	45,471	1,636
JCO's 31 March 2013	0	324	0	0	0	324	0
Total 31 March 2013	35,458	7,529	380	0	2,428	45,795	1,636
Commissioner 31 March 2014	33,515	9,546	350	0	2,091	45,502	1,591
JCO's 31 March 2014	1,167	355	0	58	0	1,580	0
Total 31 March 2014	34,682	9,901	350	58	2,091	47,082	1,591

5.1 Non-current Assets prior year comparators

	Land & Buildings £000	Plant Vehicle & Equipment £000	Investment Properties £000	Assets under Construction £000	Assets Held for Sale £000	Total £000	PFI Assets Included £000
1 April 2012	45,351	40,595	585	0	1,891	88,422	2,044
Additions	2,106	3,083	0	0	0	5,189	16
Revaluation Increases/ Decreases (-) recognised in the Revaluation Reserve	-147	0	0	0	0	-147	0
Revaluation Increases/ Decreases (-) recognised in the Surplus / Deficit on the Provision of Services	-6,566	0	-205	0	-20	-6,791	0
Derecognition - Disposals	0	-20,377	0	0	-948	-21,325	0
Accumulated Depreciation and Impairment written off	-1,765	0	0	0	0	-1,765	0
Assets reclassified to/ from Held for Sale	-1,505	0	0	0	1,505	0	0
Other Movements in cost or valuation	0	0	0	0	0	0	0
31 March 2013	37,474	23,301	380	0	2,428	63,583	2,060
Accumulated Depreciation and Impairment							
1 April 2012	2,775	31,958	0	0	0	34,733	328
Depreciation charge	1,006	4,025	0	0	0	5,031	96
Accumulated Depreciation and Impairment written off	-1,765	0	0	0	0	-1,765	0
Derecognition - Disposals	0	-19,887	0	0	0	-19,887	0
31 March 2013	2,016	16,096	0	0	0	18,112	424
Commissioner 31 March 2012	42,576	8,637	585	0	1,891	53,689	1,716
JCO's 31 March 2012	0	175	0	0	0	175	0
Total 31 March 2012	42,576	8,812	585	0	1,891	53,864	1,716
Commissioner 31 March 2013	35,458	7,205	380	0	2,428	45,471	1,636
JCO's 31 March 2013	0	324	0	0	0	324	0
Total 31 March 2013	35,458	7,529	380	0	2,428	45,795	1,636

5.2 Capital Commitments

At 31 March 2014, the Commissioner has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2013-2014, and the future years are budgeted to cost £0.2m (£0.2m 2012-2013).

	31 March 2014 £000
Main Capital Commitments	
FHQ Office Alterations	103
Mansfield Server Room improvements	32
Miscellaneous minor commitments	15
Total	150

5.3 Revaluations

Land and Buildings are revalued on a rolling programme to ensure that they are measured at fair value at least every five years. This ensures that their carrying amount is not materially different from their fair value. At 1 April 2013 18% were valued completing a five year cycle. Land and building values are based on valuations by Andrew Martin BSc MRICS, (Director) and Roger Smalley BSc MRICS, (Associate Director) of the independent valuers Lambert Smith Hampton. These valuations were subject to componentised valuation as prescribed by IAS 16 and adopted by the Royal Institute of Chartered Surveyors in its Red Book. The resulting revaluations were considered by the internal valuer and it was not considered appropriate to commission any further valuations.

Valuation Summary (excluding JCO's)

	Land & Buildings £000	Plant Vehicles & Equipment £000	Investment Properties £000	Assets Held for Sale £000	Total £000	PFI Assets Included £000
Historical Cost	5	9,546	0	0	9,551	0
Fair Value						
01 April 2007	0	0	0	18	18	0
01 April 2009	4,035	0	0	0	4,035	1,591
01 April 2010	77	0	0	0	77	0
01 April 2011	12,086	0	0	82	12,168	0
01 April 2012	12,433	0	180	1,080	13,693	0
01 April 2013	4,879	0	170	911	5,960	0
Total Valuation	33,515	9,546	350	2,091	45,502	1,591

5.4 Investment Properties

Income is received on investment properties (telecoms masts) from Cell C.M., which also undertakes the maintenance and repair of the telecoms masts. These costs are not identified separately in the Statement of Accounts and are included within the management charge. Investment income received during the year is shown net of this management charge. The investment income was £0.238m in 2013-2014 (£0.181m 2012-2013).

5.5 Intangible Assets

Software (including purchased licences) is classified as an intangible asset. This is because the software is not an integral part of a particular IT item. All software is amortised on a straight-line basis over a finite useful life of 7 years. The amortisation of £0.2m in 2013-2014 was a revenue expense. Movements are summarised in the table below:

2012-13 £000		2013-14 £000
821	Balance 1 April	743
2,657	Gross Carrying amounts	2,920
-1,836	Accumulated amortisation	-2,176
	Additions:	
263	Purchases	382
-341	Amortisation for the period	-229
743	Net Carrying amount 31 March	897
2,920	Gross carrying amounts	3,302
-2,179	Accumulated amortisation	-2,405
741	Total Commissioner	897
2	JCO's	0
743	Total	897

5.6 Capital Expenditure and Capital Financing

The total amount of capital expenditure, including PFI and finance leases and sources of finance are shown in the table below, it shows cumulatively capital expenditure which is to be financed in future years by charges to revenue.

2012-13 £000		2013-14 £000
47,993	Opening Capital Financing Requirement	49,226
	Capital investment	
5,190	Property, Plant and Equipment	9,324
263	Intangible Assets	382
	Sources of finance	
0	Capital Receipts	-1,922
-2,261	Government grants and other contributions	-1,993
-1,959	Sums set aside from revenue - MRP	-2,212
0	Sums set aside from revenue - Direct Revenue Financing	-49
49,226	Closing Capital Financing Requirement	52,756
1,233	Movement in the year - analysed as follows	3,530
2,929	Increase in underlying need to borrowing	3,862
-1,959	Minimum Revenue Provision	-2,212
263	Assets acquired under finance leases	1,880
1,233	Increase / decrease (-) in Capital Financing Requirement	3,530

6 Current Assets

6.1 Short Term Investments

Following a review of cash and cash equivalents, £14.3m has been reclassified from short term investments to cash and cash equivalents. As this was a material amount this involved restating prior year comparators, where relevant.

31 Mar 13 £000	Restated 31 Mar 13 £000		31 Mar 14 £000
3,000	0	Bank Call Accounts	0
4,000	0	Bank Short Term Fixed Accounts	0
2,000	2,000	Worthing Borough Council	2,000
7,300	0	Money Market Funds	0
16,300	2,000		2,000

6.2 Inventories

2012-13 £000		2013-14 £000
	Movement during the year	
720	Balance at 1 April	622
1,650	Purchases	659
-1,748	Recognised as an expense in the year	-959
0	Written off balances	-7
622	Balance at 31 March	315
	Analysed as follows;	
56	Petrol	49
172	Diesel	133
394	Clothing	133
622	Balance at 31 March	315

6.3 Debtors

31 Mar 2013 £000		31 Mar 2014 £000
14,565	Central Government Bodies	13,402
1,608	Other Local Authorities	2,883
1,636	Council Tax	1,668
4,403	Other Entities and Individuals	2,453
22,212	Total Commissioner	20,406
719	JCO's	840
22,931	Total	21,247

A bad debt provision of £0.110m is provided against specific debts considered to be irrecoverable (£0.092m at 31 March 2013). A provision of £2.748m is held against Council Tax arrears of £4.416m at 31 March 2014. This level of provision has been assessed by the Council Tax Billing Authorities (Provision of £2.488m against arrears of £4.089m at 31 March 2013).

7 Current Liabilities

7.1 Short Term Borrowing

The Market Loan of £3.5m was taken out with Danske Bank in May 2006 for 60 years. Since May 2011 it has featured a break clause every 6 months (Lenders Option, Borrowers Option LOBO). This option has not yet been used. The CIPFA Treasury Management Code categorises this as a short term liability.

31 Mar 2013 £000		31 Mar 2014 £000
-3,500	Market Loans	-3,500
-4,225	PWLB	-1,636
0	Short Term Loans	-2,500
-7,725		-7,636

7.2 Creditors

31 Mar 2013 £000		31 Mar 2014 £000
-3,710	Central Government Bodies	-4,600
-2,040	Other Local Authorities	-4,563
-10,775	Other Entities and Individuals	-8,960
-942	JCO's	-524
-17,467	Total Commissioner	-18,647
-5,583	Other Entities and Individuals - Chief Constable	-5,578
-23,050	Total for Group	-24,225

7.3 Provisions

Liability claims are generally paid out within 1 to 3 years. It is expected that the majority will be utilised within a year and has all been classified as short-term. A new provision was set up this year expected to be spent during the forthcoming year relating to medical retirements.

	EL & PL Claims £000	MV Liability Claims £000	Legal Expenses £000	Dilapidation £000	Medical Retirement £000	Total £000
Balance 31 March 2013	-1,666	-588	-190	-202	0	-2,646
Provisions made	-1,004	-325	0	0	-616	-1,945
Amounts Used	569	280	140	6	0	995
Balance 31 March 2014	-2,101	-633	-50	-196	-616	-3,596

8 Long Term Liabilities

8.1 Long Term Borrowing

All longer term borrowing of £24.1m was with the PWLB (£28.0m 2012-2013).

8.2 Other Long Term Liabilities

2012-13 £000		2013-14 £000
-596	Finance Leases	-1,445
-1,762	PFI Liability	-1,762
-2,358		-3,207

9 Contingent Assets

The Commissioner had no contingent assets as at 31 March 2014.

10 Contingent Liabilities

The following contingent liability has been identified:

- The Commissioner is currently appealing the decision of the London Central Employment Tribunal that the use of Regulation A19 of the Police Pensions Regulations 1987 was disproportionate. Counsel advised that prospects of success in the appeal are good. Counsel has also advised in relation to the potential financial exposure should the appeal, ultimately, prove to be unsuccessful. This was not possible to evaluate with any certainty as it would depend on the individual circumstances of the officers involved.

At the end of 2012-2013 there were two contingent liabilities reported for potential breaches of Information Commissioner rules. Both issues have now been settled without financial penalties.

11 Collection Fund Adjustment Account

This account absorbs the difference between the recognition of council tax income in the CIES as it falls due from the council tax payers compared to the statutory arrangements, which pays across amounts from the Collection Fund. The figures included in these accounts represent the proportion of balances relating to Local Authorities relating to Nottinghamshire Police as preceptor.

2012-13 £000		2013-14 £000
-13	Balance 1 April 2012	-196
-183	Difference between the CIES and statutory arrangements	-460
-196	Balance 31 March 2013	-656

12 Cash Flow

The net cash flows from operating activities include interest paid of £1.921m (£2.164m 2012-2013) and interest received of £0.191m (£0.187m 2012-2013).

13 Jointly Controlled Operations (JCOs)

The Group participates in collaborative arrangements with Leicestershire, Derbyshire, Lincolnshire and Northamptonshire. The police officers involved are seconded from the individual forces and all costs are borne in agreed proportions. Not all of the Collaborations include all 5 forces. Further details are included in point 12 of the Explanatory Foreword. The following tables relate to Nottinghamshire's share only.

13.1 Comprehensive Income & Expenditure Statement Jointly Controlled Operations

2012-13 £000		2013-14 £000
5,120	Employees	5,137
285	Premises	141
253	Transport	276
852	Supplies and services	893
82	Capital Charges	1,004
6,592	Gross Operating Expenditure	7,451
-131	Other Income	-797
6,461	Amount to be met from Partners	6,654
-6,082	Contributions from Partners	-6,177
-479	External Grants	-2,400
-100	Surplus (-) / Deficit for the year	-1,923
-100	Total Comprehensive Income and Expenditure	-1,923

13.2 Balance Sheet Jointly Controlled Operations

2012-13 £000		2013-14 £000
322	Property, Plant & Equipment	1,522
0	Assets under Construction	58
2	Intangible Assets	0
324	Long Term Assets	1,580
719	Short Term Debtors	694
569	Cash and Cash Equivalents	927
1,288	Current Assets	1,621
-85	Employee Benefits	-90
-942	Short Term Creditors	-603
-1,027	Current Liabilities	-693
585	Net Assets	2,508
-74	General Fund	-74
-272	Earmarked Reserves	-948
-239	Unusable Reserves	-1,486
-585	Total Reserves	-2,508

13.3 Movement In Reserves Jointly Controlled Operations

2012-2013				2013-2014			
Total General Fund	Earmarked Reserves	Total Unusable Reserves	Total all JCO Reserves	Total General Fund	Earmarked Reserves	Total Unusable Reserves	Total all JCO Reserves
£000	£000	£000	£000	£000	£000	£000	£000
-84	-259	-142	-485	-74	-272	-239	-585
-100	0	0	-100	-1,923	0	0	-1,923
0	0	0	0	0	0	0	0
-100	0	0	-100	-1,923	0	0	-1,923
Adjustments between accounting & funding basis							
-82	0	82	0	-112	0	112	0
-1	0	1	0	-2	0	2	0
0	0	0	0	2,076	0	-2,076	0
-48	0	48	0	-9	0	9	0
Insertion of items not charged to the CIES							
228	0	-228	0	186	0	-186	0
Capital expenditure charged against the General Fund							
Revaluation of non-current assets							
Net increase / Decrease (-) before transfers to Earmarked Reserves							
-3	0	-97	-100	-677	0	-1,247	-1,923
13	-13	0	0	677	-677	0	0
10	-13	-97	-100	0	-677	-1,247	-1,923
-74	-272	-239	-585	-74	-949	-1,486	-2,508
Balance at year end							

14 Proceeds of Crime Act and Police Property Act

Proceeds of Crime Act 2002 and The Police Property Act 1997 (as amended by the Serious Crime Act 2005 and the Serious Crime Act 2007) covers monies received from the confiscation or sale of property which has come into their possession in connection with a criminal charge to be set aside. Once judgement is made monies are either, paid over to the State, repaid to the individual or made available for the Commissioner to use on specific purposes. At 31 March 2014 cash totalling £0.691m was held in the Commissioner's bank account (£0.604m at 31 March 2013).

15 External Audit Costs

KPMG are the external auditor to the Commissioner and Group. The additional work costing £5k related to workshops provided.

	2012-13 £000	2013-14 £000
The Commissioner	52	47
The Chief Constable	20	20
Group	72	67
Additional work	1	5
Total fees payable by the group	73	72

16 Defined Benefit Pension Schemes

The Group makes contributions towards the cost of separate pension schemes for Officers and Staff. Benefits are paid on retirement, but future commitments are recognised.

The Local Government Pension Scheme (LGPS) for police staff is administered by Nottinghamshire County Council. This is a funded defined benefit final salary scheme. From 1 April 2014 the scheme moves to a career average scheme. Both the Commissioner and employees pay contributions into a fund, at a level set to balance the pension's liabilities with investment assets. The scheme has been assessed by Barnett Waddingham, Public Sector Consulting. Estimates are based on the last full valuation of the scheme as at 31 March 2013. The next full valuation of this scheme will be March 2016 for the financial year 2017 – 2018. This scheme includes both staff working for the Chief Constable entity and to a lesser extent the staff who work for the Commissioner. It was not practical or economical to obtain separate actuary reports for the two entities. As a reasonable estimate the relevant information was calculated on a prorata basis to scheme participants in the year.

Police officer pension schemes are unfunded defined benefit final salary schemes. Contributions from officers are paid into the fund and pension payments are met from the fund. Any surplus or deficit is either paid to or recovered from Central Government. Employee's and employer's contribution levels are based on percentages of pensionable pay set nationally by the Home Office and subject to triennial revaluation by the Government Actuary's Department. The figures are based on the latest full valuation of the scheme as at 31 March 2012, with updates to 31 March 2014, particularly for additional service accrued and known pension and salary increases. The next full valuation of the scheme will be 2014-2015. The Pension Fund account is a core statement. The fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end.

16.1 The principal assumptions used by the Actuaries

Liabilities have been assessed on an actual basis using the projected unit credit method, an estimate of future pension payments. This depends on assumptions about mortality rates, salary levels etc. The long term expected rate of return on scheme assets is not required following amendments to IAS 19 Employee Benefits (June 2011 amendments).

	Staff Pension Scheme		Officer Pension Scheme	
	2012-13	2013-14	2012-13	2013-14
Mortality assumptions				
Longevity at 65 retiring today				
Men	18.7 yrs	22.1 yrs	23.4 yrs	23.4 yrs
Women	22.8 yrs	25.0 yrs	25.8 yrs	25.9 yrs
Longevity at 65 retiring in 20 years				
Men	20.7 yrs	24.1 yrs	25.7 yrs	25.6 yrs
Women	24.6 yrs	27.4 yrs	27.9 yrs	28.0 yrs
Rate of inflation				
RPI Increases	3.40%	3.70%	3.70%	3.65%
CPI Increases	2.60%	2.90%	2.50%	2.50%
Rate of increase in salaries	4.80%	4.70%	4.75%	4.50%
Rate of increase in pensions	2.60%	2.90%	2.50%	2.50%
Rate for discounting scheme liabilities	4.70%	4.50%	4.30%	4.40%

The actuaries for the Police Officer scheme advised that the net pension liability had decreased by £21.3m, from £2,098.7m 31 March 2013 to £2,077.3m 31 March 2014. As there are very few corporate bonds in the market with a sufficiently long duration the discount rate assumption has been increased from 4.30% pa last year to 4.40% pa this year. This rise in the discount rate, when compounded over the typically long duration of a pension scheme, causes a significant change in the value of the liabilities. Other changes in financial and demographic assumptions have had a minor impact.

16.2 The Local Government Pension Scheme Assets

Assets at Bid Value	31 Mar 2013	31 Mar 2013	31 Mar 2014	31 Mar 2014
	£000's	%	£000's	%
Equity Investments	102,601	73.0	113,009	73.0
Gilts	9,838	7.0	12,385	8.0
Other Bonds	8,433	6.0	7,740	5.0
Property	16,866	12.0	17,029	11.0
Cash	2,811	2.0	4,644	3.0
	140,549	100.0	154,807	100.0

16.3 Scheme History

	2009-10 £000	2010-11 £000	2011-12 £000	2012-13 £000	2013-14 £000
Present Value of Liabilities					
Local Government Pension Scheme	-178,589	-150,153	-189,364	-205,310	-230,305
Discretionary benefits	-1,709,070	-1,580,100	-1,691,190	-2,098,660	-2,077,290
Fair value of assets in the Local Government Pension Scheme	98,648	113,116	118,899	140,549	154,807
Surplus / deficit (-) on the scheme	-1,789,011	-1,617,137	-1,761,655	-2,163,421	-2,152,788
Local Government Pension Scheme	-79,941	-37,037	-70,465	-64,761	-75,498
Discretionary benefits	-1,709,070	-1,580,100	-1,691,190	-2,098,660	-2,077,290
Total	-1,789,011	-1,617,137	-1,761,655	-2,163,421	-2,152,788

The liabilities show the underlying commitments that the Group will eventually have for retirement benefits. The total liability of £2,152.8m has a substantial impact on the net worth of the Balance Sheet. Statutory accounting arrangements to fund the deficit neutralise this.

The deficit on the local government scheme will be recovered by increased monetary contributions in the next three years until financial year 2016-2017 based on an actuarial valuation report as at 31 March, in line with the remaining working life of employees (i.e. before payments fall due). Finance is only required when the pensions are actually paid.

The total contributions expected to be made to the Staff Pension Scheme and the Police Officer Pension Scheme in the year ending 31 March 2015 are £5.5m and £19.2m respectively.

16.4 Pensions Liability and Sensitivity

The sensitivity of the pension liabilities as provided by the actuaries are:

	£000
For the Staff Pension Scheme	
+ 0.1% change to the discount rate would reduce the pension liability by	-4,709
- 0.1% change to the discount rate would increase the pension liability by	4,812
For the Police Pension Schemes	
+0.5% change to the discount rate would reduce the pension liability by	-155,797
-0.5% change to the discount rate would increase the pension liability by	155,797

16.5 Transactions Relating to Pension Benefits

The pension transactions are prepared in accordance with IAS 19 published in June 2011 and apply to accounting periods beginning on or after 1 January 2013. The standard requires that the cost of pensions is recognised in the cost of services when they are earned by employees, rather than when eventually paid as pensions. The charge required against Council Tax is based on the cash payable in the year. The true cost of employer retirement benefits is reversed out in the MIRS.

The revised standard has the following changes:

- Removal of expected return on assets to be replaced by net interest cost comprising interest on the assets and interest expense on the liabilities, both calculated on discount rate
- Current service cost is now known as service cost, this includes the current service cost plus 'past service cost' plus any 'curtailments' plus any 'settlements'
- Administration costs are charged to CIES, previously the charge was deducted on the actual and expected returns on assets
- Deferral of actuarial gains and losses will no longer be permitted and deficit (or surplus) will be recognised in full on the balance sheet (subject to restrictions imposed by IFRIC 14)

The result of this change has required further analysis and a restatement of figures for 2012-2013. This is included in the following table:

16.6 Transactions relating to pension benefits

	Staff Pension			Police Officer Pension			Total		
	2012-13 £000	2012-13 Restated £000	2013-14 £000	2012-13 £000	2012-13 Restated £000	2013-14 £000	2012-13 £000	2012-13 Restated £000	2013-14 £000
CIES									
Cost of services									
Service Costs	0	9,492	10,002	0	34,970	44,470	0	44,462	54,472
Current service cost	9,215	0	0	34,860	0	0	44,075	0	0
Past service costs	0	0	0	110	0	0	110	0	0
Settlements and curtailments	277	0	0	0	0	0	277	0	0
Financing & Investment Transactions									
Interest cost	8,665	8,665	9,604	82,580	82,580	0	91,245	91,245	9,604
Expected return on scheme assets	-6,885	0	0	0	0	0	-6,885	0	0
Interest on Assets	0	-5,538	-6,681	0	0	0	0	-5,538	-6,681
Return on Assets less interest	0	-13,103	-1,945	0	0	0	0	-13,103	-1,945
Administration Costs	0	12	10	0	0	0	0	12	10
Net Interest on the defined liability (asset)	0	0	0	0	0	90,180	0	0	90,180
Increase in income 2013/14									
Pension Cost adjustment in Accordance with IAS 19	11,272	-472	10,990	117,550	117,550	134,650	128,822	117,078	145,640
Other Pension Benefit charged to the CIES									
Experience (loss)/gain on defined benefit obligation	0	0	-15,826	0	-28,270	-44,140	0	-28,270	-59,966
Actuarial gains (-) and losses	-11,694	0	-2,413	336,860	0	0	325,166	0	-2,413
Change in Financial Assumptions	0	50	17,705	0	-308,590	-64,690	0	-308,540	-46,985
Change in demographic obligation	0	0	5,569	0	0	0	0	0	5,569
Other comprehensive CIES gains/losses	-11,694	50	5,035	336,860	-336,860	-108,830	325,166	-336,810	-103,795
Movement in Reserve Statement									
Reversal of net charges to Provision of Services	-11,272	472	-10,990	-117,550	-117,550	-134,650	-128,822	-117,078	-145,640
Amount charged to the General Fund									
Employers' contributions payable to scheme	5,282	5,282	5,288	0	0	0	5,282	5,282	5,288
Retirements benefits payable to pensioners	0	0	0	46,940	46,940	47,190	46,940	46,940	47,190
Employers' contributions to Scheme	5,282	5,282	5,288	46,940	46,940	47,190	52,222	52,222	52,478

16.7 Assets and Liabilities in Relation to Post-Employment Benefits

Reconciliation of present value of the scheme liabilities 2013-14 (defined benefit obligation)	Local Government Pension Scheme Staff		Police Pension Schemes Officers		Total	
	2012-13 £000	2013-14 £000	2012-13 £000	2013-14 £000	2012-13 £000	2013-14 £000
Opening Balance at 1 April	-189,364	-205,310	-1,691,190	-2,098,660	-1,880,554	-2,303,970
Current service Cost	-9,215	-9,929	-34,860	-44,470	-44,075	-54,399
Interest Cost	-8,665	-9,603	-82,580	-90,180	-91,245	-99,783
Contributions by scheme participants	-2,240	-2,451	-9,510	-10,170	-11,750	-12,621
Actuarial gains and losses	-50	0	0	0	-50	0
Experience gain/loss on pension liabilities	0	0	-28,270	44,140	-28,270	44,140
Financial & Demographic assumption changes	0	-23,274	-308,590	64,690	-308,590	41,416
Experience loss/(-gain) defined benefit obligation	0	15,826	0	0	0	15,826
Benefits paid	4,501	4,509	56,450	57,360	60,951	61,869
Past service costs	0	0	-110	0	-110	0
Curtailments	-277	-73	0	0	-277	-73
Closing Balance at 31 March	-205,310	-230,305	-2,098,660	-2,077,290	-2,303,970	-2,307,595

Reconciliation of fair value of the scheme assets	Local Government Pension Scheme		
	2012-13 £000	Restated 2012-13 £000	2013-14 £000
Opening Balance at 1 April	118,899	118,899	140,549
Expected return on scheme assets	6,885	0	0
Interest on Assets	0	5,538	6,681
Return on Asset less interest	0	13,103	1,945
Actuarial gains and losses	11,744	0	2,413
Employers contributions	5,282	5,282	5,288
Contributions by scheme participants	2,240	2,240	2,451
Benefits paid	-4,501	-4,501	-4,510
Administration Expenses	0	-12	-10
Closing Balance at 31 March	140,549	140,549	154,807

The expected return on scheme assets is determined by considering the expected returns available on the assets with the current investment policy.

- Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date
- Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets

The actual return on scheme assets in the year was £8.6m (2012-2013, £18.6m).

16.8 Pension Net Assets Statement

2012-13 £000		2013-14 £000
	Discretionary Benefits - Police Officers	
3,740	Debtors - Pensions paid in advance	3,917
-3,740	Other Current Assets	-3,917
0		0

17 Financial Instruments Commissioner & Group

17.1 Gains and Losses

2012-13				2013-14		
Financial Liabilities amortised cost £000	Financial Assets Loans & receivables £000	Total £000		Financial Liabilities amortised cost £000	Financial Assets Loans & receivables £000	Total £000
2,164	0	2,164	Total interest expense in CIES	1,921	0	1,921
0	-187	-187	Total interest income in CIES	0	-191	-191
2,164	-187	1,977	Net Gain / Loss (-) for the year	1,921	-191	1,730

17.2 Nature and Extent of Risks arising from Financial Instruments

The Commissioner is exposed to a variety of financial risks:

- Credit Risk - the possibility that the amounts due may not be received
- Liquidity Risk - the possibility that insufficient funds are available to meet expenditure commitments
- Market Risk - the possibility that financial loss might arise from changes in such as interest rates or stock market movements

The Treasury Management Strategy (incorporating the Annual Investment Strategy) focuses on mitigating the risk of the unpredictability of financial markets, in order to protect against loss of money. It includes policies on the risks above.

Credit Risk

Credit risk arises from investments and credit exposures to customers. The risk is minimised through the Annual Investment Strategy. This requires that deposits are only made with financial institutions meeting identified minimum credit criteria, as laid down by Fitch, Moody's and Standard and Poor's Rating Services. Maximum investment limits and durations are also specified which reduces credit risk.

The maximum exposure to credit risk for investments during the year was £42m. This was placed within the criteria of the strategy with high quality counterparties. It is rare for such entities not to meet their commitments. There was no evidence at 31 March 2014 that this was likely to happen with any of the investments outstanding or with cash equivalents.

Customers owed £1.95m at year end (£2.2m in 2012-2013). An allowance is set aside for debts to mitigate the effect of default. This was £0.11m (£0.1m in 2012-2013).

31 Mar 2013 £000		31 Mar 2014 £000
2,044	Less than three months	1,718
80	Three to six months	83
37	Six to twelve months	70
56	More than twelve months	76
2,217		1,947

Liquidity Risk

Cash flow management ensures that cash is available as needed. For unexpected events, there is ready access to borrowings from the money markets and the PWLB, and there is no significant risk of being unable to raise the required finance. There is a risk of having to replace a significant proportion of borrowing at a time of unfavourable interest rates. The Treasury Management Strategy limits the proportion of borrowing maturity during specified periods to minimise this risk. The strategy specifies the following upper and lower limits:

	Lower Limit	Upper limit
Less than one year	0%	30%
Between one and two years	0%	40%
Between two and five years	0%	50%
More than five years	0%	70%
More than ten years	0%	100%

The maturity analysis of financial liabilities is shown as follows:

31 Mar 2013 £000	31 Mar 2013 Total %		31 Mar 2014 £000	31 Mar 2014 Total %
7,725	21.6%	Less than one year	7,636	23.5%
1,399	3.9%	Between one and two years	1,249	4.0%
10,948	30.6%	Between two and five years	7,883	25.1%
6,833	19.2%	Between five and ten years	6,336	20.1%
8,836	24.7%	More than ten years	8,585	27.3%
35,741	100.0%		31,689	100.0%
		Summarised as follows		
7,725	21.6%	Due in less than one year	7,636	23.5%
28,016	78.4%	Due in more than one year	24,053	76.5%
35,741	100.0%		31,689	100.0%

All trade and other payables are due within one year.

Interest Rate Risk

There is a risk from exposure to interest rate movements on borrowings and investments. Borrowings are not carried out at fair value, so nominal gains and losses on fixed rate borrowings do not impact on the CIES. A rise in interest rates would have the following effects:

- Borrowing at variable rates - the interest charged to the CIES will rise.
- Borrowings at fixed rates - the fair value of the liabilities borrowings will fall.
- Investments at variable rates - the interest credited to the CIES will rise.
- Investments at fixed rates - the fair value of the assets will fall.

The Treasury Management Strategy sets a maximum of 50% of borrowings to be held as variable rate loans to mitigate interest rate risk. There was no temporary borrowing at 31 March 2014. The borrowing portfolio is reviewed quarterly for opportunities to refinance. £5m long term borrowing was repaid to the PWLB prematurely and replaced with short term borrowing, which was advantageous. During the year no new long term borrowings took place.

Price Risk

Investments are not held as equity shares, and therefore there is no exposure to losses arising from movements in the prices of the shares.

Foreign Exchange Risk

Investments are not held in foreign currencies and therefore there is no exposure to loss arising from movements in exchange rates.

17.3 Fair Values of Assets and Liabilities

Financial liabilities and financial assets represented by loans and receivables, and long term debtors and creditors are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions;

- Interest rates paid during 2013-2014 ranged between 1.59% and 8% for PWLB loans and 3.73% on the market loan. Interest rates received ranged from 0.34% to 1.2%
- No early repayment or impairment is recognised
- For instruments maturing in the next year, the carrying amount is assumed to be fair value
- The fair value of trade and other receivables is taken to be the invoiced or billed amount

The fair value of the liabilities is higher than the carrying amount because the loans include a number of fixed rate loans with the PWLB with an interest rate payable, higher than the prevailing rates at the Balance Sheet date. This shows a notional future loss as there is a commitment to pay the PWLB a rate above current market rates. The restatement relates to certain types of creditors which have been assessed not to be financial instruments.

	31 March 2013		Restated 31 March 2013		31 March 2014	
	Carrying amount £000	Fair value £000	Carrying amount £000	Fair value £000	Carrying amount £000	Fair value £000
Financial Liabilities	-35,741	-39,703	-35,741	-39,703	-31,689	-33,611
PFI & Finance Lease Liabs'	-2,358	-2,358	-2,666	-2,666	-3,818	-3,818
Receipts in Advance	-315	-315	-315	-315	-180	-180
Overdraft	0	0	-1,048	-1,048	-1,097	-1,097
Creditors	-23,050	-23,050	-16,557	-16,557	-17,356	-17,356
	-61,464	-65,426	-56,327	-60,289	-54,140	-56,062

The fair value of assets is the year end carrying value, being either variable rate instruments or short term. Long Term Debtors are car loans to staff, which are now minimal.

	31 March 2013		31 March 2014	
	Carrying amount £000	Fair value £000	Carrying amount £000	Fair value £000
Loans and Receivables	39,276	39,276	36,853	36,853
Long Term Debtors	11	11	4	4
	39,287	39,287	36,857	36,857

18 Amounts reported for resource allocation decisions

18.1 The income and expenditure as recorded in the budget management reports

Segmental Income & Expenditure (core funded only)	Local Policing	Specialist Services	Corporate Services	Chief Constable Subtotal	PCC (Note 5)	Group Total	Notes
2013-14	£m	£m	£m	£m	£m	£m	
Total Income	-0.8	-1.8	-3.7	-6.3	-0.4	-6.7	1
Employee expenses	94.5	46.5	16.6	157.7	0.7	158.4	2
Other service expenses	8.7	15.5	14.9	39.2	4.1	43.3	3
Capital Financing	0.0	0.0	3.5	3.5	0.0	3.5	4
Total Expenditure	103.3	62.0	35.1	200.4	4.8	205.2	
Net Expenditure	102.5	60.2	31.4	194.1	4.4	198.5	
2012-13							
Total Income	-6.1	-1.4	-3.4	-10.9	-0.2	-11.1	
Employee expenses	99.3	41.0	17.5	157.8	0.7	158.5	
Other service expenses	8.5	15.2	13.5	37.2	0.6	37.8	
Capital Financing	0.0	0.0	3.2	3.2	0.0	3.2	
Total Expenditure	107.8	56.2	35.3	198.2	1.3	199.5	
Net Expenditure	101.7	54.8	31.9	187.3	1.1	188.4	

Notes:

- 1 - The decrease in income year on year largely reflects the transfer of the Police Community Support Officer grant in Local Policing, which was £5.5m in 2012-2013 to main stream funding.
- 2 - The decrease year on year is largely due to staff vacancies held throughout the year and transfer of the cleaning to a contractor. There were a number of departments such as Intelligence and Integrated Offender Management which transferred from Local Policing to Specialist Services during 2013-2014.
- 3 - The increase year on year reflects additional regional collaboration contributions for activities/services undertaken during 2013-2014, both new and full year impacts. These activities/services include legal, learning & development, occupational health services and East Midlands serious & organised crime function; increased numbers of officers leaving on medical retirements; insurance; and costs such as uniforms due to the force's commitment to recruiting new officers and Police Community Support Officers.
- 4 - The increase in expenditure year on year reflects higher interest payments and an increased minimum revenue provision (MRP) charge reflecting the capital spend from 2012-2013.
- 5 - The increase year on year reflects £3.6m spend on the community engagement projects in 2013-2014.

The analysis of Income and Expenditure in the CIES is in accordance with the Best Value Accounting Code of Practice as modified by the Police Objective Analysis. Decisions about resource allocation are taken by the Commissioner and Force on the basis of budget reports analysed across directorates. Budget management reports differ from the CIES in that they do not include the statutory accounting adjustments, which do not impact upon the precept required to be levied. The main differences include:

- The impact of capital expenditure - Commissioner only
- The treatment of pension cash flows - Commissioner and Chief Constable
- The impact of accrued emoluments - Commissioner and Chief Constable
- The impact of PFI and Finance Leases - Commissioner only
- Adjustments relating to external bodies and JCO's

18.2 Reconciliation of the budget management reports to the CIES

2012-2013 £ million	Reported for decision making in the budget management reports reconciled to the CIES	2013-2014 £ million
199.3	Expenditure	204.8
-10.9	Income	-6.3
188.4	Net	198.5
	Items excluded from budgeting reports	
-2.2	Ear marked grants reserve	0.0
-0.2	Other than Found Property income	0.0
	Items related to External Bodies	
-0.1	JCO's Net Cost of Services	0.6
-0.2	Collection Fund adjustment	-0.5
	Included for budgeting purposes but not in Provision of Services	
-2.0	Minimum Revenue Provision - Chief Constable	-2.2
-0.1	Transfers from reserves - Chief Constable	0.2
0.0	Income for capital Finance - Chief Constable	0.1
-1.2	Interest Payable - Chief Constable	-1.3
0.2	Interest Receivable - Chief Constable	0.2
-0.7	Levies to National Police Services - Chief Constable	-0.8
	Excluded for budgeting purposes but included Provision of Services - Valuation adjustments	
-1.3	Adjustments relating to Finance leases / PFI - Commissioner	-1.3
12.1	Adjustments relating to Capital Financing - Commissioner	8.3
15.9	Adjustments relating to Pensions - Chief Constable	26.2
0.2	Adjustments relating to Pensions - Commissioner	0.3
0.4	Adjustments relating to Accumulated Absences - Chief Constable	0.0
0.0	Adjustments relating to Accumulated Absences - Commissioner	0.0
209.2	Cost of Services	228.2
1.1	Other Operating Expenditure - Commissioner	0.9
86.3	Financing & Investment Income and Expenditure - Commissioner	92.9
-217.7	Taxation & Non-specific Grant Income - Commissioner	-228.2
78.9		93.8

19 The Commissioner as Lessee

Leases are classified according to the conditions of IAS 17. Lease payments are made for land, buildings, vehicles and equipment.

Part of the efficiency plan is to reduce the cost of our estates and ensure our officers can work from premises that are more accessible to the community they serve. As a result of this, a number of arrangements have been entered into with our partners to share facilities for which a fixed term rental payment is made, for example sharing council offices.

There is a contract for multifunctional copying devices which expires in 2015. A number of machines that had previously been classed as finance leases have been replaced with machines, which fall below our de-minimis limit for treatment as a finance lease.

A significant number of vehicles were above the de-minimis for treatment as a finance lease and have been added to the Balance Sheet.

19.1 Finance Leases

Vehicles acquired under the PFI Scheme and some equipment are classified as finance leases in the Balance Sheet as Property, Plant & Equipment. The net value was £1.88m as at 31 March 2014 (£0.81m 31 March 2013). There is a commitment to make payments under these leases comprising settlement of the long-term liability for the interest in the property, and finance costs. The minimum lease payments exclude values that are contingent on events such as subsequent rent reviews. Currently there are no such events.

	Finance Lease Liabilities Gross		Finance Lease Liabilities Net	
	31 Mar 2013 £000	31 Mar 2014 £000	31 Mar 2013 £000	31 Mar 2014 £000
No later than one year	350	673	308	611
Later than one year and up to five years	635	1,462	568	1,365
Later than five years	30	83	28	69
	1,016	2,218	904	2,045
Future finance charges on finance leases			111	161
Present Value of lease obligations			904	2,057
			1,016	2,218

19.2 Operating Leases

Some vehicles and equipment were acquired under operating leases. Rental payments in 2013-2014 were £0.859m (£0.729m in 2012-2013). The outstanding commitments are:

	31 Mar 2013 £000	31 Mar 2014 £000
No later than one year	805	747
Later than one year and not later then 5 years	2,037	1,878
Later than 5 years	1,288	1,192
	4,130	3,817

19.3 Private Finance Initiatives (PFI)

Two PFI agreements have been entered into with some common features:

- The Group has the sole right to use the PFI assets over the period of the agreement.
- Both PFI providers have to ensure that the assets are maintained and available for use.
- The Commissioner has no right to ownership of the assets at the end of the agreements.

Building PFI Scheme

The 25 year PFI contract with Miven, runs until 2026-2027. The capital value of this scheme is £6.6m. £1.0m was paid in 2013-2014 (£1.0m in 2012-2013). Future payments are linked to retail price index inflation but are otherwise fixed, except reductions for poor contractor performance. Specific government grant of £0.59m was received (£0.59m in 2012-2013).

Riverside Accomodation Future PFI Payments	Services £000	Capital £000	Total £000
2014-2015	467	543	1,010
2016-2017 to 2019-2020	2,334	2,714	5,048
2020-2021 to 2024-2025	2,334	2,714	5,048
2025-2026 to 2026-2027	852	995	1,847
	5,987	6,966	12,953

Vehicle PFI Scheme

The 25 year PFI contract for the provision of an agreed number of vehicles runs until 2026-2027. The estimated capital value of this scheme is £14.8m. The amount paid in 2013-2014 was £3.1m (£3.2m in 2012-2013). Future payments are linked to inflation increases. Grant of £1.3m was received in 2013-2014 (£1.3m in 2012-2013). IAS17 classifies this arrangement as a finance lease. The future liability for the resultant finance lease payments is shown in note 19.1. Contractual PFI obligation is included within this note.

20 Members Allowances

The Commissioner paid £0.004m to the members of the Audit and Scrutiny Panel in allowances and expenses. This was the first full year of this Panel. (£0.155m 2012-2013 included expenses relating to the Police Authority). The purpose of the Audit and Scrutiny Panel is to advise the Commissioner and Chief Constable on matters relating to external or internal audit work. They also perform scrutiny relating to The Commissioner's wider role.

21 Officer Emoluments

21.1 Employees earning over £50,000

All employees receiving over £50,000 remuneration for the year are shown in the following table excluding, senior officers reported in 21.2 and employers pension contributions. This includes 3 above the rank of Superintendent (4 in 2012-2013).

2012-13 No of employees	Remuneration Band	2013-14 No of employees
115	£50,000 - £54,999	132
71	£55,000 - £59,999	63
10	£60,000 - £64,999	13
2	£65,000 - £69,999	7
6	£70,000 - £74,999	4
17	£75,000 - £79,999	14
2	£80,000 - £84,999	0
1	£85,000 - £89,999	3
1	£90,000 - £94,999	0
225		236

21.2 Senior Officers Remuneration

	Note	Salary £	Benefits in Kind (Note 7) £	Other Payments (Note 8) £	Sub Total £	Employers Pension Contrib' £	Total inc Pension Contrib' £
Police & Crime Commissioner		75,000	0	0	75,000	10,466	85,466
Deputy Police & Crime Commissioner		36,210	37	0	36,247	5,142	41,389
Chief Finance Officer to the Police & Crime Commissioner		80,988	0	0	80,988	11,500	92,488
Chief Executive to the Police & Crime Commissioner		87,500	215	0	87,715	12,425	100,140
Total Police & Crime Commissioner		279,698	252	0	279,950	39,533	319,483
Chief Constable (Chris Eyre)		142,973	6,292	3,554	152,819	34,599	187,418
Deputy Chief Constable (A)	1	23,719	1,119	5,812	30,650	5,740	36,390
Deputy Chief Constable (B)	2	94,170	9,177	6,096	109,443	22,789	132,232
Assistant Chief Constable - Crime, Justice & Protective Services							
Assistant Chief Constable (C)	3	82,275	6,900	3,000	92,175	17,822	109,997
Assistant Chief Constable (D)	4	21,876	0	1,171	23,047	5,294	28,341
Assistant Chief Constable - Local Policing							
Assistant Chief Constable (E)	5	78,716	3,753	2,873	85,342	18,912	104,254
Assistant Chief Constable (F)	6	21,464	112	1,551	23,127	5,194	28,321
Assistant Chief Officer - Resources		102,828	6,111	0	108,939	14,601	123,540
Total Chief Constable		568,021	33,464	24,057	625,542	124,951	750,493
Group Total		847,719	33,716	24,057	905,492	164,484	1,069,976

Note 1: Deputy Chief Constable (A) retired on 13 June 2013

Note 2: Deputy Chief Constable (B), in post from 14 June 2013. She was previously an Assistant Chief Constable up until 13 June 2013 (see note 6)

Note 3: Assistant Chief Constable (C) in post from 28 May 2013

Note 4: Assistant Chief Constable (D) was acting in role until 24 June 2013, substantive post for remainder of the year was as a Chief Superintendent. The costs shown only relate to his time in the ACC role.

Note 5: Assistant Chief Constable (E) in post from 10 June 2013

Note 6: Assistant Chief Constable (F) in post until 13 June 2013

Note 7: Benefits in Kind include taxable expenses such as mileage, car allowances, medical expenses and mortgage interest payments relating to relocation.

Note 8: Other payments include Rent Allowance, Housing Allowance, Compensatory Grant & Compensation for Loss of Office.

Senior Officers Remuneration 2012-2013

	Note	Salary £	Benefits in Kind (Note 7) £	Other Payments (Note 8) £	Sub Total £	Employers Pension Contrib' £	Total inc Pension Contrib' £
Police & Crime Commissioner from 22/11/12		26,875	0	0	26,875	0	26,875
Deputy Police & Crime Commissioner from 22/11/12		11,806	0	0	11,806	1,676	13,482
Deputy Chief Executive and Treasurer to the Police Authority up to 21/11/12 & Chief Finance Officer to the Police & Crime Commissioner from 22/11/12		80,988	417	0	81,405	11,500	92,905
Chief Executive to Police Authority up to 21/11/12 & Chief Executive to the Police & Crime Commissioner from 22/11/12		84,613	0	0	84,613	12,015	96,628
Total Police & Crime Commissioner		204,282	417	0	204,699	25,191	229,890
Chief Constable - (A)	1	59,879	3,312	8,848	72,039	14,292	86,331
Chief Constable - (B)	2	142,143	4,649	3,554	150,346	34,399	184,745
Deputy Chief Constable	3	107,177	6,076	3,930	117,183	25,936	143,119
Assistant Chief Constable - Crime							
Assistant Chief Constable - (A)	4	84,549	4,486	9,224	98,259	18,510	116,769
Acting Assistant Chief Constable	5	28,983	0	931	29,914	8,905	38,819
Assistant Chief Constable - Territorial							
Assistant Chief Constable - (A)	6	8,585	0	2,610	11,195	2,078	13,273
Assistant Chief Constable - (B)		105,849	8,002	8,003	121,854	25,615	147,469
Assistant Chief Officer - Resources		105,846	6,636	0	112,482	15,030	127,512
Total Chief Constable		643,011	33,161	37,100	713,272	144,765	858,037
Group Total		847,293	33,578	37,100	917,971	169,956	1,087,927

Note 1: Chief Constable (A) retired on 31 August 2012.

Note 2: Chief Constable (B), Chris Eyre, was Acting Chief Constable from 1 April 2012 & substantive in post from 1 September 2012

Note 3: Deputy Chief Constable from 2nd May 2012 (previously Assistant Chief Constable - Territorial A)

Note 4: Assistant Chief Constable A retired on 7 January 2013

Note 5: Acting Assistant Chief Constable from 10 December 2012. This officer was a Chief Superintendent up to this time. The costs shown are only related to the period in the ACC role.

Note 6: Assistant Chief Constable (A) until 1 May 2012

Note 7: Benefits in Kind include taxable expenses e.g. mileage, car allowances, medical expenses and mortgage interest payments relating to relocation.

Note 8: Other payments include Rent Allowance, Housing Allowance, Compensatory Grant and Compensation for Loss of Office

22 Termination Benefits

Contracts were terminated for 17 employees during the year (22 in 2012-2013), incurring costs of £0.3m (£0.6m in 2012-2013). This comprised redundancy payments of £0.1m, pension strain costs of £0.2m. Other departures agreed cover voluntary redundancies and compromise agreements. All of the employees were part of the Chief Constable Entity. The Group made no material payments in relation to injury awards during the year ended 31 March 2014.

Exit Package cost band (inc special payments)	Number of compulsory redundancies		Other departures agreed		Total exit packages by cost band		Total cost of exit packages	
	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13 £000	2013-14 £000
£0 - £20k	3	7	9	6	12	13	111	127
£20 - £40k	3	1	4	1	7	2	216	59
£40 - £60k	0	1	0	0	0	1	0	49
£60 - £80k	1	0	1	1	2	1	139	76
£80 - £100k	0	0	0	0	0	0	0	0
£100 - £150k	0	0	1	0	1	0	104	0
Total	7	9	15	8	22	17	570	311

23 Related Parties

Disclosures are required for material transactions with related parties, bodies or individuals that have the potential to control or influence the Group or vice versa. This allows transparency to the extent that the Group might have been constrained in its ability to operate independently, or might have limited another party's ability to bargain freely.

Central Government asserts significant influence over the general operations of the police. It is responsible for providing the statutory framework. It provides the majority of its funding in the form of grants and sets out the precept legislation (explanatory foreword point 6).

Members of the Audit and Scrutiny Panel have influence over finances and operations. Note 21 shows members allowances paid during the year. The CIPFA Code of Practice requires members to complete a declaration of personal interests under section 81(1) of the Local Government Act 2000 and the Local Authorities (Model Code of Conduct) Order 2007. Members of the Audit and Scrutiny Panel will be required to complete a register of interest form. Senior employees can influence decisions and they also complete a declaration of personal interests.

Joint arrangements and collaborations are areas where significant influence can be exerted by all parties (explanatory foreword point 12).

24 Accounting Standards Issued but not Adopted

A number of new and revised standards have been issued addressing the accounting for consolidation, involvements in joint arrangements and disclosure of involvements in other entities.

IFRS 10 Consolidated Financial Statements; introduces a new definition of control, used to determine which entities are consolidated for the purposes of group accounts. The Commissioner group includes the Chief Constable. There are partnerships with other agencies but none meet the definition of an associate. The regional collaboration work is considered within Joint Arrangements below. No impact is expected on the 2013-2014 Statement of Accounts.

IFRS 11 Joint Arrangements; covers the accounting for a 'joint arrangement', which is defined as a contractual arrangement over which two or more parties have joint control. These are classified as either a joint venture or a joint operation. Proportionate consolidation can no longer be used for jointly controlled entities. The entity's regional collaboration work within the East Midlands falls under the category of a jointly controlled operation and will not be affected by the new requirements.

IFRS 12 Disclosures of Involvement with Other Entities; this is a consolidated disclosure standard requiring a range of disclosures about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated 'structured entities'. There is a partnership with our PFI providers and more detail is provided in note 19 to the Accounts. The authority has a number of working arrangements with other entities; however none are of significant value.

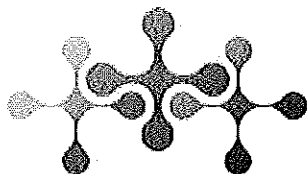
Independent auditor's report to the Nottinghamshire Police and Crime Commissioner

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ANNUAL GOVERNANCE STATEMENT

2013 - 2014

1. To be incorporated after approval



Nottinghamshire

POLICE & CRIME COMMISSIONER

ANNUAL ASSURANCE STATEMENT

2013-2014

SIGNED:

Mr Paddy Tipping
Police & Crime Commissioner
23 September 2014

Mr Kevin Dennis
Chief Executive – Office of the Police & Crime Commissioner
23 September 2014

Mrs Charlotte Radford
Chief Finance Officer – Office of the Police & Crime Commissioner
23 September 2014

Glossary of Terms and Abbreviations –

The definitions within the glossary are designed to give the user an understanding of the technical terminology contained in the Statement of Accounts. It also contains a guide to the abbreviations used within.

Accounting Policies

These are a set of rules and codes of practice used when preparing the Accounts.

Accrual

A sum included in the final Accounts to cover income or expenditure attributable to an accounting period for goods supplied and received or works done, but for which payment has not been received or made by the end of the period.

Actuarial Gain or Loss

The change in actuarial deficits or surpluses that arise because either events have not coincided with the actuarial assumptions made for the last valuation (experience gains or losses), or because the actuarial assumptions have changed.

Actuarial Valuation

A valuation of assets held, an estimate of the present value of benefits to be paid, and an estimate of required future contributions, by an actuary, on behalf of a pension fund.

Amortisation

This is the amount set aside to pay for the loss in value of intangible assets.

Budget

This is a statement of the financial plans for a specific period of time. A budget is prepared and approved by the Commissioner prior to the start of the financial year. The budget is prepared on an outturn basis, which means that increases for pay and prices during the financial year are contained within the total budget figure.

Capital Expenditure

This is expenditure on new assets or on the enhancement of existing assets so as to prolong their useful life or enhance market value.

Capital Financing Requirement (CFR)

The Capital Financing Requirement represents Capital Expenditure financed by external debt and not by capital receipts, revenue contributions, capital grants or third party contributions at the time of spending. It measures the underlying need to borrow for a capital purpose.

Capital Grant

Grant from Central Government used to finance specific schemes in the Capital Programme.

Capital Grants Unapplied

The Grants as described above which contractual arrangements to finance future capital expenditure have not yet incurred.

Capital Receipts

Proceeds, exceeding £10,000, from the sale of an asset which may be used to finance new Capital Expenditure or to repay outstanding loan debt as laid down within rules set by Central Government. They cannot be used to finance normal day to day revenue spending.

Chief Constable of Nottinghamshire (Chief Constable or CCN)**Comprehensive Income and Expenditure Statement (CIES)****Corporate & Democratic Core**

The costs associated with corporate policy making and member based activities, together with costs relating to corporate management, public accountability and treasury management.

Creditor

An amount owed for work done, goods received, or services rendered, but for which payment had not been made at the date of the Balance Sheet.

Current Service Cost (Pensions)

This calculates the increase in the present value of pension liabilities generated in the financial year by employees. It estimates the true economic cost of employment, earning service that will eventually entitle them to the receipt of a lump sum and pension when they retire.

Debtor

A sum of money due in the relevant financial year, but not received at the Balance Sheet date.

Depreciation

The measure of the consumption or other reduction in the useful economic life of a fixed asset, whether arising from use, passage of time or obsolescence through technological or other changes.

Earmarked Reserves

These reserves represent monies set aside to be used only for a specific, "earmarked" purpose.

Emoluments

See remuneration below

Financial Year

The period covered by a set of financial Accounts – these accounts cover 1 April and finishes 31 March the following year.

General Fund

This reserve is to provide for unexpected expenditure that cannot be managed within existing budgets.

Heritage Assets

These assets have historical, artistic, scientific, technological, geophysical or environmental qualities and are held mainly for educational or cultural reasons.

International Financial Reporting Standard (IFRS)

These standards are developed by the International Accounting Standards Board and regulate the preparation and presentation of Financial Statements. International Financial Reporting Standards are new standards developed by the IASB.

International Accounting Standards (IAS)

The International Accounting Standards Board issue and update these standards which are numerically identified.

International Accounting Standards Board (IASB)

The International Accounting Standards Board is an independent, privately-funded accounting standard-setter based in London with representatives from several countries in the world.

Government Grants Deferred

The balance of grants applied to the financing of fixed assets, awaiting amortisation to the Income and Expenditure Account to match depreciation on relevant assets.

Impairment

A reduction in the value of a fixed asset below the amount included on the balance sheet.

Imprest Account

Cash held locally to pay for small or urgent items.

Intangible Fixed Assets

These are assets which are not physical such as software licences.

Minimum Revenue Provision (MRP)

This is the statutory minimum amount which is required to charge to revenue on an annual basis as a provision to redeem debt.

Non-Current Assets

These are assets which are physical such as buildings or land.

Nottinghamshire Office of the Police and Crime Commissioner (The Commissioner)**Nottinghamshire Office of the Police and Crime Commissioner and it's Group (The Group)****Net Book Value**

This is the amount at which non-current assets are included in the balance sheet.

Operational Assets

These are non-current assets held, occupied, or utilised in the direct delivery of those services for which it has statutory responsibility.

Past Service Cost (Pensions)

These costs represent the increase in liabilities arising from decisions taken in the current year to improve retirement benefits, but whose financial effect is derived from prior years service.

Police and Crime Commissioner (The Commissioner, PCC)

Police Grant

Central government support for policing distributed to Police & Crime Commissioners according to a pre-determined formula.

Precept

This is a levy, which the Commissioner makes through the Council Tax to pay for services.

Public Works Loan Board (PWLB)

A Government Agency that provides longer term loans to Local Authorities at advantageous interest rates.

Remuneration

Reward for employment in the form of pay, salary, or wage, including allowances, benefits (such as company car, medical plan, and pension plan), bonuses, cash incentives, and the monetary value of non-cash incentives.

Revenue Expenditure

The day to day running costs incurred in providing services.

Revenue Financing

Resources provided from the revenue budget to finance the cost of capital projects.

Revenue Support Grant (RSG)

Central Government grant, distributed to Local Authorities according to a pre-determined formula.

Section 22 Agreement

Official legal agreement used to formalise the arrangements of the JCO's.

The Act

The Police Reform and Social Responsibility Act 2011.

The Code

The Code of Practice on Local Authority Accounting 2013-2014.

Unusable Reserves

These are reserves resulting from the interaction of legislation and proper accounting practices. These reserves are not resource backed and cannot be used for any other purpose.

Usable Reserves

These are held as a working balance or for a specific future purpose.



ANNUAL GOVERNANCE STATEMENT

2013-14

1. SCOPE OF RESPONSIBILITIES

- 1.1 The Nottinghamshire Police and Crime Commissioner (Commissioner) is responsible for ensuring that business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.
- 1.2 The Commissioner also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.3 In discharging this overall responsibility the Commissioner is responsible for putting in place suitable arrangements for the governance of the organisations affairs, which facilitate the effective exercise of its functions and include arrangements for the management of risk.
- 1.4 The Commissioner has approved and adopted jointly with the Chief Constable a Joint Corporate Code of Governance, which is consistent with the principles of the CIPFA/SOLACE Framework: *Delivering Good Governance in Local Government*. A copy of our code is available on our website at www.nottinghamshire.pcc.police.uk or from:

The Nottinghamshire Office of the Police and Crime Commissioner
Arnot Hill House
Arnot Hill Park
Arnold
Nottinghamshire
NG5 6LU

This statement explains how we have followed the code and also meets the requirements of the Accounts and Audit (England) Regulations 2011.

- 1.5 Throughout this statement there are references made to other documents being available on the Commissioners website (or the website). This reference relates to the Police and Crime Commissioners website at the address given above.
- 1.6 The Police & Crime Commissioners financial management arrangements conform to the governance requirements of the CIPFA *Statement on the Role of the Chief Financial Officer in Local Government* (2010); as set out in the Application Note to *Delivering Good Governance in Local Government: Framework*.

2. THE AIM OF THE GOVERNANCE FRAMEWORK

- 2.1 The governance framework is basically the systems and processes, and the culture and values, we are controlled by and which we answer to, get involved with and lead the community. The framework allows us to monitor how we are achieving our long-term aims, and to consider whether our aims have helped us deliver appropriate services that are value for money.
- 2.2 The system of internal control is an important part of the framework and is designed to manage risk to a reasonable level. It cannot remove all risk of failing to achieve our policies and aims, so it can only offer reasonable protection. The system of internal control is based on an ongoing process designed to:
- Identify and prioritise risks that could prevent us from achieving our policies and aims;
 - Assess how likely it is that the identified risks will happen, and what will be the result if they did; and
 - Manage the risks efficiently, effectively and economically.

We have had a governance framework in place for the year ended the 31st March 2014 and up to the date of approval of the annual statement of accounts.

3. THE GOVERNANCE FRAMEWORK

Our governance framework is made up of many systems, policies, procedures and operations we have in place to do the following:

3.1 *Introduction*

The Police Reform and Social Responsibility Act 2011 (the Act) introduced one of the biggest changes in governance arrangements for policing. The Act created two legal entities, the Police and Crime Commissioner and the Chief Constable.

The Chief Constable retained the responsibility for operational policing whereas; the Commissioner has the responsibility for the totality of policing in the area. The Commissioners responsibilities were also extended to include crime prevention and the protection of vulnerable people and victims.

Initially, all assets, liabilities and staff were transferred to the Commissioner. This continued to be the case until 31 March 2014 when the staff under the Chief Constables direction and control transferred to the Chief Constable from the Police and Crime Commissioner. This significant change was planned and prepared for in 2013-14 and will be reflected in the next Statement of Accounts and Annual Governance Statement for 2014-15.

3.2 ***Publish our aims for local people and others who use our services***

The Commissioner has refreshed the Police and Crime Plan taking account of the feedback he has received during the year and the achievements that have been made. The plan sets out our priorities for the remaining four years, focusing on achieving seven priorities which aim to make communities safer and place victims at the centre of what we do. The plan reflects the time period covered by the Medium Term Financial Plan (MTFP).

The Police and Crime Plan is based upon the following seven priorities:

1. Protect, support and respond to victims, witnesses and vulnerable people
2. Improve the efficiency, accessibility and effectiveness of the criminal justice process
3. Focus on ***priority crime types*** and those local areas that are most affected by crime and antisocial behaviour
4. Reduce the impact of drugs and alcohol on levels of crime and antisocial behaviour
5. Reduce the threat from organised crime
6. Prevention, early intervention and reduction in reoffending
7. Spending your money wisely

These priorities build upon the Commissioners vision of giving victims and citizens a bigger voice in policing to achieve a safer Nottingham and Nottinghamshire.

The plan was built and refreshed after listening to members of the public and with our partners. It includes a review of each organisations strategic assessment, incorporating regional and national requirements in relation to policing and crime. The performance measures and targets within the plan have all been agreed with partners and the force.

For the plan next year we are already working with partners to further develop a Police and Crime Needs Assessment which will refresh the Joint Partnership Strategic Assessment, aiming to maximise analytical capacity, minimise duplication and share learning, good practice and innovation across the City and County. This will provide a comprehensive threat, risk and harm assessment, which will identify local consultation and engagement and improve the identification of need across the Commissioners priorities.

3.3 *Review our aims and the effect they have on our governance arrangements*

We have worked hard to communicate (and receive feedback on) our aims for the community. We have done this a number of ways, including:

- The Commissioner listened to the public during his attendance at partner meetings and his walkabouts within the City and County. For example, he promised 150 extra police officers and 100 extra PCSO's. Recruitment plans have been put in place to deliver this and the resources prioritised within the budget. During the year a significant step towards achieving this target has already been made.
- The Commissioner has also instigated a number of review/scrutiny pieces of work to build upon the Police and Crime Plan priorities such as a review of BME Recruitment and Retention, Base Budget Review, Domestic Violence, Restorative Justice, a Victim Consortium to inform the commissioning strategy and Alcohol.
- The Base Budget Review made recommendations to achieve further savings which have been implemented.
- A BME Steering Group has been established to oversee the implementation of the Project Group's report recommendations and an internal Working Group established chaired by the Commissioner and Deputy Chief Constable.
- Domestic violence has undergone a thorough review across the County to identify the best service delivery for victims. There is a longer piece of academic work, commissioned by the Deputy Commissioner, which aims to identify triggers for repeat victims and opportunities for associated support and prevention; with an emphasis on methods used for identifying what has happened in relationships and how future relationships can be built without domestic violence. An Alcohol Strategy has been developed with partners and is being delivered.

However, this is not all - since coming into post the Commissioner has listened to partners, the public and the force on what are emerging issues and started working with people on areas such as CCTV in taxis in the City Centre, Alcohol, Mental Health issues particularly in custody and community safety issues relating to the Forest Recreation Ground. Also there is a new and emerging community's project, which will include an academic scoping of the impact of economic migrants on public services and crime. There will be

the identification of further research working within the 'Better Policing Collaborative', which the Commissioner is a member, and which has received College of Policing innovation funding for academics to work with operational areas to develop innovation and improve effectiveness of service delivery.

- The Commissioner and Deputy Commissioner have continued to attend meetings with community groups across the City and County and many public events during their first 18 months of office. This work is informing them of the priorities they are implementing in the refreshed police and crime plan update.
- Focus groups were held with ASB victims and members of the public in relation to the refreshed Police and Crime Plan priorities and the precept.
- An on-line survey was used for consulting on the precept and a telephone survey was undertaken in relation to the plan and the precept.
- Public meetings have been held with a variety of groups, to discuss a variety of issues and at a variety of venues: for example with the Asian Youth Group, the City Council Youth Cabinet, Broxtowe Youth Council, Women's groups and at the African Caribbean National Artistic Centre and Public Stakeholder Forums in the City and the County.
- The Commissioner and Deputy Commissioner have held discussion groups and web chats with young people and undertaken patch walks across the City and County.
- The Commissioner and the Office of the Police and Crime Commissioner (OPCC) staff have attended events across the City and County. These events were used to canvass opinion in relation to the Alcohol Strategy and general issues relating to policing.

We use feedback that we receive from all sources to help inform decisions. Feedback that the Commissioner received during the public events, meetings and walkabouts resulted in us reviewing our outcomes, which reflect our communities' top priorities of improving antisocial behaviour, supporting our vulnerable people and victims of crime and increasing community safety.

3.4 ***Measure the quality of our services and make sure we provide them in line with our aims and that they provide value for money***

The Commissioner is provided with weekly briefings on performance and formally holds the Chief Constable to account for performance in the Strategic Resources and Performance meetings, that are held in public venues around the County and City.

The Commissioner is also briefed on a monthly basis on expenditure against the budget. The Chief Finance Officer to the Commissioner also advises on any changes and emerging issues that could impact on the Medium Term Financial Plan.

In addition to the Strategic Resources and Performance meetings the Joint Audit and Scrutiny Committee receives updates on performance and financial monitoring and the Police and Crime Panel receive update reports from the Commissioner. Public Stakeholder meetings have also been held in the City and the County.

The Commissioner has instigated several pieces of review/scrutiny work, drawing on professionals in the field and community representation. Such areas of work under review include:

- BME representation within the force and the use of stop and search in BME communities. The group formed out of this review continue to meet and drive forward change.
- Base Budget Review – an in-depth analysis of the current budget to identify where savings can be made and how to align the budget with police and crime priorities. This will also ensure ongoing value for money.
- Alcohol Strategy – the aim to devise a Countywide (including the City) Joint Alcohol Strategy with a supporting action plan with strategic partners leading the actions to delivery. The Commissioner has worked closely with Nottinghamshire County Council Public Health to jointly commission substance misuse services, together with delivering the Alcohol Strategy and Action Plan, which addresses night time economy issues. Funding has been provided to the Safer Nottinghamshire Board and to the Nottingham Crime and Drugs Partnership to ensure drug misusing offenders have access to treatment and recovery services.

- Restorative Justice – A review into its use and any improvements that can be made. Independent Consultants have been appointed to develop a strategy; to ensure that victims receive a good service.
- Transforming Rehabilitation – A review with interested stakeholders within Nottinghamshire and the region following the announcement of reform of probation by the Government. Commissioning and OPCC staff have been working closely with MOJ officials to maximise the change for the benefit of the people of Nottinghamshire and to ensure partnership arrangements are maintained. The OPCC are part of East Midlands Regional Advisory Group and have provided grants to third sector organisations to enable them to form consortium of 2nd or 3rd tier providers. Briefing has been provided for potential interested providers.
- Mental Health – A review on an area of work that has increasing demands being made on policing resources as all agencies are affected by reducing resources. This work involves decision on overarching mental health and criminal justice strategy; which work with partners to improve access and processes for effective dealing with patients under section 136 of the Mental Health Act 2007. Community Psychiatric nurses with the Police are currently providing a ‘Street Triage’ service through joint partnership in the City and the County. A conference on Mental health is being planned for later this year.

The reports from these pieces of work will continue to be presented to the Audit and Scrutiny Panel and the recommendations will continue to be monitored by the Panel. Progress on these reviews is also reported to the Police and Crime Panel.

3.5 ***Ensuring a High Quality Service***

The Police and Crime Plan is based upon the Commissioners values which are:

V ictims -	by listening and taking action to protect and safeguard vulnerable people.
O penness-	by putting victims and public at the heart of open and transparent decision-making.
I nclusiveness-	by working effectively with communities and business to tackle crime and anti social behaviour.

- C**ommunities - by ensuring fairness, respect and accountability to victims and communities.
- E**mpowering - by engaging with victims and communities to help shape policing services and building partnerships.

The Plan itself incorporates global, national, regional and local requirements into the seven priorities and details how these will be met, measured and monitored. Specific targets for the Force and partners are included in this and the overall measure of success will be the improvement in victim satisfaction and public confidence.

Each year the Commissioner will produce an Annual Report detailing how well performance against the plan is progressing. A copy of the Annual Report is available on the Commissioners website.

In addition to this is the role of the Police and Crime Panel. The Commissioner is held to account by this panel, which also has power to veto the precept and the appointment of a new Chief Constable. This panel is administered by the County Council and its terms of reference can be found on Nottinghamshire County Councils website.

3.6 ***Ensuring Value for Money***

In times of austerity there is a great deal of focus on the “money” and how it is being spent. The Commissioner wanted to do more than this and has implemented a base budget review in 2013 on the principles of priority based budgeting. This means that no budget is protected; each element of expenditure must demonstrate that it is being used in the achievement of the police and crime plan and in doing this is the work being done at the most economic level.

This review identified where and how further savings could be achieved. The recommendations from the final report are being implemented and making savings in existing budgets.

The Commissioner has also commissioned specific pieces of work with partners and the third sector. Each commissioning agreement requires performance details and achievement goals. Similarly, the grant monies that are being allocated to community groups and the third sector also have a requirement to achieve performance aims linked to the Police and Crime Plan.

The Commissioner is also the Regional Chair from 1st April 2014 on the PCC Board, which; ensures regional activities continue to drive out further savings and improved working over the medium term financial period.

The joint audit and scrutiny panel receive audit reports, update reports and the strategic risk register. These reports enable the panel to challenge the OPCC and the Force on ensuring value for money across all activities. The terms of reference for the Joint Audit and Scrutiny Panel, together with all reports and minutes are available on the website.

3.7 *Working Together*

As has been reported in previous sections the Commissioner is listening to victims, communities and partners and this is at the heart of how he does business. He is involving people from across these areas to develop and work with him in bringing about improvements.

Each partnership, commissioning agreement, grant agreement and review has terms of reference linked to the clear achievement of the police and crime plan priorities. These agreements clearly define the responsibility of each participant.

Regionally the five PCC's and forces collaborate to ensure resilience and deliver value for money. This is done under Section 22 agreements. During 2013-14 the following arrangements for collaboration have been agreed and were in place: EMSOU, EMSOU-CT, EMSOU-FFI, EMSOU-MC, EMTSU, EMSCU, Learning and Development, Occupational Health, Payroll, Protected Person Services, RIPA and Risk Register.

The "Act" required PCC's to put a Scheme of Delegation in place to ensure the business continued to run smoothly. There was one significant change relating to this in that delegations could no longer be made to the Chief Constable (or any constable) and therefore have been made to specific members of staff employed by the Commissioner, but some of whom are under the direction and control of the Chief Constable. The Scheme of Delegation is approved and operating effectively. The Scheme of Delegation is available on the Commissioners website.

The OPCC and Force also have a Working Relationship Agreement, bringing clarity to the services required by the OPCC from functions under the Chief Constable's direction and control. The Draft Working Relationship Agreement is available on the Commissioners website.

2014-15 will see further significant change as stage 2 of the Act is put in place. This has been planned for and the required changes to Governance arrangements have been put in place to ensure a smooth transition.

3.8 *Ensuring High Standards of Conduct and Behaviour*

There are a number of ways that this is achieved:

- The Commissioner, Deputy Commissioner, Chief Executive and Chief Finance Officer have published declarations of interest on the OPCC website.
- Details of salaries and expenses claimed are also published on the website.
- A gifts and hospitality register is in place for all staff and members of the OPCC to record details of all offers made and this is reviewed annually.
- Members of the Joint Audit and Scrutiny Panel and staff attending the Strategic Resources and Performance meeting are required to make declarations of interest where appropriate and that these are formally minuted.
- Professional bodies codes of conduct, that staff have to comply with (e.g. Chartered Institute of Public Finance and Accountancy) are part of what we do.
- A Complaints Procedure is in place for complaints against the Commissioner, Deputy Commissioner, staff and members in the OPCC and the Chief Constable.
- An Anti-Fraud and Anti-Corruption Policy is in place and reported on together with fraud returns annually to the Audit Commission.
- Financial Regulations are in place together with standing orders for Land and Property and Contracts.
- The Commissioner and Deputy Commissioners Code of Ethics.

All of the above together with other policies and the culture of working in the OPCC ensure the high standards of conduct and behaviour are achieved.

3.9 *Decision Making Transparency*

All decisions not specifically delegated are made by the Commissioner. There are two ways in which decisions can be made, either:

1. In a public meeting of Strategic Resources and Performance, where minutes are taken recording decisions made. These minutes are published on the website.
2. In day-to-day management activity by the Commissioner. This is done by a report with any required supporting information and Executive Decision Record being completed and submitted to the Commissioner. Once approved the decision record is published on the website.

The Commissioner refers to the professional officers within the OPCC to inform him on the decisions being made.

The role of the Joint Audit and Scrutiny Panel also ensures transparency in the decisions made. It receives reports and can make recommendations to the Commissioner on issues relating to audit and inspection, risk management, recommendations from other sources such as scrutiny working groups and governance.

The strategic risks of the OPCC are incorporated in the joint strategic risk register that is reported regularly to the Joint Audit and Scrutiny Panel. All significant public interest decisions are published on the Commissioners website.

3.10 *Developing Capacity and Capability*

Staff within the OPCC were directly transferred from the former Police Authority, bringing those skills with them. During 2013-14 a further review of the existing staffing structure has been undertaken and a new structure reflecting the needs of an efficient and effective OPCC has been implemented.

During 2013-14 and together with other local authorities and the fire service a CIPFA Graduate Trainee scheme has been put in place. The success of this scheme is being held as best practice for other areas to follow.

The Commissioner is now considering Apprenticeships for a post already identified within the new OPCC structure.

Members of the Joint Audit and Scrutiny Panel have undertaken inductions within the OPCC and Force during the year. Internal audit and external audit have also provided training on their roles and the roles of the members in providing an effective Audit Panel. CIPFA provided their training course to members in the region in September 2013.

3.11 ***Engagement***

Throughout the previous sections you will have seen that engagement with people in our communities, in business, in third sector organisations, in partners and in our own staff and police officers is very important to us.

We are constantly striving to ensure inclusion of all stakeholders especially in driving improvement in community safety that is important to you.

We encourage you to complete our surveys and questionnaires which we have available at public events and on line.

The Commissioner has met his commitment to establishing two Public Stakeholder Forums to allow stakeholders to have a direct influence and voice over policing priorities and how resources are allocated.

How the Commissioner proposes to engage with the public and victims of crime is set out in the published Community Engagement and Consultation Strategy. This document can be found on the Commissioners website.

3.12 OTHER ACHIEVEMENTS DURING THE YEAR:

- **Online Chats:** The Commissioner has supported further consultation with Young People with on line Chats and joined the Chief Constable for online chats with police officers and police staff.
- **Consultation on the policing estate:** The Force is continuing its work to examine areas of business where services can become more efficient and savings made as a means of navigating the current financial challenges.
- **Rural Crime Focus:** The Commissioner hosted a Strategic Resources and Performance Meeting which highlighted issues of rural and wildlife crime, marking his commitment to tackling the issues.
- **Purchase of EMSOU HQ:** The operational headquarters of the East Midlands Special Operations Unit has been bought by the region's five police forces. The purchase had been agreed by the Regional Police and Crime Commissioners and Chief Constables, with the East Midlands forces sharing the long-term financial savings.
- **Home Office rethink of PCSO powers:** The Commissioner initiated the Home Office to rethink PCSO powers, and it has been announced that there will be consideration of expanding PCSO legal powers.
- **Victims Code:** The publication of the new Code of Practice for Victims of Crime (the Victims' Code) in October 2013 has been welcomed, with a Victims Strategy being prepared for 2014 for Nottinghamshire and Integrated Victims Services from October 2014 as the Commissioner is an early adopter.
- **The living wage accreditation:** Nottinghamshire Police is to be the first police force in England and Wales to sign up to a national campaign calling for all workers to be paid an hourly rate that matches the cost of living. The new Living Wage is £7.65 per hour, which is significantly higher than the Minimum Wage, which is £6.31.

4. REVIEW OF EFFECTIVENESS

- 4.1 The OPCC has responsibility for conducting, at least annually, a review of the effectiveness of the governance framework, including:

- The system of internal audit.
- The system of internal control.

The review by the OPCC has two elements to it. Firstly, it has to be satisfied that the process put in place by the Chief Constable for the force's assurance review is adequate and reliable. This was done through a joint consultation early in the review process.

Secondly, is the process upon which the OPCC can rely. This consists of obtaining individual assurances from the Chief Constable, the ACO Resources, the Chief Executive and the Chief Finance Officer, together with the annual assurance provided by the internal auditors and regional Deputy Chief Constable. These assurances form the basis of assessing whether governance is operating effectively and that controls which are in place are being adhered to.

- 4.2 The comments made on the assurance forms are incorporated where applicable in the accounts and action plans. For example contingent liabilities and accruals have been made where appropriate.
- 4.3 In addition to this a review based upon the use of resources self assessment principles and the schedule provided in the CIPFA/SOLACE framework has been developed and completed. This provides links to documentary evidence to support this statement and has been provided to the external auditor for their review.
- 4.3 The Chief Finance Officer has had responsibility for reviewing and updating the Scheme of Delegation and Financial Regulations, during the year, to ensure they were fit for purpose and met the new requirements of the Act. The reviewed delegation and regulations have been approved by the Commissioner. These have been reviewed further by the Chief Finance Officer with the Chief Executive, ACO Resources and the Deputy Chief Constable, in preparation for the Stage 2 Staff Transfer.
- 4.4 The internal auditors produce reports for the Joint Audit and Scrutiny Panel throughout the year and use this work to inform their annual assurance opinion in their annual report. For 2013-14 they have rated the assurance level as adequate. The internal audit annual report will be available on the website under the Audit and Scrutiny Panel meeting papers for June 2014.

- 4.5 The work of the HMIC is also reported to the Joint Audit and Scrutiny Panel and the Force produce regular reports to the panel on the implementation of all audit and inspection recommendations. The Audit and Scrutiny Panel papers on the website include as a standing item a report on all audit and inspection report recommendations, which includes a tracker for their implementation.
- 4.6 Internal Audit verifies the implementation of all audit and inspection recommendations in their follow-up audits during the year. The results of the follow-up audit are reported in the Internal Audit Progress Reports to the Audit and Scrutiny panel.
- 4.7 Other assurance mechanisms include the Regional meeting of Commissioners and Chief Constables and the Police and Crime Panel.
- 4.8 There are areas to monitor further, which include the development and delivery of the Forces efficiency savings, which form part of the HMIC inspection regime, under Valuing the Police.
- 4.9 There will be further challenges and opportunities for partnership and community working for the Commissioner with the introduction of the Anti-Social Behaviour, Crime and Policing Act 2014, particularly around the need to consult on Community Triggers and Community Remedies.
- 4.10 Effectiveness of victims' services will transfer to the Commissioner from October 2014. As an early adopter, the Commissioner has in place an Integrated Victims Services Programme Board to manage the interoperability and delivery of services to victims.
- 4.11 The effectiveness of the Strategic Policing Requirement will be monitored by the use of a Strategic Toolkit produced by the College of Policing, and will form part of the assurance processes of the Joint Audit and Scrutiny Panel.

5. SIGNIFICANT GOVERNANCE ISSUES

FINANCIAL CLIMATE

- 5.1 This continues to dominate the public sector risk registers. The current Comprehensive Spending Review (CSR) required up to 20% cuts in grant funding to 2014-15. Further cuts in the next CSR were announced on 26th June 2013.
- 5.2 To date the Force has delivered savings on average of £10m per annum. The Medium Term Plan sees this continuing up to 2020 at least. Savings of £12.7m have to be achieved in 2014-15.
- 5.3 The Medium Term Financial Plan is approved by the Commissioner in February and is available on the website. It is updated during the year as significant changes emerge. These updates are also available on the website.
- 5.4 There are further risks that could impact on the above estimates for example the impact of the Single Rate Pension from April 2016 this is likely to result in an additional cost of £3.5m in the budget.
- 5.5 We are also limited in any other mitigation that we could take. Council Tax referendum limits are being set low and the freeze grant ceases in 2015-16.
- 5.6 We are further impacted by the localisation of council tax – the billing authorities in response to the Governments limited delegation, have made decisions that have significantly reduced the tax base estimates and therefore the amount to be raised through the precept. Similarly any further change to Partners funding is likely to have an impact on the Police and Crime budget or service delivery.
- 5.7 Whilst funding continues to reduce it is imperative that good governance structures and processes continue to operate in the OPCC and Force.

PERFORMANCE

- 5.8 During 2013-14, crime increased by 0.7% and ASB fell by 6.5% against an 8% target. Over the two year period (2011-12 to 2013-14) crime has reduced 11.4% and ASB 38.8% toward a 50% reduction target.

- 5.9 Details on performance and the improvements made are reported to the Strategic Resources and Performance meeting as a standing item on the agenda. Performance details are also provided in the Commissioners update report which is reported to the Police and Crime Panel and the Audit and Scrutiny Panel. These are also available on the website and Nottinghamshire County Councils website. The Commissioner has weekly bi-lateral meetings with the Chief Constable to review performance.
- 5.10 The support of the Commissioner in increasing the numbers of officers and PCSO's and working closely with partner organisations does mitigate this currently. However, as funding is restricted further it is probable that recruitment will be affected and risk mitigation reduced.

HUMAN RESOURCES

- 5.11 The Target Operating Model is developing a picture of what the Force will look like in 2020 as funding reduces year on year. One major change will be to the way of working and therefore the workforce mix and numbers of officers and staff will change.
- 5.12 BME recruitment and retention to reflect the communities of Nottinghamshire will continue to be a cause for concern and the force positive action campaigns' will continue to be reviewed.
- 5.13 A contingent liability has been identified within the statement of accounts relating to the application of regulations A19 during 2011-12. The ruling is currently being appealed.

STAGE 2 TRANSITION

- 5.14 This will bring further changes to governance arrangements and will require changes to the existing Scheme of Delegation, financial regulations and all jointly owned policies. Work on this commenced in 2013-14 and is currently being finalised.
- 5.15 A board of senior management had been in place to develop the transfer order for the Home Secretary and ensure a smooth transition. The Transfer Order has now been finalised and signed off by the Home Secretary.

INFORMATION GOVERNANCE

- 5.16 The arrangements for information governance need to provide the assurance needed by the Commissioner. This particularly relates to the unauthorised use of force data and the need for information sharing protocols to be standardised for partner organisations.
- 5.17 The Information Sharing Protocol between the Force and the Commissioner is being developed.



ANNUAL ASSURANCE STATEMENT

2013-14

SIGNED:

**Mr Paddy Tipping
Police and Crime Commissioner
23 September 2014**

**Mr Kevin Dennis
Chief Executive - OPCC
23 September 2014**

**Mrs Charlotte Radford
Chief Finance Officer – OPCC
23 September 2014**



Nottinghamshire Police Annual Governance Statement 2013/14

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Appendix One: Summary of identified governance issues for 2012/13

1.0 Introduction

1.1 Scope of responsibility

Nottinghamshire Police is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Force has the duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised.

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

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

This Annual Governance Statement (the Statement) explains how Nottinghamshire Police has complied with the Code. The production of the Statement also complies with the Accounts and Audit (England) Regulations 2011, regulation 4(3).

1.2 The purpose of the governance framework

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

The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve aims and objectives and can therefore only provide reasonable and not absolute assurance to identify and prioritise the risks to the achievement of the Force's aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

The systems, processes, cultures and values comprising Nottinghamshire Police's governance framework, the key elements of which are described in the following sections of this document, are subject to regular review.

The governance framework has been in place at Nottinghamshire Police from the year ended 31st March 2013 and will be up to the date of approval of the annual report and statement of accounts.

2.0 Annual Governance Statement

2.1 Creating and implementing a vision for the local area

Strategic planning

In November 2012 all police forces in England and Wales, except London, elected their first Police and Crime Commissioner. One of the Commissioner's key responsibilities was to issue a Police and Crime Plan to cover their period in office (2013-18), in which they make clear their priorities and the objectives they are setting for the Force. In addition, following a comprehensive strategic assessment carried out with the support of local community safety and criminal justice partners; the Commissioner has set a number of strategic themes.

In April 2013 a Strategic Plan for 2013-18 was produced and implemented which makes clear how the strategies and plans of the Force will address the Commissioner's priorities and support the achievement of the objectives in the Police and Crime Plan. It has been developed by the Chief Officer Team based on an understanding of what the Force does well, the areas where it can improve and how well equipped the Force is to meet future challenges.

The Plan is built on strong foundations established over many years of working together with other police forces and law enforcement agencies, and in partnership with criminal justice agencies, local authorities and other organisations in the public, private and voluntary sectors. It takes into account the views of local people and partner agencies as well as analysis of available evidence, and utilising the vast amount of experience and expertise within the organisation so that the Force is confident it is addressing the right issues in the right way.

To meet the challenges that lie ahead the Force has planned carefully how to use its resources, whilst retaining the flexibility to respond to new and emerging threats to the people and communities it serves.

The strategic plan articulates Nottinghamshire Police's vision to be the best performing police force in England and Wales. Clear, measurable aims have been set in terms of reduction of crime and antisocial behaviour, resource management and victim satisfaction, so the Force will know when this has been achieved.

Delivery and monitoring

A monthly Performance and Insight Pack is produced which reports against the strategic priority themes set out in the Police and Crime Plan, this includes performance against target as well as analysis of trends overtime. Additional insight is also given for those measures which are deemed to be experiencing performance that is of concern to the Force.

The Performance and Insight Pack is received by senior managers throughout the Force and is reported to the Joint Local Policing and Operational Support Board and the Corporate Services Board on a monthly basis. It is also presented to the Office of the Police and Crime Commissioner (OPCC) Strategic Resources and Performance Meeting to inform the OPCC of the key performance headlines for the Force. The minutes of this meeting, along with the Pack, are made available on the OPCC website so they are accessible to members of the public.

2.2 Working together to achieve a common purpose with clearly defined functions and roles

Scheme of delegation

The Force is subject to the OPCC's Scheme of Delegation, which details the functions delegated to the Chief Executive, the Chief Financial Officer (CFO) of the PCC the Assistant Chief Officer (ACO) Resources of the Force and the Head of Legal Services. The Force will develop its own Scheme of Delegation during 2014/15 to break down the accountabilities further for the organisation.

The Scheme enables the OPCC and the Force to function in an efficient and effective manner. It sets out the extent to which the PCC has delegated decisions to the Chief Constable, Chief Executive and CFO that are the statutory responsibility of the PCC.

The role of the Chief Financial Officer

The ACO has a statutory responsibility to carry out the functions of the CFO as set out in the Police Reform and Social Responsibility Act 2011, Section 114 of the Local Government Act 2011 1988 and the CIPFA Statement on the Role of the Chief Finance Officer. In carrying out the role of the CFO, the ACO ensures that the financial affairs of the Force are properly administered having regard to probity, legality and appropriate standards.

As a key member of the leadership team, they help to develop and implement strategy and resource, and deliver the PCC's strategic objectives sustainably and in the public interest. They are actively involved in and able to bring influence to bear on, all material business decisions (subject to the operational responsibilities of the Chief Constable) to ensure immediate and longer term implications, opportunities and risks are fully considered, and aligned with the financial strategy. They lead and encourage the promotion and delivery of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.

The requirements for the role of the Chief Constable's CFO, along with Section 151 Officer responsibilities, are formally documented in the ACO's job description.

The role of the Head of Internal Audit

In compliance with CIPFA guidance, the OPCC and the Force have appointed a Head of Internal Audit. This role is contracted out to Baker Tilly, they are responsible for the organisation's internal audit service, on behalf of the CFO, including drawing up the internal audit strategy and annual plan and giving the internal annual audit opinion.

Policing Protocol

The Force is compliant with the Policing Protocol, which was issued in accordance with the Police Reform and Social Responsibility Act 2011 and sets out how the functions of the PCC, Chief Constable and Police and Crime Panel will be exercised in relation to each other.

The Protocol intends to encourage an effective working relationship and mutual understanding of, and respect for, each party's statutory functions will serve to enhance policing for local communities.

Financial regulations

The Force is governed by the OPCC's Financial Regulations, which detail the working financial relationship between the Commissioner and the Chief Constable and their respective Chief Financial Officers. They are part of the overall regulatory

and governance framework that includes the policing protocol, codes of conduct, scheme of consent and scheme of delegation.

The Chief Constable has day to day responsibility for financial management of the Force within the framework of the agreed budget allocation and levels of authorisation issued by the Commissioner. However, these duties are delegated to the ACO Resources as the Chief Constable's Chief Financial Officer.

The ACO Resources is responsible for ensuring that the financial affairs of the Force are properly administered and that the financial regulations are observed and kept up to date. The ACO is also responsible for providing assurance to the Chief Constable, the Commissioner and the external auditor of any unlawful or potentially unlawful expenditure by the Chief Constable or officers of the Chief Constable. They will also advise the Chief Constable on VFM in relation to all aspects of the Force's expenditure and the soundness of the budget.

The Commissioner, Chief Constable and all employees have a duty to abide by the highest standards of honesty, integrity and transparency in dealing with financial issues. This is facilitated by ensuring everyone is clear about the standards to which they are working and the controls that are in place to ensure that these standards are met.

All Divisional and Departmental Heads have formally acknowledged their responsibilities in accordance with the Force and the OPCC's Financial Regulations. There are no significant issues to be reported and no instances of non-compliance to be reported.

An annual audit against the key financial controls is conducted by the Force's internal auditors; the latest audit rated the Force's arrangements as 'substantial'.

Contract standing orders

The East Midlands Strategic Commercial Unit (EMSCU) drafted Contract Procedure Rules and Standing Orders (the Orders) in 2013/14. The document updates the standing orders and also reflects how EMSCU manage strategic procurements across all three partner forces, Nottinghamshire, Derbyshire and Northamptonshire. It is intended as a guide for suppliers and staff to help those engaged in buying and providing goods and services.

The Orders set out the Business Code of Conduct for the NOPCC and the Force to advise on the minimum standards expected of all staff to ensure fairness and consistency of approach in line with sound commercial practice.

The document includes procurement policy and procedures, the aim of which are to ensure that the supply of goods, services and works are procured in accordance with relevant legislation and in the most cost effective manner. They also aim to ensure that procurement activity is undertaken in a fair, transparent and consistent manner, ensuring the highest standards of probity and accountability. Procedures define the minimum processes expected of staff engaged in the procurement of goods, services and works on behalf of the NOPCC and NP.

Agreement from all three forces is still being finalised, once formally approved these will be published on the OPCC website.

Partnership working

The Force is committed to working in partnership to deliver its priorities. By working with other organisations and agencies the Force can provide the very best service to

its communities. It is essential that working in partnership with others is underpinned by a common vision that is understood and agreed by all parties.

The City of Nottingham's 'Plan 2020' sets out a clear ten year strategy with a shared vision, strategic priorities and cross-cutting aims, which all partners, including the Force will contribute to. The delivery of the strategy is governed by the One Nottingham Board which brings together the leaders of key public sector organisations and stakeholders across Nottingham City with the overriding purpose of promoting and ensuring the delivery of the 2020 Vision and Sustainable Community Strategy. The One Nottingham Executive Group is responsible for driving and managing the delivery of the strategy, and the medium term action plan around delivery of the wider strategy.

Each strategic priority is owned by a theme partnership, which is accountable to the One Nottingham Executive Group. Strategic Priority Five 'Safer Nottingham' is led by the Crime and Drugs Partnership, of which the Nottinghamshire Police City Division is a key member.

One Nottingham produces an annual report in June, which reports on progress toward headline indicators set under each priority.

In the County, strategic partnerships are underpinned by a common vision and objectives, which are documented in the terms of reference for the Safer Nottinghamshire Board (SNB).

The SNB is responsible for setting strategic direction for community safety and substance misuse, ensuring the effective delivery of the Nottinghamshire Community Safety Strategy, supporting the statutory local Community Safety Partnerships (CSPs) to deliver their community safety strategies and ensuring effective performance management arrangements are in place.

The four statutory CSPs are responsible for the delivery of local community safety strategies and action plans. The SNB Delivery Groups support the SNB and CSPs to implement the community safety strategies.

The SNB's Performance Group is tasked to provide a summary of performance to the Board at each meeting together with exception reports around areas of poor performance or areas of concern in order that the Board is then able to take key decisions.

The Force's internal auditors, Baker Tilly, undertook an audit of Partnership Governance Arrangements in July 2012. The review highlighted some weaknesses in the controls and arrangements associated with the identification and monitoring of partnership activity.

It was identified that a corporate Partnership Working Policy should be developed and implemented in order to outline the key controls and arrangements to be followed establishing a partnership agreement at the beginning of a partnership and for monitoring partnership activity throughout the life of the partnership. This should include the requirement for consistent risk and financial management, documenting the vision and purpose of the partnership, roles and responsibilities of partnership members and dispute resolution.

The final audit report also recommended that a central partnership register should be established to ensure that the PCC and the Chief Officer Team are aware of exactly what partnerships are operating to enable them to proactively challenge the partnerships progress against its objectives and ensure the continued benefit of the

Force's involvement. This register has now been produced and will be reported on in line with the Force Partnership Working Policy, once it is established.

Finally, it was recommended that the Force establish a consistent statement of funding sources and proper financial administration around partnership working, this has now been implemented.

These recommendations have been captured and are being monitored through the Force Action Plan. Progress is reported to the Joint Local Policing and Operational Support Board, which is chaired jointly by the ACC, Local Policing, and the ACC, Crime Justice and Protective Services, on a monthly basis.

Collaboration

Collaborative opportunities are increasingly being explored and arrangements put in place within the region in order to maintain and improve service delivery whilst delivering significant cost savings.

The East Midlands Collaboration Programme (EMPCP) manages projects on behalf of East Midland's forces. It has four portfolio areas, Specialist Crime, Operational Support, Specialist Operations and Resources, each headed by one of the region's Chief Constables and delivered by the EMPCP team.

The Commissioners for each Force area are responsible for monitoring from a governance perspective the effectiveness and efficiency of the collaboration and considering ways in which the functions could be exercised to improve their effectiveness and efficiency. The Chief Constables for each force are responsible for the determination of the strategic operational direction and for monitoring the effectiveness and efficiency of the collaboration from a direction and control perspective.

Each collaboration requires an agreement pursuant to Section 22a of the Police Act 1996 as amended by the Police Reform and Social Responsibility Act 2011. The agreement sets out the relationship between the parties entering into the agreement, the governance and accountability arrangements, roles and responsibilities, dispute resolution and financial contribution.

Assurance regarding collaborative arrangements has recently been sought from both the Force's internal auditors and Her Majesty's Inspectorate of Constabulary (HMIC). The results of these reviews are monitored through the appropriate Boards.

URN*	Identified improvement actions:
2.2.1	Establish where Information Sharing Agreements need to be reviewed in respect of partnership working, update as appropriate and communicate to relevant stakeholders.
2.2.2	Once agreed publish the updated Contract Procedure Rules and Standing Orders on the OPCC website.
2.2.3	Develop and publish an Internal Scheme of Delegation to set out levels of authorisation for senior managers in the Force.
2.2.4	Develop and implement a Partnership Working Policy.

*Unique Reference Number.

2.3 Demonstrating the values of good governance through upholding high standards of conduct and behaviour

Our Values

The PROUD values were introduced to the Force in 2012. The values, to be professional, have respect of all, working as one team, having utmost honesty and integrity and by doing it differently; define what unites all officers and staff in delivering policing services within Nottinghamshire.

The Force values have been communicated widely to all staff through the Policing Plan, the Force intranet and via interactive briefings, which all officers and staff have taken part in. The values have also been integrated into the new PDR process. Officers and staff are asked to provide evidence on how they have actively demonstrated support for the Force's Values. Evidence of commitment must also be demonstrated during the recruitment and promotion process.

Standards of conduct

Standards of conduct and personal behaviour expected of all police officers and police staff have been communicated formally through the Police Conduct Regulations 2012, and the Police Staff Misconduct Policy and Procedure. The latter was issued in 2012 to provide a clear and transparent framework to communicate to police staff employees what is expected of them and the likely consequence of failure in meeting those standards.

A National Code of Ethics for Policing in England and Wales was circulated for consultation in 2013/14. It sets out nine policing principles and ten standards of professional behaviour and emphasising what good policing should look like and how ethical officers and staff should behave. To support this, the Force published a code of conduct which aimed to give greater clarity around the expected standards of behaviour of Officers and Staff in maintaining professional boundaries with victims, witnesses and offenders. This was published on both the Force intranet and the Force website.

Professional Standards have an effective standards monitoring process in place. Standards are governed by the Professional Standards and Integrity Board, which is chaired by the Deputy Chief Constable and takes place on a bi-monthly basis. The remit of the meeting is to oversee integrity and monitor standards of conduct and behaviour within the Force, ensuring that they are in line with Force values and have a positive impact of reputation and public confidence. It forms an integral part of the Force's internal governance arrangements by bringing together members of the Professional Standards and HR senior management teams to review matters of performance relating to conduct.

A report on IPCC investigations is presented at the Joint Audit and Scrutiny Panel on a bi-annual basis. The purpose of the report is to inform the PCC in respect of how many cases the Force has referred to the Independent Police Complaints Commission (IPCC) during a specified period. Also, it details any outcomes and recommendations the IPCC has referred back to the Force during this period, and other learning identified. The Panel is made up of five independent members, members of the public are also able to attend and minutes of the meeting are made available via the OPCC website.

The Force has a Professional Standards Reporting Procedure in place. The purpose of the procedure is to set out the ways in which individuals within Nottinghamshire Police can report breaches of professional standards in a supportive and confidential environment. Incidents can be reported via a confidential telephone line, through

Integrity Messenger, which is a confidential IT reporting facility, or direct to line management.

Managing complaints

There are effective, transparent and accessible mechanisms for managing complaints in Force, which are managed in accordance with statutory guidance provided by the IPCC which was revised as a result of the Police Reform and Social Responsibility Act 2011.

All complainants receive regular updates and reports in respect of investigations taking place, in line with statutory guidance. Furthermore, once complaints have been investigated complainants are surveyed to ensure they are satisfied with the service they have received and the resolution reached.

Any complaints which may indicate a failure in service delivery are fed into the Service Improvement Plan, which is governed by the Professional Standards and Integrity Board. The process is subject to continual review and improvement.

Lessons learned as a result of complaints which are investigated by the Independent Police Complaints Commission (IPCC) and Nottinghamshire Police are outlined and accompanied with resulting guidance on the Professional Standards intranet page.

To provide internal assurance, a Performance and Insight Report, monitoring the complaints process, is produced on a monthly basis. This report provides statistical data and analysis on public complaints and allegations recorded by Division or Department.

A Complaints Assurance Report is also produced by the OPCC to provide the PCC with assurance that complaints are being managed in accordance with IPCC statutory guidance. Recommendations are reported to the Strategic Resources and Performance Meeting, which is chaired by the PCC, on a bi-annual basis. The minutes of this meeting are made available to the public on the OPCC website.

The Force also receives nationally comparative statistical data from the IPCC in respect of public complaints, on a quarterly basis.

Conflicts of interest

The Force has a Business Interests and Additional Employment for Police Officers and Police Staff Procedure which was revised in 2012 due to the publication of revised guidance from the Association of Chief Police Officers (ACPO) following the HMIC Integrity Review 'Without fear or favour'. The guidance outlines the recommended approach to the management of business interests and additional occupation for those working in the Police Service of England and Wales. It is intended to provide consistency of application and enable appropriate decisions to be taken to ensure the reputation of the Police Service and the health, safety and wellbeing of members of staff.

A Register of Interests is published on the Force website; any changes are reported on a monthly basis to the Professional Standards and Integrity Board.

The Notifiable Associations for Police Personnel Procedure was also reviewed in 2012 following the HMIC Integrity Review. It provides guidance to all personnel as to what could be interpreted as a 'notifiable association'. Furthermore, it identifies the procedures that should be followed should police personnel consider themselves the subject of, or suspect another member of staff to have, a notifiable association. This is available on the Force intranet and website.

An 'Integrity Healthcheck' is being introduced for all Officers and Staff in 2014/15 as part of the annual PDR process. Individuals will be reminded of their obligations in respect of Force policy regarding notifiable associations, gifts and hospitality, business interests and debt management,

Gifts and hospitality

The Gifts, Gratuities and Hospitality Procedure provides both officers and staff with an ethical framework in which to determine the boundaries of acceptability around gifts, gratuities and hospitality. This was last reviewed in October 2012 following the issuing of ACPO guidance.

A register of gifts, gratuities and hospitality is maintained by the Professional Standards Department, it is published annually on the Force website.

Information assurance

Information assurance (IA) is governed through the Force Information Assurance Board, chaired by the DCC as the Senior Information Risk Officer (SIRO). The role of the Board is to manage the effectiveness of Information Assurance arrangements to ensure that information held, processed and accessed by members of the Force and our stakeholders is kept secure in order to ensure confidentiality, integrity and availability of information.

An annual information assurance assessment takes place against the Information Assurance Maturity Model (IAMM). An IA Task and Finish Group has been set up to look at the requirements of the IAMM in order to carry out a gap analysis of how the Force currently operates in relation to the requirements of the model. This group is responsible for implementing and developing areas of information assurance, reporting to the Force Information Assurance Board (FIAB) quarterly.

An Information Risk Management Group was recently commissioned by the SIRO for the management of strategic information risks on behalf of the Force Information Assurance Board (FIAB). The role of the group will be to provide assurance to the FIAB as to how effectively information risks are being managed at project, division / department and Force level and to manage the implementation of the Information Risk Management Strategy.

All users of Force systems are aware of their roles and responsibilities with regard to ensuring they handle and process police information in compliance with the Force's Information Assurance Framework, and have a duty to report instances of non-compliance to their line managers. The majority of staff have completed an e-learning course on Information Assurance. This is a mandatory exercise which all Officers and Staff will be required to complete during 2014/15.

Each information asset or system in Force has an Information Asset Owner whose role it is to understand what information is held, what is added and what is removed, how information is moved, who has access and why. Training was conducted by the Information Management Officer in 2013/14 for Information Asset Owners and their delegates to ensure they fully understood their role and responsibilities.

Nottinghamshire Police as a public authority have a legal responsibility to respond to Freedom of Information Act (FOIA) and Data Protection Subject Access Requests (DP SARs) within legislative deadlines, which are monitored and governed by the Information Commissioner's Office. These requests are processed and completed by the Information Management Team within Business and Finance. An annual report is presented to the OPCC's Audit and Scrutiny Panel to provide the Panel with data on legislative compliance with the FOIA and DP SARs. This data is also presented at the FIAB quarterly.

Information sharing

The Force has a number of Information Sharing Agreements (ISAs) in place with partners and other agencies to define the arrangements for processing data between the two bodies in order to offer clarity on when and how information can be shared legally and professionally, in order to achieve intended outcomes. All ISAs are formally approved by the SIRO.

In order to ensure all ISAs are fit for purpose they will be reviewed during 2014/15. A mechanism will also be put in place to ensure they are reviewed on an annual basis going forward.

Information security

The Force's Information Security Policy is owned by Professional Standards, it was last updated in October 2013. The aims of the policy are to ensure that information held, processed and accessed is kept secure in order to ensure confidentiality, integrity and availability at all times.

The policy extends and applies to all Nottinghamshire Police owned information systems and assets, which hold both manual and electronic information, irrespective of their physical location. The policy also applies to all police officers, police staff and partners, agents and other approved persons working for or with the Police.

The Force recognises the need to ensure security for its areas of responsibility and is committed to managing information and information assets appropriately. This is achieved by maintaining appropriate security standards, specifically in relation to the HMG Security Policy Framework.

The Force maintains compliance with ACPO Information Systems Security Policy and the HMG Information Assurance Maturity Model (IAMM). A gap analysis has been conducted against the IAMM and an Information Assurance Improvement Plan developed.

The Information Assurance Improvement Plan incorporates all improvement opportunities for Information Assurance, including those identified by the Information Commissioner, from a gap analysis against the ISO 27001 and the IAMM framework.

The results of the improvement plan are monitored by the ACO Resources and reported on a quarterly basis to the Force Information Assurance Board, which is chaired by the DCC who is the Force SIRO. The Board has direct responsibility for maintaining Information Security Policy and Procedures, for their implementation and providing advice.

The Force will engage with the National Accreditors and maintain a current certificate of accreditation to relevant National Systems at all times.

Information assurance audit

The Information Commissioner's Office (ICO) conducted an audit of the Force's data protection compliance arrangements in October 2013. The purpose of the audit was to provide the Information Commissioner and the Force with independent assurance of the extent to which the Force is complying with the Data Protection Act. It focussed specifically on the security of personal data, data sharing and requests for personal data.

The overall conclusion was that there was a limited level of assurance that processes and procedures are in place and delivering data protection compliance. In order to enhance existing processes to facilitate compliance a number of recommendations

were made which have formed part of the Force's Information Assurance Improvement Plan.

URN	Identified improvement actions:
2.3.1	Ensure all Officers and Staff complete the Information Assurance NCALT exercise.
2.3.2	Introduce a process for updating the Information Asset Register periodically.
2.3.3	Put mechanisms in place to ensure ISAs are reviewed on an annual basis.

2.4 Taking informed and transparent decisions which are subject to effective scrutiny and managing risk

Governance structure

The Force Executive Board is the Force's primary decision making forum, its purpose is to direct, set and oversee the strategic development of the Force. It sets the Force strategy, agrees and sets the Force priorities and monitors performance and risk against the Force Strategic Plan. The Force Executive Board is attended by all the Chief Officers and is the forum in which all key decisions are made, such as expenditure, subject to the PCC's Scheme of Delegation.

Both the Assistant Chief Constables and the ACO Resources chair meetings to manage activity, performance and risk within their respective portfolio. The progress of projects under each portfolio are monitored and any arising risks are managed accordingly. The Boards also review and approve business cases, project scopes, initiation documents, and actions arising from audit and inspection. The Boards are also the primary forum for managing the performance of the portfolio.

The Transformation Board was introduced to the governance structure in 2013/14, the purpose of which is to govern transformational activity to ensure the Force will meet its future performance and financial challenges.

The meeting structure, terms of reference and work plans are reviewed regularly to ensure effective governance and monitoring, real accountability to stakeholders and value for money.

Decision making

The Business and Finance department are responsible for implementing mechanisms to ensure all appropriate considerations are made when making a key decision, for example when writing business cases, scopes, project initiation documents, policies, procedures and strategy. Guidance is provided by Business Partners, the Programme Management Office and the Planning and Policy Team.

Decision making is recorded as part of minutes, action plans and decision logs; however there is no consistent process for recording decisions at corporate meetings. This has been identified as an area for improvement for 2014/15 along with the requirement to publish decisions on the intranet to ensure transparency and accountability.

Additionally it is a requirement of the ICO Publication Scheme that the Force publish how key decisions are made on the external website. This should take the form of minutes of key Force meetings, such as the Force Executive Board. This is not currently done and has also been identified as an area for improvement for 2014/15.

Joint Audit and Scrutiny Panel

In accordance with the Financial Management Code of Practice for the police service, issued by the Home Office, the PCC and the Chief Constable established a Joint Audit and Scrutiny Panel (the Panel) in 2013. The role of the Panel is to advise the PCC and Chief Constable on the adequacy of the corporate governance and risk management arrangements in place and the associated control environment, advising according to good governance principles and proper practices.

The Panel also assist the Commissioner and the Chief Constable in fulfilling their responsibility for ensuring Value for Money and they oversee an annual programme of scrutiny of key areas of policing activity on behalf of the Commissioner.

The Panel meets four times a year and consists of five independent members. The terms of reference for the Panel, meeting agendas, minutes and associated reports are published on the OPCC's website in the interests of transparency and accountability.

Risk management

The Force and the Office of the PCC have agreed a joint Corporate Risk Management Policy and Procedure which specify roles, responsibilities and processes to be followed. Assurance that the Policy and Procedure are being implemented and are effective has been provided to the Corporate Governance Board, Force Executive Board and Joint Audit and Scrutiny Panel through 6-monthly strategic risk reports prepared by the risk practitioner within the Business and Finance department. Both documents have also been communicated to all divisional commanders and heads of department and are available on the Force intranet.

During the second half of 2013/14 the Policy has been reviewed against the Office of Government Commerce (OGC) Management of Risk (M_o_R) standard and is currently being updated, which will bring about changes to improve the consistency with which risk management is applied and its effectiveness as an aid to decision making.

Risk identification and review were used during 2013/14 to inform assurance mapping, which is a valuable tool for determining gaps in assurance to inform a risk based internal audit and scrutiny schedule. They provide a 'dashboard view' for the Chief Officer Team and Joint Audit and Scrutiny Plan to enable them to assess at a glance where levels of assurance in key areas of the business are adequate or where further assurance may be required.

Business Continuity

Business Continuity Planning within Nottinghamshire Police is carried out in line with the Association of Chief Police Officers (ACPO) five year Business Continuity Strategy, the Business Continuity Institute Good Practice Guidelines (to industry standard) and the International Standard for BCM. The strategic lead for BCM is the Deputy Chief Constable.

The Force BC Lead Officer is responsible for directing and advising on BCM policy, strategy and process throughout the organisation. This includes ensuring effective business impact assessment, risk assessment, plan formulation, test, exercise and internal review.

The Head of each Division and Department is the BC Plan Owner and has an appointed Single Point of Contact (SPOC) for BCM, responsible for the production of BC plans, communication at all levels from management teams to officers and staff and ensuring all plans are subject to test exercise and review.

Divisions and Departments carry out Business Impact Assessments (BIA) on all functions and activities within their area of operation and from this, identify the critical activities that must be maintained, as far as is possible, during any disruption to normal business. Once identified, critical activities are subject to risk assessment, and recovery strategies identified and put in place to maintain and/or recover those activities during disruption. When completed, the above information is used to inform and direct production of the Business Continuity Plan (BCP).

All BC plans are subject to annual review, and will be exercised in line with the Force BC test and exercise programme. Following de-brief of any test or exercise, a report is completed and, if required, BC plans are reviewed and updated.

BC is governed in the Force through a quarterly Business Continuity Forum, which is chaired by the BC Lead Officer, and is attended by the SPOCs for each division and department. The Force Executive Board and Joint Audit and Scrutiny Panel of the OPCC receive an Annual Business Continuity Assurance Report to ensure that BC is adequately managed.

Internal audit

The Commissioner and Force employ Baker Tilly, an independent provider of accountancy and business services, as its internal auditors. The primary role of internal audit is to give assurance to the Commissioner and Chief Constable, on the effectiveness of the controls in place to manage risks.

The Force's risk based internal audit plan is agreed and presented to the Panel before the start of the new financial year. The plan is informed by an assurance mapping process which highlights key policy areas lacking assurance.

Progress against the audit plan is formally reported on by Baker Tilly on an annual basis. In addition, a representative from the internal auditors meets with the ACO Resources on a quarterly basis to discuss internal audit progress and highlight any risks or opportunities for improvement.

External audit

The Force's external auditors, KPMG LLP, audit the Commissioner's and Chief Constable's financial statements, Annual Governance Statement and performance management arrangements, as well as undertaking a number of thematic based reviews.

The External Audit Annual Letter is presented at the Joint Audit and Scrutiny Panel as the final part of compliance with the Accounts and Audit Regulations for closure of the accounts.

The report summarises the key findings from the annual audit of the OPCC and the Chief Constable, its intention is also to communicate any issues to key external stakeholders, including members of the public. This includes a comment on the OPCC and Force's value for money (VFM) profile. There were no matters to report in the 2012/13 Annual Audit Letter, in respect of VFM.

External inspection

HMIC inspects and reports on the efficiency and effectiveness of police forces and specified national police agencies. Its overall objective is to provide, in the public interest, independent, professional assessments of police efficiency and effectiveness for the public, their elected representatives and the police.

In addition, the criminal justice inspectorates of Constabulary, Crown Prosecution Service (CPS), Prisons, and Probation, also carry out regular evaluations in

partnership, as part of the Criminal Justice Joint Inspections (CJJI) programme and alongside other national inspectorates such as Ofsted.

Legislative monitoring and compliance

Legislative change in relation to crime and justice policy is monitored continually by the Force and reported on monthly. The Horizon Summary report is made available on the Force intranet and is sent directly to divisional and departmental heads for their information and action where necessary. Changes in legislation and statutory guidance are also communicated directly to senior management from professional bodies such as ACPO, CIPFA and the IPCC.

Where there is a risk that we may be in breach of our legislative obligations this will be recorded on the Force risk register and managed according to the Corporate Risk Management Policy and Procedure.

In the future, Force intend to develop the Horizon Summary report further to link in with the business planning process to ensure risks and opportunities are properly explored and taken forward.

URN	Identified improvement actions:
2.4.1	Review the way in which actions and decisions are recorded and ensure they are published in line with the ICO Model Publication Scheme.
2.4.2	Embed the revised Corporate Risk Management Policy and Procedure.
2.4.3	Develop the Horizon Scanning Report further to link in with the business planning process.

2.5 Developing the capacity and capability of the Force to be effective

Learning and development

Learning and development is delivered collaboratively by EMCHRIS. Each of the four forces within the collaboration hold quarterly Training Priority Panels which set the learning and development priorities for each Force, this is chaired by the DCC in Nottinghamshire. Training priorities are based on consideration of risk and forthcoming legislative changes; they are informed by both emerging national issues, such as ASB and Cyber Crime, and local priorities.

The learning and development priorities are presented in a report to the OPCC's Strategic Resources and Performance Meeting to provide an overview and accompanying Training Plan for the year.

Individual training needs are assessed as part of the PDR process. HR People Meetings are also held on divisions to assess the training needs of operational staff and HR Partners attend Senior Management Team departmental meetings to ensure training is kept up to date for staff across the rest of the Force.

All Officers and Staff are required to complete mandatory e-learning packages from the National Centre for Applied Learning Techniques (NCALT) on topics such as Health and Safety, Information Assurance and CETIS, which provides them with an understanding of a range of legislation relating to the access and use of information and data held by the Force.

The Force's formal induction process is currently being reviewed and updated to ensure officers and staff are fully supported and given all the information required to carry out their roles effectively. This will include a pre employment information pack around the Force, a structured induction process and mentoring guidelines. Line managers will also have the opportunity to input information tailored to the

individual's role and their specific department or function. To support this, a three session mandatory training package will be run by Learning and Development covering areas such as the PROUD values, the PDR process and equality and diversity.

A Talent Management and Succession Planning Strategy is currently being developed by the Force, along with a draft Talent Management Framework, however there is still some work required to develop the processes, practices, learning interventions and communications plan to support this.

URN	Identified improvement actions:
2.5.1	Develop and implement a Talent Management and Succession Planning Strategy.
2.5.2	Review, update and embed the formal induction process.

2.6 Engaging with local people and other stakeholders to ensure robust public accountability

Community engagement and consultation

During 2013/14 the Force developed and published a Public Engagement Strategy to ensure that engagement with the public contributes positively to the Force and Commissioner's priorities, and enhances the public's perception of Nottinghamshire Police. Effective engagement is directly linked to the Force's objectives as set out in the Police and Crime Plan 2013-18.

At a universal level engagement takes place through social media platforms, including Facebook, Twitter and YouTube, the Force website, which provides local updates for each Neighbourhood Policing Team (NPT) area along with priorities, contact details and details of engagement events. The Neighbourhood Priority Survey was introduced as part of a commitment to creating safer neighbourhoods; it allows individuals in the community to influence how their area is policed by completing a short survey which is available on the Force website.

The Force has developed a robust structure of strategic and local Independent Advisory Groups (IAGs) which represent different community groups across the whole of the city and county. They provide an invaluable service to Nottinghamshire Police in three core areas; critical incidents, building trust and confidence and advising on strategies, policies and procedures.

The Neighbourhood Alert electronic communication system is designed to help members of the public communicate with their local Neighbourhood Policing Team and their local Neighbourhood Watch coordinator. The system can be used to report information about suspicious behaviour and antisocial behaviour and to allow users to be sent information about crime trends in their area and community safety and crime reduction advice. The aim is to provide up-to-date information direct to registered members to support two-way communication between members of the public, Nottinghamshire Police and Neighbourhood Watch, in order to reduce crime.

Victims of crime are, at initial contact, provided with information about what service they can expect. Track My Crime was also launched in 2013/14, which is an online service for victims of crime allowing them to track the investigation of a crime at a time that is convenient to them. Victim satisfaction is reported as part of the Performance and Insight Pack to the OPCC's Strategic Resources and Performance Meeting on a bi-monthly basis, the minutes of this meeting, along with the report are published on the Commissioner's website.

Workforce engagement and consultation

The Staff Perception Survey gives employees of Nottinghamshire Police an opportunity to help shape the future of the Force on matters such as values and behaviours, leadership, motivation and morale.

The Force has a statutory obligation to formally consult with employees regarding terms and conditions, workforce change and health and safety. Where a statutory obligation is not present the Force has a duty to consult and when doing so it should be in the proper manner. The arrangements for consultation with staff are being reviewed and will be addressed as part of the Policy Development Framework.

There is a Trade Union Recognition Agreement in place to ensure the Force formally recognises trade unions, which represent members' interests. The Force will consult with them when proposing changes in pay and conditions which are not nationally determined and matters such as disciplinary procedures. Relevant issues, which impact on the Police Staff Associations, on which there is to be consultation will be brought to the Joint Negotiating and Staff Consultative Committee for Police and Support Staff Associations, chaired by the Chief Constable. A Memorandum of Understanding for Diversity and Support Associations is currently being updated.

URN	Identified improvement actions:
2.6.1	Review the arrangements for consultation with staff as part of the Policy Development Framework.

3.0 Review of effectiveness

Nottinghamshire Police has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Chief Officer Team, the Heads of Divisions and Departments and other senior managers within the Force who have responsibility for the development and maintenance of the governance environment. It is also informed by the reports of our internal and external auditors and other review agencies and inspectorates.

The review is made robust by obtaining assurance through the process of interviews with the Heads of Divisions and Departments and their senior management teams. Each Chief Officer and Divisional and Departmental Head has provided a comprehensive, signed Statement of Assurance which comments on their compliance with the Force's governance framework during 2013/14. Potential areas for improvement where there are weaknesses in either controls or assurances have also been identified for 2014/15.

We have been advised on the implications of the result of the review of effectiveness of the governance framework by the Joint Audit and Scrutiny Panel, and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The areas to be specifically addressed with new actions are planned and outlined below.

The results of this review will be delivered through the Force business planning process and governed by the ACC and ACO Boards. Reporting will also take place annually to the Joint Audit and Scrutiny Panel alongside the external auditor's report, which will set out their opinions in relation to accounts, governance and performance.

4.0 Significant governance issues

The review process to support the production of the Annual Governance Statement in 2014/15 identified the following significant governance issues. These have been agreed with the respective Divisional and Departmental Heads to address weaknesses identified in the Force's systems of internal control. These issues are significant in that they cover a large proportion of the organisation's activities and/ or are key risk controls and therefore require a corporate solution.

URN	Action
2.2.1	Establish where Information Sharing Agreements need to be reviewed in respect of partnership working, update as appropriate and communicate to relevant stakeholders.
2.2.2	Once agreed publish the updated Contract Procedure Rules and Standing Orders on the OPCC website.
2.2.3	Develop and publish an Internal Scheme of Delegation to set out levels of authorisation for senior managers in the Force.
2.2.4	Develop and implement a Partnership Working Policy.
2.3.1	Ensure all Officers and Staff complete the Information Assurance NCALT exercise.
2.3.2	Introduce a process for updating the Information Asset Register periodically.
2.3.3	Put mechanisms in place to ensure ISAs are reviewed on an annual basis.
2.4.1	Review the way in which actions and decisions are recorded and ensure they are published in line with the ICO Model Publication Scheme.
2.4.2	Embed the revised Corporate Risk Management Policy and Procedure.
2.4.3	Develop the Horizon Scanning Report further to link in with the business planning process.
2.5.1	Develop and implement a Talent Management and Succession Planning Strategy.
2.5.2	Review, update and embed the formal induction process.
2.6.1	Review the arrangements for consultation with staff as part of the Policy Development Framework.

Please see 'Appendix One' to this Statement for a summary of the improvement actions identified in the Force's 2012/13 Statement.

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

Signed _

Chris Eyre,
Chief Constable

Signed__

Margaret Monckton,
ACO Resources (CFO)

Appendix One: Summary of identified governance issues for 2012/13

Assurance area	Action	Update*
Risk management	Implement the regular use of divisional and departmental risk register by the end of Q2 2013/14.	<p style="text-align: right;">*Correct as of June 2014.</p> <p>Action superseded. A process for the use of division and department risk registers has been developed, and will be described within separate strategies for operational policing, corporate services and information. To date the information risk strategy has been completed, an information risk register has been set up and is in use. The other strategies are still in development, though new style risk registers are being trialled in Crime and Justice, Estates and Facilities and Business and Finance.</p>
Risk management	Develop a three year corporate risk management strategy to facilitate the Force's development of its future approach to risk management.	<p>Action superseded. The Force Risk Management Policy has been updated to reflect the adoption of the Officer of Government Commerce (OGC) Management of Risk (MoR) approach. Once the revised policy has been implemented across the Force, a self assessment against the risk maturity model, provided by MoR, will be carried out that will form the basis of a refreshed risk improvement plan. This is part of an ongoing, cyclical process so from that point of view the implementation of the revised policy will complete this action, for the time being. There will no longer be the requirement for a Force level risk strategy, instead there will be a Force policy and portfolio strategies, as described above.</p> <p>The requirement to embed the revised Risk Management Policy and Procedure has been included as an improvement action for 2014/15.</p>
Risk management	Work with Corporate Communications to develop an internal communication strategy for risk management.	Action ongoing. Communication activity will be identified through the self assessment as part of the improvement plan.
Partnership working	Establish an overarching partnership working policy to outline the key controls and arrangements to be followed for setting up and monitoring partnership activity.	Action ongoing. The Force is currently working to develop a Partnership Working Policy. This action has been included as an improvement action for 2014/15.
Partnership working	Establish a central partnership register to ensure that the Force are aware of exactly what partnerships are operating and whether these are of benefit to the Force and, or stakeholders.	Action complete. Partnership registers have been established in all areas of the Force. The reporting and maintenance of the partnership register will be developed in line with the Partnership Working Policy.
Financial management	Establish a financial reporting process for external funding and contributions to partner agencies, operations and projects.	Action complete. The Force have reviewed and revised the way that external funding and contributions to partners is reported. The management reports now incorporate the main funded accounts, externally funded and seconded officers to produce an overall total for the Force.

Policy governance	Identify policies which will be jointly owned by the NOPCC and ensure they are managed centrally so that amendments are consistent.	Action discharged. The NOPCC have developed their own suite of policies and procedures which are available on the Commissioner's website. The Force and NOPCC do however have joint Financial Regulations and a joint Corporate Risk Management Policy and Procedure.
Policy governance	Review the arrangements for consultation with staff as part of the Policy Development Framework.	Action ongoing. Work on the Policy Development Framework has been delayed due to competing demands. This has been included as an improvement action for 2014/15.
Development of Officers and Staff	Roll out the new PDR process providing support to officers and staff and support managers with implementation.	Action complete. A new PDR process was introduced in August 2013, incorporating feedback from previous PDR processes and making sure that the Force is in-line with the national standards.
Corporate meeting structure	Review the corporate meeting structure to ensure it reflects and meets the requirements of the PCC's governance arrangements and to ensure clear decision making processes and robust governance for systems of internal control within the Force.	Action complete. The corporate meeting structure was reviewed and revised in July 2013 to enable a clearer decision making process and more robust governance. The meeting structure will continue to be reviewed periodically to ensure it is fit for purpose.
Information assurance	Develop and implement the information assurance improvement plan to address weaknesses in Information Sharing Agreements and to meet the full requirements of the Data Protection Act.	Action complete. An information assurance improvement plan has been developed and the implementation of improvements continue to be monitored by the ACO Resources and reported on a quarterly basis to the Force Information Assurance Board, which is chaired by the DCC as the Force SIRO. Information Sharing Agreements are being reviewed to ensure they are fit for purpose; this has been included as an improvement action for 2014/15.

For Information / Consideration / Comment	
Public/Non Public*	Public
Report to:	Joint Audit and Scrutiny Panel
Date of Meeting:	23rd September 2014
Report of:	Chief Finance Officer
Report Author:	Charlotte Radford
E-mail:	
Other Contacts:	John Cornett & Adrian Benselin (KPMG)
Agenda Item:	5

External Audit of the Accounts 2013-14 (ISA 260)

1. Purpose of the Report

- 1.1 To provide members with the results of the review of the Statement of Accounts and supporting documentation for the Financial Year 2013-14.

2. Recommendations

- 2.1 Members are requested to:
- Consider the report of the External Auditor and recommend its findings to the Police & Crime Commissioner.
 - Recommend the letter of representation to the Police & Crime Commissioner for signing and sending to the external auditors.

3. Reasons for Recommendations

- 3.1 This complies with good governance arrangements and the relevant statutory and regulatory requirements.

4. Summary of Key Points

- 4.1 The attached report details the findings of the external auditors during the audit of the accounts for 2013-14.
- 4.2 The auditor's report also includes a draft letter of representation for the Chief Finance Officer to complete.
- 4.3 The Auditor highlights in his report that he intends to issue an unqualified opinion in relation to the accounts, governance arrangements and value for money.

5. Financial Implications and Budget Provision

- 5.1 None as a direct result of this report. Risks identified will be subject to financial evaluation.

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. Risks have been identified and are being managed.

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

- 9.1 None as a direct result of this report.

10. Changes in Legislation or other Legal Considerations

- 10.1 The report explains the changes in legislation, regulation and recommended practice that have resulted to changes incorporated within the Statement of Accounts.

11. Details of outcome of consultation

- 11.1 Not applicable

12. Appendices

- 12.1 A – Report to those charged with governance (ISA260)



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Report to those charged with governance (ISA 260) 2013/14

Police and Crime Commissioner for
Nottinghamshire

Chief Constable of Nottinghamshire

12 September 2014



The contacts at KPMG in connection with this report are:

John Cornett

Director

KPMG LLP (UK)

Tel: 0116 256 6064

john.cornett@kpmg.co.uk

Adrian Benselin

Manager

KPMG LLP (UK)

Tel: 0116 256 6089

adrian.benselin@kpmg.co.uk

Anita Pipes

Assistant Manager

KPMG LLP (UK)

Tel: 0115 945 4481

anita.pipes@kpmg.co.uk

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This report is addressed to the Police and Crime Commissioner and the Chief Constable and has been prepared for their sole use. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. The Audit Commission has issued a document entitled *Statement of Responsibilities of Auditors and Audited Bodies*. This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. We draw your attention to this document which is available on the Audit Commission's website at www.auditcommission.gov.uk.

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact John Cornett the appointed engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with your response please contact Trevor Rees on 0161 246 4000, or by email to trevor.rees@kpmg.co.uk, who is the national contact partner for all of KPMG's work with the Audit Commission. After this, if you are still dissatisfied with how your complaint has been handled you can access the Audit Commission's complaints procedure. Put your complaint in writing to the Complaints Unit Manager, Audit Commission, 3rd Floor, Fry Building, 2 Marsham Street, London, SW1P 4DF or by email to complaints@audit-commission.gsi.gov.uk. Their telephone number is 0303 4448 330.

This document summarises:

- the key issues identified during our audit of the financial statements for the year ended 31 March 2014 for the PCC and CC; and
- our assessment of the PCC's and the CC's arrangements to secure value for money (VFM) in its use of resources.

Scope of this report

This report summarises the key findings arising from:

- our audit work at the Police and Crime Commissioner for Nottinghamshire ('the PCC') and the Chief Constable of Nottinghamshire ('the CC') on their 2013/14 financial statements; and
- our work to support our 2013/14 value for money (VFM) arrangements conclusion.

ISA 260 requires us to produce this report for those charged with governance; the PCC and the CC acting as corporations sole. We are also providing a copy of this report to the Joint Independent Audit Committee to assist with their role.

Financial statements

Our *External Audit Plan 2013/14*, presented to you in June 2014, set out the four stages of our financial statements audit process.



This report focuses on the third stage of the process: substantive procedures. Our on site work for this took place during July and August 2014.

We are now in the final phase of the audit, the completion stage. Some aspects of this stage are also discharged through this report.

VFM arrangements conclusion

Our *External Audit Plan 2013/14* explained our risk-based approach to VFM work, which follows guidance provided by the Audit Commission. We have now nearly completed our work to support our 2013/14 VFM arrangements conclusion. This included:

- assessing the potential VFM risks and identifying the residual audit risks for our VFM arrangements conclusion; and
- considering the results of any relevant work by the PCC and CC, and other inspectorates and review agencies in relation to these risk areas.

Structure of this report

This report is structured as follows:

- Section 2 summarises the headline messages.
- Section 3 sets out our key findings from our audit work in relation to the 2013/14 financial statements of the PCC and CC.
- Section 4 outlines our key findings from our work on the VFM arrangements conclusion.

Our recommendations are included in Appendix 1.

Acknowledgements

We would like to take this opportunity to thank the finance teams and other colleagues for their continuing help and co-operation throughout our audit work.

This table summarises the headline messages. Sections three and four of this report provide further details on each area.

Proposed audit opinion	Our audit is substantially complete. We anticipate issuing unqualified audit opinions on the financial statements for both the PCC and CC by 30 September 2014. We will also report that the wording of your Annual Governance Statements accord with our understanding of arrangements in place.
Audit adjustments	For the PCC and the CC our audit has identified only a small number of presentational adjustments. All were adjusted and had no impact on the primary statements.
Changes in accounting approach	<p>New authoritative guidance has been issued by CIPFA to assist police bodies in allocating financial activity between the PCC and the CC in their single entity financial statements.</p> <p>The CC has therefore recognised the costs of operational policing in their 2013/14 financial statements. A prior period adjustment has been made to ensure the financial statements are comparable between the two periods.</p>
Key financial statements audit risks	We review risks to the financial statements on an ongoing basis. We have worked with officers throughout the year to discuss specific risk areas. The PCC and the CC addressed issues appropriately.
Accounts production and audit process	Officers dealt with the majority of audit queries within a reasonable time but in some cases we experienced delays in the audit process, due to some supporting working papers not being available on a timely basis or due to finance staff being on annual leave. We will work with your officers to ensure there is clearer communication and understanding of what we require.
Completion	<p>At the date of this report our audit of the financial statements is substantially complete subject to completing the remaining audit work as shown below and final checks, including Director review, as part our completion procedures:</p> <ul style="list-style-type: none"> • Leased vehicle additions to Property, plant and equipment. <p>Before we can issue our opinion we require a signed management representation letter.</p> <p>We confirm that we have complied with requirements on objectivity and independence in relation to this year's audit of the financial statements of the PCC and the CC.</p>
VFM arrangements conclusion and risk areas	<p>We have still to complete our work on VFM. We anticipate that this will conclude that the PCC and the CC have made proper arrangements to secure economy, efficiency and effectiveness in their use of resources.</p> <p>We therefore anticipate issuing an unqualified VFM arrangements conclusion by 30 September 2014.</p> <p>We will provide an update when we present this report to the Joint Audit and Scrutiny Panel on 23 September 2014.</p>

Our audit has identified a small number of presentational adjustments.

Proposed audit opinion

Subject to all outstanding queries being resolved to our satisfaction, we anticipate issuing an unqualified audit opinion on the financial statements of the PCC and the CC following approval of the Statement of Accounts by the PCC and the CC on 23 September 2014.

Audit differences

In accordance with ISA 260 we are required to report uncorrected audit differences to those charged with governance. We also report any material misstatements which have been corrected and which we believe should be communicated to you to help you meet your governance responsibilities.

There were no material errors identified which required correction.

There were no uncorrected errors.

We identified a small number of presentational and classification adjustments required to ensure that the accounts are compliant with the *Code of Practice on Local Authority Accounting the United Kingdom 2013/14 ('the Code')*. These were all adjusted for correctly.

Annual Governance Statements

We have reviewed the Annual Governance Statements and confirmed that:

- they comply with *Delivering Good Governance in Local Government: A Framework* published by CIPFA/SOLACE; and
- they are not misleading or inconsistent with other information we are aware of from our audit of the financial statements.

Section three

Changes in accounting approach

We have worked with management to consider the implications of the new accounting guidance issued by CIPFA. The PCC and the CC have revised the accounting approach adopted for 2013/14, and in the prior period, to reflect these discussions.

For 2013/14, the PCC and the CC have changed the basis on which their single entity financial statements have been produced.

Prior period approach

For 2012/13, in common with PCCs and CCs in many other police areas, the PCC and the CC adopted the concept of agent/principal when accounting for their activity. This approach recognised:

- the PCC's strategic policing role in setting the Police and Crime Plan;
- the CC's use of assets owned by the PCC, and of police staff employed by the CC, to deliver the CC's operational policing role; and
- the PCC's ability to hold the CC to account.

As a result, it was considered that the CC was acting as the PCC's agent, with the CC managing the PCC's resources to meet the PCC's strategic objectives, rather than as a principal in their own right. This meant that operational policing and all other activity was recognised in the PCC's primary statements only, with the CC producing 'zero' accounts, that explained their role and showed the resources deployed by the CC on the PCC's behalf, but did not recognise any income and expenditure or assets and liabilities.

Despite the significantly different approaches adopted by different police bodies, there were no qualified audit opinions issued in 2012/13 because the lack of definitive guidance meant that the wide range of different approaches were all considered reasonable to reflect the nature of local arrangements.

Why change the approach for 2013/14?

The inconsistencies that were apparent in 2012/13 prompted a reconsideration of the basis of police accounting and a desire for greater consistency between the accounts of PCCs and CCs in different police areas.

Changes enacted in the Anti-social Behaviour Act 2014 made CCs local authorities in their own right, changed the statutory basis on which CCs prepared their financial statements, legally requiring them to adopt the Code of Audit Practice for Local Authority Accounting, and permitting CIPFA to consider issuing guidance on interpreting the Code for CCs.

In March 2014, CIPFA issued LAAP Bulletin 98A which provided police bodies with authoritative guidance on apportioning activity and assets between the PCC and the CC in their respective single entity financial statements. The Audit Commission and its audit suppliers, including KPMG, have discussed the guidance to ensure a consistent approach is being adopted to the audit of PCC and CC accounts in 2013/14.

What changes have been made?

Following discussions between the Responsible Finance Officers and ourselves, we have agreed that, on the basis of the new guidance issued since our 2012/13 audit opinion was issued in September 2013, it is appropriate to change the accounting approach adopted for 2013/14.

In 2013/14, the CC is recognising the operational costs of policing as costs within the Comprehensive Income and Expenditure Statement. This includes the full costs of employing police officers and civilian staff, except for staff employed in the Office of the PCC. Accumulated absences and pensions have been recognised in the CC's Balance Sheet.

All other income and expenditure, assets and liabilities are recognised by the PCC in their single entity financial statements. A prior period adjustment has been made to both sets of financial statements to apply the same accounting approach to the prior period, to make the financial performance and position in both years comparable.

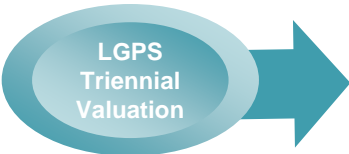
There have been no changes to the group financial performance or position reported in 2012/13 as a result of these changes.

We have worked with officers throughout the year to discuss specific risk areas. The PCC and the CC have addressed these issues appropriately.


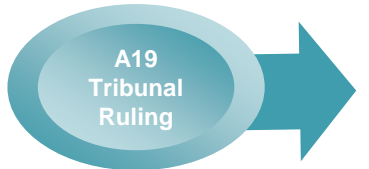
In our *External Audit Plan 2013/14*, presented to you in June 2014 we identified the key risks and other audit issues affecting the 2013/14 financial statements for the PCC and CC. We have now completed our testing of these areas and set out our evaluation following our substantive work.

Key financial statements audit risks

The table below sets out our detailed findings for each of the risks that are specific to the PCC and the CC.

Key audit risk	Issue	Findings
	<p>During the year, the Local Government Pension Scheme for Nottinghamshire (the Pension Fund) underwent a triennial valuation with an effective date of 31 March 2013 in line with the Local Government Pension Scheme (Administration) Regulations 2008. The PCC and CC's shares of pensions assets and liabilities is determined in detail, and a large volume of data is provided to the actuary in order to carry out this triennial valuation.</p> <p>The IAS 19 numbers included in the financial statements for 2013/14 will be based on the output of the triennial valuation rolled forward to 31 March 2014. For 2014/15 and 2015/16 the actuary will then roll forward the valuation for accounting purposes based on more limited data.</p> <p>There is a risk that the data provided to the actuary for the valuation exercise would be inaccurate and that these inaccuracies would affect the actuarial figures in the accounts. Most of the data is provided to the actuary by Nottinghamshire County Council who administer the Pension Fund.</p>	<p>We have confirmed that the PCC/CC has obtained independent actuarial valuations and that the underlying data submitted to the actuary for this purpose was complete and accurate. We have also confirmed that the assumptions underpinning the actuarial valuations have been reviewed by management and found to be reasonable, and that the IAS19 figures in the accounts agree to the information provided by the actuary. We have also obtained assurances from the auditors of the Pension Fund as to the processes in place at Nottinghamshire County Council.</p>

We have worked with officers throughout the year to discuss specific risk areas. The PCC and the CC have addressed these issues appropriately.

Key audit risk	Issue	Findings
	<p>CIPFA has issued guidance on the form and content of the 2013/14 accounts. In particular, they expect to see policing activities accounted for in the Chief Constable's accounts in recognition of the control that the Chief Constable exercises in practice. This is a significant departure from the treatment adopted in the 2012/13 accounts, when all the transactions were accounted for in the Commissioner's accounts, and will require restatement of last year's accounts to be consistent with this years approach.</p>	<p>We had discussions with finance staff as the accounting guidance evolved. We agreed an appropriate way forward and we are satisfied that the accounts, as presented, are compliant with the agreed approach.</p>
	<p>Nottinghamshire Police have recently lost the employment tribunal against them in relation to A19. This forced officers with over 30 years service to retire. In Nottinghamshire this affected just under 100 officers.</p> <p>Along with four other police forces, Nottinghamshire may now have to pay some form of compensation to these former officers. An appeal has been lodged. The ruling may have an impact on the 2013/14 financial statements and also the 2014/15 financial statements.</p>	<p>The PCC is currently appealing the decision of the employment tribunal. The potential financial exposure should the appeal be unsuccessful will depend on the individual circumstances of the officers involved.</p> <p>Adequate disclosure of the contingent liability has been made in the notes to the accounts.</p>

Additionally, we considered the risk of management override of controls, which is a standard risk for all organisations. Our controls testing and substantive procedures, including over journal entries, accounting estimates and significant transactions that are outside the normal course of business, or are otherwise unusual, did not identify any issues.

We have noted a deterioration in the availability of some supporting working papers.

Officers dealt with the majority of audit queries within a reasonable time but in some cases we experienced delays in the audit process.

Accounts production and audit process

ISA 260 requires us to communicate to those charged with governance, the PCC and the CC as corporations sole, our views about the significant qualitative aspects of their accounting practices and financial reporting. We also assessed the processes for preparing the accounts and supporting an efficient audit.

We considered the following criteria:

Element	Commentary
Completeness of draft accounts	We received an initial set of draft accounts on 1 July 2014 prior to the commencement of our audit visit on 7 July. This draft was based on the format of the 2012/13 accounts. We received the corrected disaggregated and restated draft accounts at the end of the second week of the audit. The only amendments made to this draft after this date were presentational items requested by the audit team.
Availability and quality of supporting working papers	<p>Our <i>Accounts Audit Protocol</i>, which we issued in February 2014 and discussed with key members of the finance team, set out our working paper requirements for the audit.</p> <p>Not all working papers were available at the start of the audit. We were provided with no working papers to support grant income, borrowings or investments and these had to be requested. We also had to request additional working papers for property, plant and equipment, payroll and debtors. In addition the overall quality of working papers provided was variable.</p> <p>We will work with your officers to ensure there is clearer communication and understanding of what we require.</p>

Element	Commentary
Response to audit queries	Officers resolved the majority of audit queries in a reasonable time. In some cases, however, we experienced delays, specifically where staff who prepared the working papers were not available during the audit. A number of finance staff were on annual leave for some of the 3 week audit visit. We received very short notice of this planned leave.
Group audit	<p>To gain assurance over the PCC's group accounts, we placed reliance on work completed on the single entity financial statements of the PCC and the CC.</p> <p>There are no specific matters to report pertaining to the group audit.</p>

We have made a recommendation in respect of the PCC and the CC's working papers which is included in Appendix 1.

There was a temporary gap in up to date assurance from the regular review of monthly bank reconciliations. This situation has not recurred since.

Appropriate action has been taken in response to prior year recommendations.

Additional findings in respect of key financial systems

Formal monthly bank reconciliations were not completed for April, May, June or July 2013. This was due to a staff changeover. Bank reconciliations were subsequently resumed in August 2013 and found to be completed on a timely basis and reviewed each month since then. We have not made any recommendation in respect of this matter.

Prior year recommendations

There were two recommendations in last year's ISA 260 report, one in respect of obtaining declarations of interest forms from senior management and audit and scrutiny panel members; the other in respect of granting access to finance IT systems for new starters and removing leavers.

We are pleased to report that appropriate action has been taken in respect of both recommendations.

We confirm that we have complied with requirements on objectivity and independence in relation to this year's audit of the financial statements of the PCC and the CC.

Before we can issue our opinion we require a signed management representation letter.

Once we have finalised our opinions and conclusions we will prepare our *Annual Audit Letter* and close our audit.

Declaration of independence and objectivity

As part of the finalisation process we are required to provide you with representations concerning our independence.

In relation to the audit of the financial statements of the Police and Crime Commissioner for Nottinghamshire and the Chief Constable of Nottinghamshire for the year ended 31 March 2014, we confirm that there were no relationships between KPMG LLP and the Police and Crime Commissioner for Nottinghamshire and the Chief Constable of Nottinghamshire, their senior officers and management and their affiliates that we consider may reasonably be thought to bear on the objectivity and independence of the audit engagement lead and audit staff. We also confirm that we have complied with Ethical Standards and the Audit Commission's requirements in relation to independence and objectivity.

We have provided a detailed declaration in Appendix 3 in accordance with ISA 260.

Management representations

You are required to provide us with representations on specific matters such as your financial standing and whether the transactions within the accounts are legal and unaffected by fraud. We have provided templates to the Responsible Finance Officers for presentation to the PCC and the CC. We require a signed copy of these management representations before we issue our audit opinions.

Other matters

ISA 260 requires us to communicate to those charged with governance by exception 'audit matters of governance interest that arise from the audit of the financial statements' which include:

- significant difficulties encountered during the audit;
- significant matters arising from the audit that were discussed, or subject to correspondence with management;
- other matters, if arising from the audit that, in the auditor's professional judgment, are significant to the oversight of the financial reporting process; and
- matters specifically required by other auditing standards to be communicated to those charged with governance (e.g. significant deficiencies in internal control; issues relating to fraud, compliance with laws and regulations, subsequent events, non disclosure, related party, public interest reporting, questions/objections, opening balances etc).

There are no others matters which we wish to draw to your attention in addition to those highlighted in this report relating to the audit of the 2013/14 financial statements for the PCC and the CC.

Our VFM arrangements conclusion considers how the PCC and the CC secure financial resilience and challenges how they secure economy, efficiency and effectiveness.

We have still to complete our work on VFM. We anticipate that this will conclude that the PCC and the CC have made proper arrangements to secure economy, efficiency and effectiveness in their use of resources.

We will provide an update when we present this report to the Joint Audit and Scrutiny Panel on 23 September 2014.

Background

Auditors are required to give their statutory VFM arrangements conclusion based on two criteria specified by the Audit Commission. These consider whether the PCC and the CC have proper arrangements in place for:

- securing financial resilience: looking at the financial governance, financial planning and financial control processes at both the PCC and the CC; and
- challenging how the PCC and the CC secure economy, efficiency and effectiveness: looking at how they prioritise resources and improve efficiency and productivity.

We follow a risk based approach to target audit effort on the areas of greatest audit risk. We consider the arrangements put in place by the PCC and the CC to mitigate these risks and plan our work accordingly.

The key elements of the VFM audit approach are summarised in the diagram below.



Work completed

We performed a risk assessment earlier in the year and have reviewed this throughout the year.

We identified a single specific risk to our VFM arrangements conclusion although concluded we did not need to complete any additional detailed work.

Conclusion

We have still to complete our work on VFM, however we expect to conclude that the PCC and CC have made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

VFM criterion	Met	
	PCC	CC
Securing financial resilience	✓	✓
Securing economy, efficiency and effectiveness	✓	✓

We have identified a single specific VFM risk.

We are satisfied that external or internal scrutiny provides sufficient assurance that the current arrangements in relation to these risk areas at the PCC and the CC are adequate.


Work completed

In line with the risk-based approach set out on the previous page, and in our *External Audit Plan* we have:

- assessed the key business risks affecting the PCC and the CC which are relevant to our VFM arrangements conclusion; and
- identified any specific audit risks for our VFM arrangements conclusion, taking account of work undertaken in previous years or as part of our financial statements audit.

Key findings

Below we set out the findings in respect of those areas where we identified an audit risk for our VFM arrangements conclusion.

Key VFM risk	Risk description and link to VFM arrangements conclusion	Assessment
	<p>Nottinghamshire have recently lost the employment tribunal brought against them and four other forces by the Police Superintendents Association of England and Wales. This challenged the legality of their decision to force nearly 100 officers with more than 30 years service to retire. An appeal has been lodged.</p>	<p>The PCC is currently appealing the decision of the employment tribunal. The potential financial exposure should the appeal be unsuccessful will depend on the individual circumstances of the officers involved.</p> <p>The PCC's reserves strategy includes the current employment tribunals relating to A19 as one of the significant risks that have been considered, and that will be kept under review.</p> <p>The PCC is also considering an application to the Home Office for special grant, should the appeal not be upheld.</p>

We have given each recommendation a risk rating and agreed what action management will need to take.

The PCC and the CC should closely monitor progress in addressing specific risks and implementing our recommendations.

We will formally follow up these recommendations next year.

Priority rating for recommendations				
1 Priority one: issues that are fundamental and material to your system of internal control. We believe that these issues might mean that you do not meet a system objective or reduce (mitigate) a risk.		2 Priority two: issues that have an important effect on internal controls but do not need immediate action. You may still meet a system objective in full or in part or reduce (mitigate) a risk adequately but the weakness remains in the system.		3 Priority three: issues that would, if corrected, improve the internal control in general but are not vital to the overall system. These are generally issues of best practice that we feel would benefit you if you introduced them.
No.	Risk	Relevant body	Issue and recommendation	Management response / responsible officer / due date
1	3	PCC and CC	Quality and availability of working papers Some working papers were not provided at the start of the audit; we experienced some delays due to staff leave which we were not notified of on a timely basis. We will work with your officers to ensure there is clearer communication and understanding of what we require. Recommendation The finance team should ensure: <ul style="list-style-type: none"> • Availability of the working papers specified in the PBC schedule prior to the start of the audit; • Availability of key staff during the audit process; and • Appropriate peer review of working papers prior to handover. 	Discussed and agreed in principle by the Chief Finance Officer and the Assistant Chief Officer (Resources). A detailed response will be reported to the Audit and Scrutiny Panel after a feedback meeting with the auditors.

The Code of Audit Practice requires us to exercise our professional judgement and act independently of the Commission, the PCC for Nottinghamshire and the CC of Nottinghamshire.

Requirements

Auditors appointed by the Audit Commission must comply with the *Code of Audit Practice* (the 'Code') which states that:

"Auditors and their staff should exercise their professional judgement and act independently of both the Commission and the audited body. Auditors, or any firm with which an auditor is associated, should not carry out work for an audited body that does not relate directly to the discharge of auditors' functions, if it would impair the auditors' independence or might give rise to a reasonable perception that their independence could be impaired."

In considering issues of independence and objectivity we consider relevant professional, regulatory and legal requirements and guidance, including the provisions of the Code, the detailed provisions of the Statement of Independence included within the Audit Commission's *Standing Guidance for Local Government Auditors* ('Audit Commission Guidance') and the requirements of APB Ethical Standard 1 *Integrity, Objectivity and Independence* ('Ethical Standards').

The Code states that, in carrying out their audit of the financial statements, auditors should comply with auditing standards currently in force, and as may be amended from time to time. Audit Commission Guidance requires appointed auditors to follow the provisions of ISA (UK & I) 260 *Communication of Audit Matters with Those Charged with Governance* that are applicable to the audit of listed companies. This means that the appointed auditor must disclose in writing:

- Details of all relationships between the auditor and the client, its directors and senior management and its affiliates, including all services provided by the audit firm and its network to the client, its directors and senior management and its affiliates, that the auditor considers may reasonably be thought to bear on the auditor's objectivity and independence.
- The related safeguards that are in place.

- The total amount of fees that the auditor and the auditor's network firms have charged to the client and its affiliates for the provision of services during the reporting period, analysed into appropriate categories, for example, statutory audit services, further audit services, tax advisory services and other non-audit services. For each category, the amounts of any future services which have been contracted or where a written proposal has been submitted are separately disclosed. We do this in our *Annual Audit Letter*.

Appointed auditors are also required to confirm in writing that they have complied with Ethical Standards and that, in the auditor's professional judgement, the auditor is independent and the auditor's objectivity is not compromised, or otherwise declare that the auditor has concerns that the auditor's objectivity and independence may be compromised and explaining the actions which necessarily follow from this. These matters should be discussed with the Joint Independent Audit Committee.

Ethical Standards require us to communicate to those charged with governance in writing at least annually all significant facts and matters, including those related to the provision of non-audit services and the safeguards put in place that, in our professional judgement, may reasonably be thought to bear on our independence and the objectivity of the Engagement Lead and the audit team.

General procedures to safeguard independence and objectivity

KPMG's reputation is built, in great part, upon the conduct of our professionals and their ability to deliver objective and independent advice and opinions. That integrity and objectivity underpins the work that KPMG performs and is important to the regulatory environments in which we operate. All partners and staff have an obligation to maintain the relevant level of required independence and to identify and evaluate circumstances and relationships that may impair that independence.

We confirm that we have complied with requirements on objectivity and independence in relation to this year's audit of the PCC for Nottinghamshire and the CC of Nottinghamshire.

Acting as an auditor places specific obligations on the firm, partners and staff in order to demonstrate the firm's required independence. KPMG's policies and procedures regarding independence matters are detailed in the *Ethics and Independence Manual* ('the Manual'). The Manual sets out the overriding principles and summarises the policies and regulations which all partners and staff must adhere to in the area of professional conduct and in dealings with clients and others.

KPMG is committed to ensuring that all partners and staff are aware of these principles. To facilitate this, a hard copy of the Manual is provided to everyone annually. The Manual is divided into two parts. Part 1 sets out KPMG's ethics and independence policies which partners and staff must observe both in relation to their personal dealings and in relation to the professional services they provide. Part 2 of the Manual summarises the key risk management policies which partners and staff are required to follow when providing such services.

All partners and staff must understand the personal responsibilities they have towards complying with the policies outlined in the Manual and follow them at all times. To acknowledge understanding of and adherence to the policies set out in the Manual, all partners and staff are required to submit an annual ethics and independence confirmation. Failure to follow these policies can result in disciplinary action.

Auditor declaration

In relation to the audit of the financial statements for the financial year ending 31 March 2014 for the PCC for Nottinghamshire and the CC of Nottinghamshire, we confirm that there were no relationships between KPMG LLP and the PCC for Nottinghamshire and the CC of Nottinghamshire, their senior officers and management and their affiliates that we consider may reasonably be thought to bear on the objectivity and independence of the audit engagement lead and audit staff. We also confirm that we have complied with Ethical Standards and the Audit Commission's requirements in relation to independence and objectivity.



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For Information	
Public/Non Public*	Public
Report to:	Joint Audit & Scrutiny Panel
Date of Meeting:	23 September 2014
Report of:	DCC & Chief Executive
Report Author:	Paul White, Strategic Support Officer
E-mail:	paul.white@nottinghamshire.pnn.police.uk
Other Contacts:	Paul Steeples, Interim Head of Business & Finance Julie Mair, Acting Organisational Development Manager
Agenda Item:	6

STRATEGIC RISK REGISTER REPORT (2014/15 QUARTER 1)

1. Purpose of the Report

- 1.1 To provide the Joint Audit and Scrutiny Panel with an updated picture of strategic risk across Nottinghamshire Police (the Force) and the Nottinghamshire Office of the Police and Crime Commissioner (NOPCC).

2. Recommendations

- 2.1 That the Panel notes the current level of strategic risk and receives assurance as to the effectiveness of corporate risk management within the Force and the NOPCC.


3. Reasons for Recommendations


- 3.1 A Strategic Risk Register Report is provided to the Joint Audit and Scrutiny Panel every six months to enable the Panel to evaluate the effectiveness of risk management within the Force and NOPCC, as part of their scrutiny of corporate governance arrangements.

4. Summary of Key Points


- 4.1 The format of this report has been updated to reflect recent changes to the Force's and NOPCC's risk management processes and adoption of the Office of Government Commerce (OGC) Management of Risk (M_o_R) approach.
- 4.2 The current level of risk exposure within the Force and NOPCC has been evaluated in terms of the following types or categories of risk:
- Crime and community safety
 - Operational efficiency & effectiveness
 - Judicial process
 - Reputation
 - Finances
 - Compliance
 - Health, safety and wellbeing
 - Environment


- 4.3 In the absence of a formal risk management strategy for the FEB and NOPCC an assumption has been made that only High and Very high risks will be reported to the Panel.
- 4.4 The tables below summarise the level of risk exposure within the Force and NOPCC in each of those categories, including reference to those specific risks (both threats and opportunities) which are currently assessed as having a High or Very high risk rating and the planned to response to those risks:


Risk type	Finances		
Overall risk exposure	Very high	Trend	
Current top risks		Risk response plans	
Reserves are required to balance the budget for 2014/15	VH	Governance of efficiency savings plan 2014/15	
Reserves are required to balance the budget for 2015-16	VH	Governance of Target Operating Model (TOM) & efficiency savings plan 2015/16	
Failure of appeal against A19 tribunal decision	H	Appeal process; contingent liability in accounts	
Opportunity for successful Police Innovation Fund bids	H	Business partner preparation of Force bids	


Risk type	Operational efficiency & effectiveness		
Overall risk exposure	High	Trend	
Current top risks		Risk response plans	
Implementation of the CRIM project results in contact management teams out-growing existing accommodation	VH	Business case to explore options for relocation of contact management	
Mechanical or electrical failure at the Bridewell forces closure & temporary loss of custody provision	H	Business case for replacement / upgrade; business continuity plan in place	
Incremental loss of mobile data capability as Blackberry stocks run out	H	Recommended option is to upgrade existing BEAT system to be "device agnostic"	


Changes to the probation service result in increased demand for Force offender management	H	Governance of offender management through Joint Local Policing & Specialist Services Board
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Risk type	Compliance		
Overall risk exposure	Medium	Trend	
Current top risks		Risk response plans	
Unauthorised access to Force information by an employee	H	Protective monitoring; develop role based access through East Midlands Strategic Infrastructure Services (EMSIS) project	
Unauthorised third party access to Force information	H	Protective monitoring; develop policies and processes for managing and monitoring third party access	

Risk type	Reputation		
Overall risk exposure	Medium	Trend	
Current top risks		Risk response plans	
The Force reports a year on year increase in recorded crime & ASB at the end of 2014/15	H	Force performance media strategy	

Risk type	Judicial process		
Overall risk exposure	Medium	Trend	
Current top risks		Risk response plans	
Loss of information from Digital Imaging Evidence Unit (DIEU) systems	H	Temporary repairs by DIEU; review & governance through Force Information Assurance Board (FIAB)	

Risk type	Crime & community safety		
Overall risk exposure	Medium	Trend	
Current top risks		Risk response plans	
No risks currently rated High or Very high		N/A	

Risk type	Health, safety & wellbeing		
Overall risk exposure	Low	Trend	
Current top risks		Risk response plans	
No risks currently rated High or Very high		N/A	

Risk type	Environment		
Overall risk exposure	Very low	Trend	
Current top risks		Risk response plans	
No risks currently rated High or Very high		N/A	

4.4 **Appendices I-V** to this report show the current risk registers for each strategic portfolio:

- Local Policing
- Specialist Services
- Corporate Services
- Information
- NOPCC

4.5 The following risks have been closed since the previous report:

Risk description	Reason for closure
Breach of FHQ security through unattended main gate resulting in harm to individuals or damage to property	Risk accepted – no evidence of current threat (monitor through security incident reporting procedure)
Loss of access to information if Mansfield servers overheat following air-con failure	Risk accepted – air-con replaced & ICT business continuity plans in place (monitor through security incident reporting procedure)

4.6 A formal Information Risk Management Strategy has been developed by the Force Information Assurance Board (FIAB). This document describes the main risk management activities that are carried out in relation to information assurance, the process and methodology that is used to assess and manage individual risks, and the risk appetite and tolerance levels that have been set by the DCC as Senior Information Risk Owner (SIRO).

- 4.7 Risk management strategies for the other portfolios and also for the FEB and NOPCC are still in development. Consequently, the risk registers attached as Appendices I-V have been compiled from available evidence and have not been formally reviewed by the respective management boards.

5 Financial Implications and Budget Provision

- 5.1 The annual maintenance cost for the Orchid Risk Management System in 2014/15 is £5,700, with an additional £1,833.33 paid to Leicestershire Police for hosting the system. Budget provision of a further £2,000 is also made to cover the cost of a security penetration test of the system, which is only carried out and charged for if it is deemed necessary by Leicestershire Police. No test is planned for this year.
- 5.2 As the Force no longer uses the Orchid system as its risk register, from 2015/16 the contract with Orchidsoft has been cancelled and the Memorandum of Understanding with Leicestershire Police will no longer apply. Consequently, no specific budget provision will be required to support risk management beyond the current year. This has been recorded as a saving in the 2015/16 efficiency plan.

6 Human Resources Implications

- 6.1 Professional support for risk management is provided by one Strategic Support Officer within the Planning and Policy team (Business and Finance department), who is trained as an M_o_R Registered Risk Practitioner and who is also responsible for advising on business continuity management.
- 6.2 General responsibility for risk management forms an integral part of the job descriptions of individuals throughout the Force.

7 Equality Implications

- 7.1 There are no known equality implications associated with the implementation of the Corporate Risk Management Policy.
- 7.2 Where a particular risk is identified that could have an impact on the Force's or NOPCC's equality objectives that risk will be managed in line with the Policy.

8 Risk Management

- 8.1 If the Force and NOPCC do not practice effective risk management there is risk of non-compliance with the principles of corporate governance. More specifically, ineffective risk management is likely to result in decisions being made that do not support the Force and the Commissioner in achieving their objectives. However, it is not considered that this is a risk that requires active management at this time.

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

- 9.1 In order to implement the M_o_R approach the Force risk practitioner will be updating the existing Corporate Risk Management Policy and process.
- 9.2 Good risk management within decision making is generally accepted as more cost effective than a reactive approach to issues and can therefore have a positive impact on the Police and Crime Plan priority of 'Spending your money wisely'.

10 Changes in Legislation or other Legal Considerations

- 10.1 The preparation and publication of an annual governance statement in accordance with the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government' is necessary to meet the statutory requirement set out in Regulation 4(2) of the Accounts and Audit (Amendment) (England) Regulations 2006 for authorities to prepare a statement of internal control. This includes the requirement to have "effective risk management systems in place".
- 10.1 Where potential changes in legislation or other legal considerations represent a significant threat or opportunity for the Force or the NOPCC these are evaluated and managed in line with the Corporate Risk Management Policy.

11 Details of outcome of consultation

- 11.1 No consultation was required in preparing this report, as it is based on the risk management processes which form an integral part of the PCC's and Force's governance arrangements.

12. Appendices

- 12.1 **Appendix I** – Strategic Local Policing Risk Register, Quarter 1 2014/15
- 12.2 **Appendix II** – Strategic Specialist Services Risk Register, Quarter 1 2014/15
- 12.3 **Appendix III** – Strategic Corporate Services Risk Register, Quarter 1 2014/15
- 12.4 **Appendix IV** – Strategic Information Risk Register, Quarter 1 2014/15
- 12.5 **Appendix V** – Strategic NOPCC Risk Register, Quarter 1 2014/15



Strategic Risk Register

Business area	Local Policing
Responsible officer	ACC Simon Torr
Period	Quarter 1, 2014/15

-NOT PROTECTIVELY MARKED-
NOTTINGHAMSHIRE POLICE



Identifier	Function	Risk description	Owner	Proximity	Probability	Impact	Rating	Trend	Response plan	Risk rating confidence
LOC 013	Contact management	Implementation of the CRIM project results in contact management teams out-growing existing accommodation	ACC Torr	Apr 2015	Very high (5)	High (4)	Very high (20)	NEW	Business case to explore options for relocation of contact management	Substantial
LOC 001	Corporate communication	The Force reports a year on year increase in crime at the end of the 2014/15 financial year, which damages its reputation	DCC Fish	April / May 2015	High (4)	Med (3)	High (12)	↑	Force performance media strategy	Reasonable
LOC 009	Corporate communication	The Force reports a year on year increase in ASB at the end of the 2014/15 financial year, which damages its reputation	DCC Fish	April / May 2015	High (4)	Med (3)	High (12)	↑	Force performance media strategy	Reasonable
LOC 006	Contact management	Changes to crime decision making by the CRIM project result in an increase in recorded crime, damaging reputation	ACC Torr	Oct 2014 – Sep 2015	Med (3)	Med (3)	Med (9)	NEW	Develop a project media strategy	Limited
LOC 003	County Division	County Council budget reductions result in increased demand for police services	ACC Torr	2014-17	Med (3)	Med (3)	Med (9)	↔	Further research to understand the implications of this risk	Limited

-NOT PROTECTIVELY MARKED-
NOTTINGHAMSHIRE POLICE



Identifier	Function	Risk description	Owner	Proximity	Probability	Impact	Rating	Trend	Response plan	Risk rating confidence
LOC 005	City Division	City Council budget reductions result in increased demand for police services	ACC Torr	2014-17	Med (3)	Med (3)	Med (9)	↔	Further research to understand the implications of this risk	Limited
LOC 014	Contact management	Increased in time taken to resolve calls leads to a reduction in call handling performance	ACC Torr	Next 12 months	High (4)	Low (2)	Med (8)	NEW	Assisted implementation using newly formed Contact Resolution Team	Reasonable
LOC 015	Contact management	Closure of front counters results in increased volume of calls to the control room	ACC Torr	Next 12 months	High (4)	Low (2)	Med (8)	NEW	Front counter project is installing virtual front counter facilities as well as an online service	Reasonable
LOC 011	Project management	Introduction of new Prisoner Handling Team results in increased number of arrests	ACC Torr	Next 12 months	Low (2)	High (4)	Med (8)	NEW	Necessity test for arrest to be applied rigorously by divisional supervisors and custody	Limited
LOC 012	Project management	Introduction of new Prisoner Handling Team results in drop in quality of initial investigations	ACC Torr	Next 12 months	Low (2)	High (4)	Med (8)	NEW	Quality control by line managers & evidence review sergeants	Limited



Identifier	Function	Risk description	Owner	Proximity	Probability	Impact	Rating	Trend	Response plan	Risk rating confidence
LOC 010	Project management	A victim of crime does not make use of Track My Crime system, resulting in lost opportunity to realise business benefits	ACC Torr	Next 3 months	High (4)	Low (2)	Med (8)	↔	System changes; appointment of divisional SPOCs and communications plan	Substantial



Closed risks				
Identifier	Risk description	Reason for closure	Date closed	Closed by



Appendix – explanatory note

The following definitions and criteria have been used to describe and assess the risks recorded in this risk register:

Probability	Score	Definition
Very high	5	Almost certainly will occur (>75% chance)
High	4	More likely to occur than not 51-75% chance)
Medium	3	Fairly likely to occur (26-50% chance)
Low	2	Unlikely to occur (6-25% chance)
Very low	1	Extremely unlikely or virtually impossible (0-5% chance)

Impact	Score	Definition
Very high	5	Significant, lasting or permanent impact on objectives
High	4	Significant, temporary or noticeable, lasting impact on objectives
Medium	3	Noticeable, temporary or minor, lasting impact on objectives
Low	2	Minor, temporary or minimal, lasting impact on objectives
Very low	1	Minimal, temporary impact on objectives



Probability is multiplied by Impact to give the overall Rating, which is colour coded, dependent upon whether the risk represents a threat (negative impact) or opportunity (positive impact) using the matrices below:

Impact	V high (5)	5	10	15	20	25
	High (4)	4	8	12	16	20
	Medium (3)	3	6	9	12	15
	Low (2)	2	4	6	8	10
	V low (1)	1	2	3	4	5
		V low (1)	Low (2)	Medium (3)	High (4)	V high (5)
Probability						

Threat scoring matrix

Impact	V high (5)	5	10	15	20	25
	High (4)	4	8	12	16	20
	Medium (3)	3	6	9	12	15
	Low (2)	2	4	6	8	10
	V low (1)	1	2	3	4	5
		V low (1)	Low (2)	Medium (3)	High (4)	V high (5)
Probability						

Opportunity scoring matrix

The Confidence rating that is applied to each risk represents an evaluation of the source information used to assess the risk, as follows:

- Substantial – risk scoring is based on substantial, reliable data and / or intelligence
- Reasonable – risk scoring is based on some data and / or intelligence, but there are gaps or issues with reliability
- Limited – risk scoring is based on professional judgement alone



Strategic Risk Register

Business area	Specialist Services
Responsible officer	ACC Steve Jupp
Period	Quarter 1, 2014/15

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NOTTINGHAMSHIRE POLICE



Identifier	Function	Risk description	Owner	Proximity	Probability	Impact	Rating	Trend	Response plan	Risk rating confidence
C&J 009	Custody	Closure of Bridewell custody following mechanical or electrical failure resulting in reduced custody provision	ACC Jupp	Next 2 years	Med (3)	High (4)	High (12)		Explore options for replacing ageing equipment; update Custody business continuity plan	Substantial
C&J 004	Offender management	Changes to the probation service resulting in increased demand for offender management	ACC Jupp	2014/15	Med (3)	High (4)	High (12)		Governance of offender management through Joint Local Policing & Specialist Services Board	Limited
SPS 011	Criminal justice	Opportunity to obtain a conviction in the Crown Court (currently 88%)	ACC Jupp	Next 3 months	High (4)	Med (3)	High (12)		Governance of criminal justice through Joint Performance Board; East Midlands Criminal Justice project	Substantial
SPS 012	Criminal justice	Opportunity to obtain a conviction in the Magistrates Court (currently 84%)	ACC Jupp	Next 3 months	High (4)	Med (3)	High (12)		Governance of criminal justice through Joint Performance Board; East Midlands Criminal Justice project	Substantial
SPS 003	Custody	A fire at the Bridewell puts officers, staff and the public at risk of serious harm	ACC Jupp	Next 2 years	Low (2)	Very high (5)	Medium (10)		Business case to explore options for replacing ageing equipment	Limited

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NOTTINGHAMSHIRE POLICE



Identifier	Function	Risk description	Owner	Proximity	Probability	Impact	Rating	Trend	Response plan	Risk rating confidence
SPS 005	Youth offending	A young offender in the City goes on to re-offend (32.5% in 2012/13)	ACC Jupp	Next 12 months	Med (3)	Med (3)	Med (9)	↔	Governance of offender management through Joint Performance Board	Reasonable
SPS 007	Criminal justice	A Crown Court trial is ineffective (currently 54%)	ACC Jupp	Next 3 months	High (4)	Low (2)	Med (8)	↔	Governance of criminal justice through Joint Performance Board; East Midland Criminal Justice project	Substantial
SPS 008	Criminal justice	A Magistrates Court trial is ineffective (currently 60%)	ACC Jupp	Next 3 months	High (4)	Low (2)	Med (8)	↔	Governance of criminal justice through Joint Performance Board; East Midland Criminal Justice project	Substantial
SPS 010	Criminal justice	Opportunity to obtain an early guilt plea in the Magistrates Court (currently 69%)	ACC Jupp	Next 3 months	High (4)	Low (2)	Med (8)	↔	Governance of criminal justice through Joint Performance Board; East Midland Criminal Justice project	Substantial
SPS 017	Criminal investigation	Opportunity to “detect” a crime	ACC Jupp	Next 3 months	Med (3)	Med (3)	Med (9)	↓	Governance of crime through Joint Performance Board; Improving Investigations project	Substantial



Identifier	Function	Risk description	Owner	Proximity	Probability	Impact	Rating	Trend	Response plan	Risk rating confidence
SPS 009	Criminal justice	Opportunity to obtain an early guilt plea in the Crown Court (currently 34%)	ACC Jupp	Next 3 months	Med (3)	Med (3)	Med (9)	↔	Governance of criminal justice through Joint Performance Board; East Midland Criminal Justice project	



Closed risks				
Identifier	Risk description	Reason for closure	Date closed	Closed by



Appendix – explanatory note

The following definitions and criteria have been used to describe and assess the risks recorded in this risk register:

Probability	Score	Definition
Very high	5	Almost certainly will occur (>75% chance)
High	4	More likely to occur than not 51-75% chance)
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Low	2	Unlikely to occur (6-25% chance)
Very low	1	Extremely unlikely or virtually impossible (0-5% chance)

Impact	Score	Definition
Very high	5	Significant, lasting or permanent impact on objectives
High	4	Significant, temporary or noticeable, lasting impact on objectives
Medium	3	Noticeable, temporary or minor, lasting impact on objectives
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	High (4)	4	8	12	16	20
	Medium (3)	3	6	9	12	15
	Low (2)	2	4	6	8	10
	V low (1)	1	2	3	4	5
		V low (1)	Low (2)	Medium (3)	High (4)	V high (5)
Probability						

Threat scoring matrix

Impact	V high (5)	5	10	15	20	25
	High (4)	4	8	12	16	20
	Medium (3)	3	6	9	12	15
	Low (2)	2	4	6	8	10
	V low (1)	1	2	3	4	5
		V low (1)	Low (2)	Medium (3)	High (4)	V high (5)
Probability						

Opportunity scoring matrix

The Confidence rating that is applied to each risk represents an evaluation of the source information used to assess the risk, as follows:

- Substantial – risk scoring is based on substantial, reliable data and / or intelligence
- Reasonable – risk scoring is based on some data and / or intelligence, but there are gaps or issues with reliability
- Limited – risk scoring is based on professional judgement alone



Strategic Risk Register

Business area	Corporate Services
Responsible officer	ACO Margaret Monckton
Period	Quarter 1, 2014/15

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NOTTINGHAMSHIRE POLICE



Identifier	Function	Risk description	Owner	Proximity	Probability	Impact	Rating	Trend	Response plan	Risk rating confidence
COS 001	Finance	The Force is unable to reduce expenditure by £12.7m and so has to use reserves to balance the budget for 2014/15 (current forecast £1.5-3.5m at risk)	ACO Monckton	June 2015	High (4)	Very high (5)	Very high (20)	↓	Reduce the probability & impact through budget monitoring & CSB governance of the efficiency savings plan	Reasonable
COS 004	Finance	The Force is unable to reduce expenditure by around £10m and so has to use reserves to balance the budget for 2015/16	ACO Monckton	June 2016	High (4)	Very high (5)	Very high (20)	↔	Reduce the probability & impact through development & delivery of an efficiency savings plan for 2015/16	Limited
INS 002	Information assets	Incremental loss of mobile data capability as Blackberry stocks run out, impacting on operational efficiency & control room demand	ACO Monckton	Aug 2015	High (4)	High (4)	High (16)	NEW	Recommended option is to upgrade existing BEAT system to be "device agnostic"	Reasonable
COS 003	Finance	The Force's appeal against the employment tribunal ruling on use of Reg A19 fails, resulting in payment of compensation to c100 former officers	ACO Monckton	tbc	Med (3)	Very high (5)	High (15)	↔	Appeal process; contingent liability of £3.5m in accounts for 2014/15	Limited

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Identifier	Function	Risk description	Owner	Proximity	Probability	Impact	Rating	Trend	Response plan	Risk rating confidence
COS 002	Finance	Opportunity to successfully bid for in excess of £1m from the Police Innovation Fund in 2015/16	ACO Monckton	Apr – Jul 2015	Med (3)	Very high (5)	High (15)	↔	Coordinate annual bids through finance business partners	Reasonable
INS 001	Infrastructure services	Failure of Force telephony resulting in loss of internal & external communications capability	ACO Monckton	2016/17	Med (3)	Med (3)	Med (9)	↓	Replace Force-wide & control room telephony (£1.5m); Information Services & Contact Management BC plans in place	Reasonable
COS 005	Health, safety & wellbeing	An officer or member of staff is assaulted whilst at work (forecast 270 in 2014/15, or 7% chance)	ACO Monckton	Next 12 months	Low (2)	High (4)	Med (8)	↑	Health & safety policy & related guidance in place; monitor through Corporate Services Board & Force H&S meeting	Substantial
SCU 003	Procurement	Savings are not realised because EMSCU are not involved at an early stage in the business case process	ACO Monckton	June 2015	Low (2)	High (4)	Med (8)	↓	Engagement with stakeholders & involvement in senior management meetings; communication plan rolled out	Limited
SCU 007	Procurement	Commercial challenge and reputation damage in the event of major supplier failure	ACO Monckton	Next 12 months	Low (2)	High (4)	Med (8)	↓	Implementation of Supplier Relationship management & stakeholder engagement by procurement business partners	Limited



Closed risks				
Identifier	Risk description	Reason for closure	Date closed	Closed by
B&F 001	The Force successfully bids for in excess of £1m from the Police Innovation Fund in 2015/16	The risk (opportunity) was exploited successfully	August 2014	ACO Monckton



Appendix – explanatory note

The following definitions and criteria have been used to describe and assess the risks recorded in this risk register:

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Very high	5	Significant, lasting or permanent impact on objectives
High	4	Significant, temporary or noticeable, lasting impact on objectives
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	Medium (3)	3	6	9	12	15
	Low (2)	2	4	6	8	10
	V low (1)	1	2	3	4	5
		V low (1)	Low (2)	Medium (3)	High (4)	V high (5)
Probability						

Threat scoring matrix

Impact	V high (5)	5	10	15	20	25
	High (4)	4	8	12	16	20
	Medium (3)	3	6	9	12	15
	Low (2)	2	4	6	8	10
	V low (1)	1	2	3	4	5
		V low (1)	Low (2)	Medium (3)	High (4)	V high (5)
Probability						

Opportunity scoring matrix

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- Limited – risk scoring is based on professional judgement alone



Strategic Risk Register

Business area	Information
Responsible officer	DCC Sue Fish
Period	Quarter 1, 2014/15



Identifier	Function	Risk description	Owner	Proximity	Probability	Impact	Rating	Trend	Response plan	Risk rating confidence
C&J 007	Digital Imaging Evidence Unit (DIEU)	Critical failure of DIEU stand alone ICT equipment resulting in permanent loss of information	ACC Jupp	Next 12 months	High (4)	High (4)	High (16)	↔	Temporary repairs by DIEU; DCC to review with Information Services & Crime & Justice	Reasonable
INF 017	Varies by information asset	Unauthorised access to Force information by an officer, member of staff or volunteer (probability unknown)	IAOs	Next 3 months	Med (3)	High (4)	High (12)	↔	Protective monitoring; develop role based access through East Midlands Strategic Infrastructure Services (EMSIS)	Limited
INF 010	Varies by information asset	Unauthorised third party access to Force information (probability unknown)	IAOs	Next 3 months	Med (3)	High (4)	High (12)	↔	Protective monitoring; develop policies and processes for managing and monitoring third party access (ICO 45; IAT&F 46, 65, 67 & 98)	Limited
INF 019	Digital Investigation Unit (DIU)	Power outage results in loss of evidential data from Digital Investigation Unit (DIU), due to limited back-up at Holmes House	ACC Jupp	Next 12 months	Low (2)	Very high (5)	Med (10)	↔	Prepare business case to relocate DIU to FHQ	Reasonable
INF 008	Infrastructure services	Breach of network security following end of Windows XP support resulting in theft or alteration of information	ACO Monckton	Next 3 months	Low (2)	Very high (5)	Med (10)	↔	Existing network security; extra 12 months XP support from Microsoft; Windows 7 project to upgrade operating system	Limited

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NOTTINGHAMSHIRE POLICE



Identifier	Function	Risk description	Owner	Proximity	Probability	Impact	Rating	Trend	Response plan	Risk rating confidence
INF 016	Criminal justice	Information contained on discs and in documents is provided to the CPS and subsequently lost or misplaced within their offices (regular occurrence)	Jane Dean	Next 3 months	Very high (5)	Low (2)	Med (10)	↔	Liaise with CPS to resolve the procedural issues causing this risk	Reasonable
INF 001	Crime recording	A sexual offence is reported but is not recorded as a crime, resulting in the Force being unable to provide victim services (currently 9%)	ACC Jupp	Next 3 months	Low (2)	Very high (5)	Med (10)	↓	CAIDQ Board sexual offences action plan to reduce probability	Substantial
INF 002	Crime recording	A robbery offence is reported but is not recorded as a crime, resulting in the Force being unable to provide victim services (currently 7%)	ACC Jupp	Next 3 months	Low (2)	Very high (5)	Med (10)	↓	NCRS audit monitored through CAIDQ Board & CMB review of incidents to reduce probability	Substantial
INF 031	Infrastructure services	The Force is unable to connect to the national Public Services Network (PSN): incomplete preparation (Windows upgrade; home working as BYOD)	ACO Monckton	Summer 2015	Low (2)	High (4)	Med (8)	↔	Regional PSN project led by Northants; procurement of 100 laptops for essential users	Reasonable
INF 003	Crime recording	Force activities lead to an increase in the number of recorded sexual offences, resulting in criticism & damage to reputation	ACC Jupp	June 2015	Low (2)	High (4)	Med (8)	↓	Seek Home Office assurance to assess probability and develop sexual offences media strategy to mitigate impact	Reasonable



Closed risks				
Identifier	Risk description	Reason for closure	Date closed	Closed by
INF 030	Breach of FHQ security through unattended main gate resulting in harm to individuals or damage to property	Risk accepted – no evidence of current threat (monitor through security incident reporting procedure)	August 2014	FIAB
INF 020	Loss of access to information if Mansfield servers overheat following air-con failure	Risk accepted – air-con replaced & ICT business continuity plans in place (monitor through security incident reporting procedure)	August 2014	FIAB



Appendix – explanatory note

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Very high	5	Almost certainly will occur (>75% chance)
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	Medium (3)	3	6	9	12	15
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Probability						

Threat scoring matrix

Impact	V high (5)	5	10	15	20	25
	High (4)	4	8	12	16	20
	Medium (3)	3	6	9	12	15
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Probability						

Opportunity scoring matrix

The Confidence rating that is applied to each risk represents an evaluation of the source information used to assess the risk, as follows:

- Substantial – risk scoring is based on substantial, reliable data and / or intelligence
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- Limited – risk scoring is based on professional judgement alone



Strategic Risk Register

Business area	Nottinghamshire Office of the PCC (NOPCC)
Responsible officer	Chief Executive Kevin Dennis
Period	Quarter 1, 2014/15



Strategic Risk Register

Identifier	Function	Risk description	Owner	Proximity	Probability	Impact	Rating	Trend	Response plan	Risk rating confidence
PCC 001	Strategy & assurance	Government funding cuts reduce the budget that can be made available to the Chief Constable, resulting in an increase in crime in 2015/16	Phil Gilbert	Jun 2016	Low (2)	Very High (5)	Med (10)		Police & Crime Plan priorities for prevention & early intervention; PCC's Alcohol Strategy	Limited
PCC 002	Strategy & assurance	Government funding cuts reduce the budget that can be made available to the Chief Constable, resulting in a reduced quality of service in 2015/16	Phil Gilbert	Jun 2016	Low (2)	Very high (5)	Med (10)		Police & Crime Plan priorities for victims, witnesses & vulnerable people; PCC's Victim Strategy	Limited
PCC 008	Finance	The Home Office review of Police & Crime funding results in Nottinghamshire Police receiving a smaller settlement than it does at present	CFO Charlie Radford	tbc	Low (2)	High (4)	Med (8)		PCC CFO is involved through PaCCTS; Lobbying Government for a better deal on funding formula, police grant, precept and community safety fund	Limited



Strategic Risk Register

Closed risks				
Identifier	Risk description	Reason for closure	Date closed	Closed by



Strategic Risk Register

Appendix – explanatory note

The following definitions and criteria have been used to describe and assess the risks recorded in this risk register:

Probability	Score	Definition
Very high	5	Almost certainly will occur (>75% chance)
High	4	More likely to occur than not 51-75% chance)
Medium	3	Fairly likely to occur (26-50% chance)
Low	2	Unlikely to occur (6-25% chance)
Very low	1	Extremely unlikely or virtually impossible (0-5% chance)

Impact	Score	Definition
Very high	5	Significant, lasting or permanent impact on objectives
High	4	Significant, temporary or noticeable, lasting impact on objectives
Medium	3	Noticeable, temporary or minor, lasting impact on objectives
Low	2	Minor, temporary or minimal, lasting impact on objectives
Very low	1	Minimal, temporary impact on objectives



Strategic Risk Register

Probability is multiplied by Impact to give the overall Rating, which is colour coded, dependent upon whether the risk represents a threat (negative impact) or opportunity (positive impact) using the matrices below:

Impact	V high (5)	5	10	15	20	25
	High (4)	4	8	12	16	20
	Medium (3)	3	6	9	12	15
	Low (2)	2	4	6	8	10
	V low (1)	1	2	3	4	5
		V low (1)	Low (2)	Medium (3)	High (4)	V high (5)
Probability						

Threat scoring matrix

Impact	V high (5)	5	10	15	20	25
	High (4)	4	8	12	16	20
	Medium (3)	3	6	9	12	15
	Low (2)	2	4	6	8	10
	V low (1)	1	2	3	4	5
		V low (1)	Low (2)	Medium (3)	High (4)	V high (5)
Probability						

Opportunity scoring matrix

The Confidence rating that is applied to each risk represents an evaluation of the source information used to assess the risk, as follows:

- Substantial – risk scoring is based on substantial, reliable data and / or intelligence
- Reasonable – risk scoring is based on some data and / or intelligence, but there are gaps or issues with reliability
- Limited – risk scoring is based on professional judgement alone

For Information	
Public/Non Public*	Public
Report to:	Audit & Scrutiny Panel
Date of Meeting:	23rd September 2014
Report of:	DCC Fish
Report Author:	East Midlands Collaboration Team
E-mail:	
Other Contacts:	
Agenda Item:	7

*If Non Public, please state under which category number from the guidance in the space provided.

East Midlands Police Collaboration Update

1. Purpose of the Report

- 1.1 The purpose of this report is to provide an update to the members of the Audit and Scrutiny Panel in relation to collaboration in the East Midlands by way of a high level overview.

2. Recommendations

- 2.1 It is recommended that members of the Panel note the contents of the report.

3. Reasons for Recommendations

- 3.1 To ensure that members are fully informed of the progress made by the East Midlands Police Collaboration Team to-date.

4. Summary of Key Points

- 4.1 There is an overall vision to develop an integrated East Midlands Operational Support Service (EMOpSS) for participating forces. This will be achieved through a staged approach and includes the following business areas; Armed Policing, Strategic Roads Policing, Specialist Services and Command & Control. The regional OSD senior management team is now in place and it is expected that an outline business case / options paper will be presented to the Programme Board at the end of September showing how Phase 3 will be implemented. It is in this phase that cost savings will be delivered in addition to other benefits including consistency of approach in leadership, strategy, people, partnerships, resources and processes will be realised together with increased operational resilience.
- 4.2 The East Midlands Criminal Justice Service (EMCJS) collaboration continues to move forward under four business areas – Senior Management Team and Business Support, Prosecutions, Witness Care and Custody and the Head of EMCJS is in post. The Custody work stream is developing plans around the

regional use of custody estate, with the objectives of enhancing interoperability, streamlining and standardising processes in support of investigations. Initial proposals will be delivered in mid-September. EMCJS is working with partners at a regional level to deliver action plans around Transforming Summary Justice (to increase the number of cases dealt with at first hearing by improving the quality of files, separating anticipated guilty and not guilty cases, and improving case management by CPS, Police and Courts ahead of first hearings). Other regional pieces of work under development within Criminal Justice include the creation of Virtual Remand Courts. The project will deliver the technology and working practices to enable remand hearings to be held virtually, with prisoners remaining in police custody (mitigating the cost of transport to court and management at court). It will also deliver the benefits of using the same technology to enable officers, victims and witnesses to provide evidence virtually. EMCJS is working closely with the Niche implementation team to prepare for the delivery of the integrated IT platform. The successful delivery of this platform will release further potentials for the alignment of working practices and delivery of savings at a regional level. The first tranche of the EMCJS programme is scheduled to conclude by the end of 2014, by which time clear proposals will have been developed and costed. The second tranche of work (developing implementation plans), will commence in January 2015.

- 4.3 A decision has been taken to disband the Resources portfolio. However, Chief Constable Eyre is still leading on the Business Support work. This area of business includes a two force project between Nottinghamshire Police and Northamptonshire Police seeking to transform the infrastructure and services to produce a single flexible infrastructure and service base where possible. A Lean Specialist has been appointed and will work in conjunction with the project team and specifically with the EMPCT Business Support team as they facilitate senior management and staff workshops, followed by the commencement of process mapping.
- 4.4 Chief Constables and Police and Crime Commissioners (PCCs) have agreed to a new regional Governance structure (please see Appendix A).
- 4.5 The Collaboration Team has re-structured to reflect the new portfolio structure with a Business Support Portfolio Lead having taken up post. A Performance Analyst has also been recruited and two Researcher/Clerical assistants are now in post.
- 4.6 EMSOU/National Crime Agency co-location plans continue and the project is progressing well. An agreement has been reached to purchase the Building and to fit-out half. It is anticipated that the purchase will be completed by the end of September 2014.

- 4.7 The regional Forensics project continues to progress with plans for the Arrow Centre development moving forwards. The Regional Collaboration Team has now moved out of the Arrow Centre to allow work to commence on the Forensics Centre of Excellence.
- 4.8 Results of the recent Innovation Fund bids have now been received. The East Midlands region has been successful in a large number of those bids submitted (please see Appendix B for the full list).

5. Financial Implications and Budget Provision

- 5.1 There are no financial implications arising from this report.

6. Human Resources Implications

- 6.1 Human resource implications in relation to collaboration are highlighted in the above, 'summary of key points' section.

7. Equality Implications

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

8. Risk Management

- 8.1 There are no risks highlighted in this report.

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

- 9.1 The work of the East Midlands Collaboration team is clearly linked to the seven priorities of the Police and Crime Plan. Collaboration is not only pragmatic, but will help achieve results that enhance the way the police service in the region does business.

10. Changes in Legislation or other Legal Considerations

- 10.1 There are no relevant changes in legislation or other legal considerations with regards to this report.

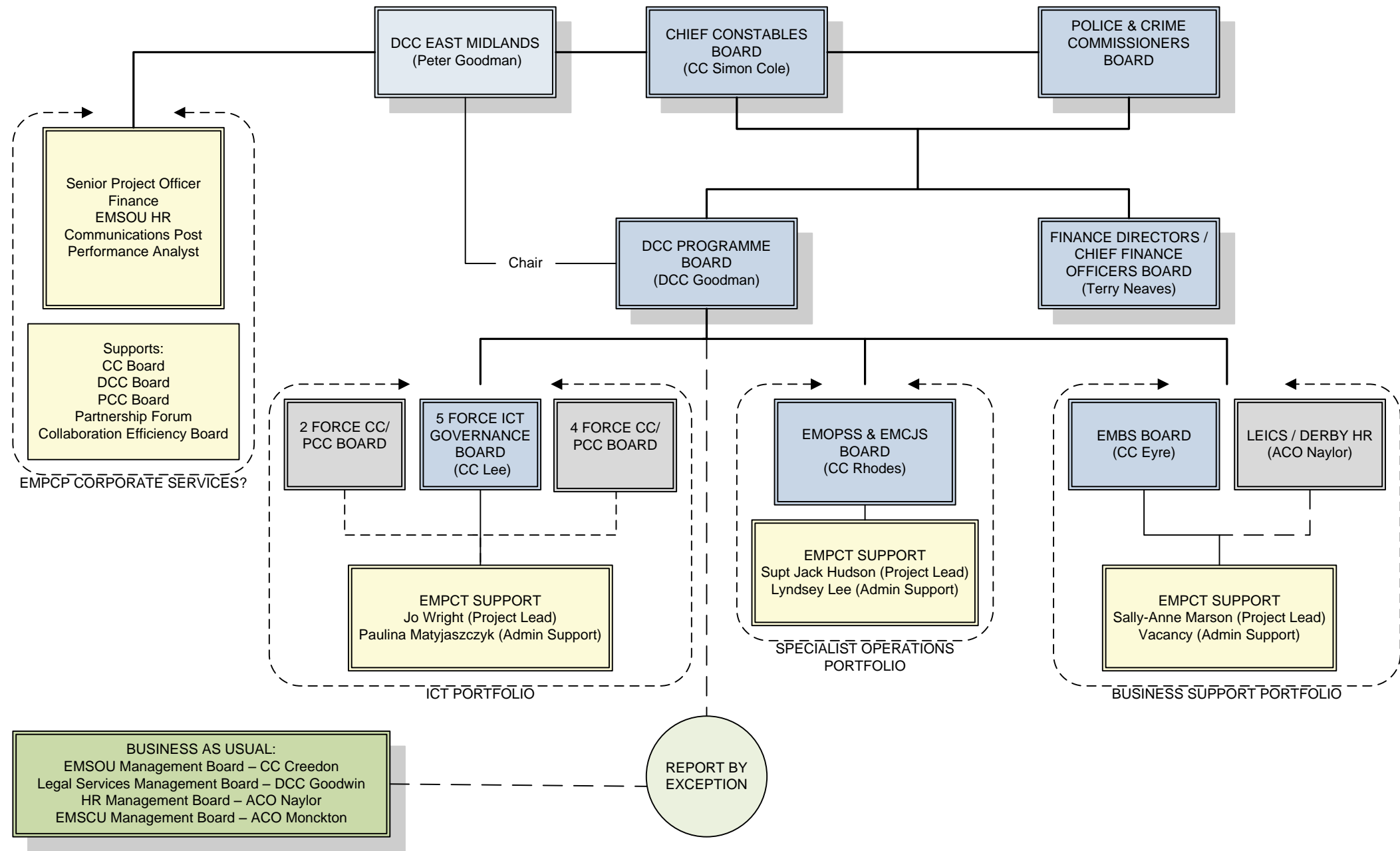
11. Details of outcome of consultation

- 11.1 There has been no consultation in the preparation of this report.

12. Appendices

- 12.1 Appendix A – regional governance structure.
- 12.2 Appendix B – Innovation Bids.

East Midlands Police Collaboration Programme – Appendix A



2014/15 Commitments from successful multi-year bids in the 2013/14
Precursor Fund

Lead force	Other forces in collaboration	Bid description	Bid value in 2014/15
Avon and Somerset	Gloucestershire Wiltshire	Multi-force software solution for the management of specialist operations	£150,000
Cambridgeshire	Bedfordshire Hertfordshire	Bringing together operational and organisational support across three force areas	£6,570,000
Cleveland	Durham	Expansion of joint protective services team in Cleveland and Durham	£195,000
Derbyshire	Leicestershire Lincolnshire Nottinghamshire Northamptonshire	Creation of police forensics Centre Of Excellence	£920,244
Devon and Cornwall		Use of mobile data to assist officers in direct criming, ticketing, electronic statementing, and access to the Police National Computer (PNC)	£323,000
Dorset	23 police forces will benefit	Creation of a secure digital platform by a consortium of 24 police forces in England and Wales, in partnership with three private sector suppliers, to support public-facing transactions and interactions	£190,000
	Avon and Somerset Devon and Cornwall Gloucestershire Wiltshire	Creation of a South West Forensic Science Service	£180,000
		Creation of a cloud-based platform to enable transparent, effective and efficient working between blue light and local authority partners	£75,000

Lead force	Other forces in collaboration	Bid description	Bid value in 2014/15
Durham		Red Sigma – a new IT system to incorporate crime, intelligence, protecting vulnerable people, tasking and briefing.	£561,678
Greater Manchester Police		Development of a multi-agency response to organised crime	£940,000
		Extending the "Safer Trafford Partnership" to cover ASB and neighbourhood disputes, and mental health work	£47,056
Hampshire		Integration of shared services for County Council, Fire and Rescue and constabulary	£466,000
		Co-location of police and other local partners (in particular safer neighbourhood teams)	£408,000
Leicestershire		Implementation of a unified communications system including voice, video, data and desktop system	£31,500
Lincolnshire	Leicestershire Nottinghamshire Northamptonshire	Joint IT/shared services across multiple forces	£1,190,000
Metropolitan Police Service	Bid on behalf of the Association of Police and Crime Commissioners	Police IT Company	£291,500
North Wales		Raising awareness of child exploitation and improving outcomes for young people at risk.	£151,438
Northamptonshire		Police and fire integration. Development of a 21st century estate and new operating model	£900,000

Lead force	Other forces in collaboration	Bid description	Bid value in 2014/15
Nottinghamshire		Support early interventions to children and families affected by child abuse.	£109,434
		Plan to lead on integrating and innovating working practices of public, private and voluntary sector providers.	£331,087
South Wales		IT services integration across back office, command and control, and intelligence	£1,500,000
		Project to reduce violent crime	£210,000
		Roll-out of youth offending team principles to young adults	£160,000
Staffordshire		Introduction of a Multi Agency Safeguarding Hub	£1,200,000
Suffolk		Expansion of Automatic Number Plate Recognition	£779,400
Surrey	Sussex	Enable both Surrey and Sussex Police to accelerate the deployment of public-facing online digital services and to integrate them with the national eCommerce for Policing	£174,675
		Scoping development for multi agency information transfer (shared IT platform) with fire and rescue	£735,000
Thames Valley		Digital public contact programme (apps, social media etc)	£2,000,000

Lead force	Other forces in collaboration	Bid description	Bid value in 2014/15
West Mercia		Implementation of a combined contact and control across blue light services	£1,647,000
West Midlands		Creation of a public sector intelligence hub. Integrated sharing of intelligence/'data mining in relation to child sexual exploitation and child abuse.	£211,530

New bids to the 2014/15 Fund

Lead Force	Other Forces in Collaboration	Bid description	Bid value in 2014/15
Avon and Somerset		Investment in multi-agency prevention activities in troubled areas to manage demand on police time and deliver efficiencies	£321,500
	Devon and Cornwall Dorset Wiltshire	Regional Digital Evidence Storage and Management Solution	£750,000
Bedfordshire	Cambridgeshire Hertfordshire	Body Worn Video	£795,723
Cheshire		Introduction of mobile data and IT to allow flexible working from non-police buildings	£167,489
City of London		Deliver behavioural detection tactics in densely populated sites in the City of London and key transport hubs around London	£179,950
		Transformation of City of London public services through digital tasking and evidence gathering, including body worn video	£312,848
Cleveland		Development of a demand management model for Cleveland Police (Phase 1) and then expansion to incorporate other forces and partners in further phases.	£230,000

Lead Force	Other Forces in Collaboration	Bid description	Bid value in 2014/15
Cumbria		Supporting the “Time to Change West Cumbria” programme by transforming the disused Police station in Egremont into a direct access hostel for veterans, ex-offenders, and homeless people.	£113,548
		Roll-out of improved mobile access to officers and wifi hotspots in key public areas.	£543,000
Devon and Cornwall		Installation of video technology ‘live links’ in four additional sites in Devon and Cornwall, to provide facilities at all custody centres within the force area.	£48,082
Dorset	Avon and Somerset Devon and Cornwall Gloucestershire Wiltshire	Additional work to introduce digital forensics, crime scene identification and fingerprint and drugs analysis to the South West Forensic Science Service	£1,764,000
Durham		Body Worn Video	£32,400
Dyfed Powys		Secure multi-agency electronic information exchange during incidents	£95,500
Essex		Expansion of the Chelmsford Drug Testing on Arrest pilot to the remaining seven custody suites operating within the pan- Essex Force Area	£412,256

Lead Force	Other Forces in Collaboration	Bid description	Bid value in 2014/15
	Bid on behalf of the Association of Police and Crime Commissioners	Develop the evidence base regarding the potential benefits and savings that can be delivered through greater and improved collaborative procurement, including commoditisation of IT systems and services	£159,000
Greater Manchester Police		Provide a Navigation Centre to improve services to people with mental health difficulties	£200,000
		Develop an offender-focused, real-time system to enable officers to interact with the most probable suspects of a crime within minutes of it taking place	£86,016
		Project to provide interventions with young people missing from home	£100,000
Gwent	Dyfed Powys North Wales South Wales	Collaboration of all forces in Wales to create a Pan-Wales Women's Triage Scheme	£234,517
	South Wales	Collaboration with South Wales Police to create an affective mobile platform that will provide rapid access to key information, remove duplication and streamline current processes	£837,267

Lead Force	Other Forces in Collaboration	Bid description	Bid value in 2014/15
Hampshire		Creation of a ground-breaking joint working arrangement to share corporate services between three of Hampshire's largest public bodies; Hampshire County Council, Hampshire Fire & Rescue Service and Hampshire Constabulary.	£746,480
	22 other police forces will benefit from the bid	Firearms licensing digital transformation project	£657,800
		Strategic Headquarters Project, which will relocate the Hampshire Constabulary Chief Officer Group and associated support departments to the current Hampshire Fire and Rescue Service Headquarters site, as part of the force's wider estates strategy	£73,500
		Body Worn Video	£362,800
Kent	Essex	Implementation of a telematics fleet system that will reduce bureaucracy, improve fuel economy and allow for a live, transparent picture of all vehicle locations	£40,700
Lancashire		Investigate / introduce rapid DNA profiling technology in criminal investigations.	£339,990
Lincolnshire	Derbyshire Leicestershire Northamptonshire Nottinghamshire	Proof of concept project on live links and virtual courts	£443,723
Merseyside		Body Worn Video	£228,731

Lead Force	Other Forces in Collaboration	Bid description	Bid value in 2014/15
Metropolitan Police Service		Forensic Biosensors - introducing innovative technologies to crime prevention.	£113,340
		MPS mobile IT programme	£6,000,000
		Further rollout of Body worn video	£573,488
		Introduction of multi-agency Mental Health Awareness Training and Safeguarding support	£460,050
Norfolk		Introduction of integrated mental health teams into Command and Control	£87,509
North Wales		Body Worn Video	£44,538
North Yorkshire	26 other police forces will benefit	Creation of a National Rural Crime Network to provide information and support for rural communities by encouraging direct interaction between businesses, organisations and the police	£39,200
		Expansion and enhancement of York anti-social behaviour hub	£115,562
		Project to tackle internet enabled cybercrime	£200,000

Lead Force	Other Forces in Collaboration	Bid description	Bid value in 2014/15
Northamptonshire		Joint police and fire and rescue work to increase community engagement and prevention activities through increased visibility and availability, proximity of resources, and improved response times	£2,363,000
Northumbria		Mapping of domestic abuse perpetrators in the Northumbria Police force area and to development of a programme compatible with the Northumbria Police command and control system.	£141,155
Nottinghamshire	Derbyshire Leicestershire Lincolnshire Northamptonshire	Body Worn Video	£1,684,240
	Derbyshire Leicestershire Lincolnshire Northamptonshire	Investigate / introduce rapid DNA profiling technology in criminal investigations.	£91,400
	Lincolnshire Leicestershire Northamptonshire	Delivery of a four force interoperable ICT platform for Crime, Intelligence, Case File and Custody	£2,922,000
		Project to address the impact that mental health has on the police and wide CJS	£164,520
South Yorkshire	Humberside	Enhancement of two forces' existing mobile IT solution	£1,812,430

Lead Force	Other Forces in Collaboration	Bid description	Bid value in 2014/15
Suffolk		Creation of a shared Fire/Police station in Woodbridge, Suffolk on the site of the existing Fire Station.	£413,250
Surrey	Dyfed Powys Hampshire Staffordshire Sussex Thames Valley	Extension of the Digital Policing and Multi Agency data sharing capability of the current successful Surrey Police Mobile Data solution	£485,000
	Sussex	Implementation of a shared Business Intelligence platform to allow local and cross-force data analysis for intelligence, performance and management information requirements to be fulfilled through a standardised process.	£544,500
Sussex	14 other forces will benefit	Project to enable the fifteen Minerva member forces to obtain additional expertise and support to deliver operational and financial benefits and increase collaboration.	£498,800
	Dorset	Development of a mobile IT solution with the potential to be adopted by other Minerva forces.	£1,850,000
Thames Valley	Bedfordshire Hampshire Hertfordshire	Introduction of 'Intelligent mobility' through advanced analytics across four forces' fleets	£914,678

Lead Force	Other Forces in Collaboration	Bid description	Bid value in 2014/15
West Mercia	Warwickshire	Development of a business case for a single company (Joint Property Vehicle) to manage public sector vehicle estate	£216,000
West Yorkshire		Chemical Profiling of fingermarks - MALDI MSP and MALDI MSI method refinement for operational deployment in casework	£26,984
		Creation of a secure portal for the transfer of digital files and interviews	£12,000
		Creation and delivery of digital applications, drawn and developed from the content of the Police National Legal Database's successful products and services, to assist public users nationally by making the criminal law simple and accessible	£102,000
		Development of a national operating model for air support	£400,000

For Information / Consideration	
Public/Non Public*	Public
Report to:	Joint Audit and Scrutiny Panel
Date of Meeting:	23rd September 2014
Report of:	Chief Finance Officer
Report Author:	Charlotte Radford
E-mail:	
Other Contacts:	Angela Ward
Agenda Item:	8

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 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.

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.

Nottinghamshire Office of the Police & Crime Commissioner & Nottinghamshire Chief Constable

Internal Audit Progress Report

Audit Committee meeting: 23rd September 2014

Introduction

The internal audit plan for 2014/15 was approved by the Joint Audit & Scrutiny Panel in June 2014. This report provides an update on progress against that plan and summarises the results of our work to date.

Summary of Progress against the Internal Audit Plan

The table below provides a progress summary of the reports that have been finalised, in draft or are work in progress. There are no fundamental issues to report to the Committee that may impact on our annual Head of Internal Audit opinion at this time.

Assignment <i>Reports considered today are shown in italics</i>	Status	Opinion	Actions Agreed (by priority)		
			High	Medium	Low
Audits to address specific risks					
<i>Information Management Arrangements</i>	<i>Final Report</i>	<i>Advisory</i>	-	8	2
<i>Information Security – Disaster Recovery</i>	<i>Final Report</i>	<i>Amber/Green</i>	-	2	3
Commissioning	Q4				
Governance – Delivery of Police & Crime Plan	In the process of being scoped				
Partnerships	Q3				
Policy Review	As and When				
Scrutiny Panel	Q3				
Crime Recording Follow Up	Q4				
Volunteering	In the process of being scoped				
Regional HR – Training & Skills	Refer to comments included in the Change Control section				
Victims Code of Compliance	In the process of being scoped				
Key Financial Controls	Q3				
Forensics Support Scientific Support	Q2				
Financial Regulations	Q2				
Corporate Governance / Policy Making	Q4				
Follow Up	Q4				
Regional Review	The scope has been agreed				

Other Matters

Planning and Liaison:

We have continued to regularly meet and liaise with key officers and have also held various planning meetings with management to discuss the specific scoping of individual reviews and to agree the proposed timings of these reviews.

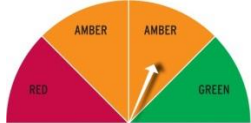
Internal Audit Plan 2013/14 - Change Control:

Action	Date	Agreed By
<i>Changes considered today are shown in italics</i>		
<i>The regional HR Training & Skills audit has been requested to be deferred until 2015/16. However, it is intended to utilise the allocation for this review to complete the regional review (with Northamptonshire Police) on Microsoft Licensing.</i>	<i>September 2014</i>	<i>To be agreed by the Joint Audit & Scrutiny Panel – September 2014</i>

Information and Briefings: We have issued the following updates electronically since the last Joint Audit & Scrutiny Panel:

- Emergency Services News Briefing - August 2014

Key Findings from Internal Audit Work

Assignment: Business Continuity & IT Disaster Recovery Planning	Opinion: Amber / Green	
<p>The Force is currently in a period of transition moving a number of its virtual servers into a cloud based solution. Furthermore, the personnel within IT has changed during 2014 with the Infrastructure and Service Delivery Manager taking on responsibility for IT business continuity. Support and guidance for Force-wide Business Continuity is provided by the Strategic Support Officer.</p> <p>The Force is driven by ACPO guidelines to determine the criticality of IT systems and services for response times. The main IT operating site is at Police Head Quarters in Nottingham, with a failover site located within the county at Mansfield and a third smaller site is available for IT disaster recovery and continuity at Carlton Police Station.</p> <p>The key findings from this review are as follows:</p> <p>Design of control framework</p> <ul style="list-style-type: none"> ▪ The Force has a combination of physical servers, a virtualised platform and a cloud platform. All business continuity data is backed up according to a documented schedule to a backup server which is housed at Force Headquarters in Nottingham. ▪ The Force has two data centres facilitating the continuity of data - Force Headquarters which is the backup site and Mansfield Police Station which is the recovery site. A further smaller recovery site is sited at Carlton Police Station within the County. ▪ These three core sites are triangulated in their configuration so if a link fails at any one site the others will remain operable; we verified this by review of a network diagram showing that it was last updated January 2014. ▪ The IT department has an Excel document which shows what servers are backed up, the frequency and the storage location to failover site. There is also a data domain backup document which covers how backups are performed. A Legato Data Domain Backup System is used by the IT department to manage and review backups; this is referred to as DDR. ▪ The backup system in place is designed to enable the IT Operations Team to monitor backup success, incidents and failures on a daily basis via the system management console; this ensures they are completed in accordance with the schedule. ▪ A Formal Business Impact Analysis has been undertaken and is documented in the Force's IT Business Continuity Toolkit which is maintained and retained on the Operations J Drive on the Force's network. The Business Impact Analysis shows interruption exposures to the IT systems and services, their probability and impact and remediation alternatives. ▪ To ensure that staff are aware of their responsibilities in the event of a disaster, responsibility for IT Business Continuity has been assigned to appropriate members of staff and a Crisis Management Team have been defined. ▪ An uninterrupted power supply (UPS), which is used to supply a safe power supply should there be a loss of main power is in place and is powered by a generator at the three core sites. The time available is dependent on the current server load which was showing as 78 minutes during our review. ▪ To ensure that IT hardware is available and would be replaced should an issue occur there are a number of contracts in place with 3rd party suppliers. The scope and remit of this cover was found to be satisfactory. ▪ An adequate service level management control framework for the provision of hardware, telephony and airwave services is in place and is designed to ensure that third party arrangements exist to maintain the continuity of IT services. ▪ To ensure appropriate finance would be available in the event of a disaster the Force also has computer insurance with Tokio Marine London for the period 1st May 2014 to 30th April 2015 which includes schedules for computer and business interruption. <p>Application of and compliance with control framework</p> <ul style="list-style-type: none"> ▪ We reviewed the DDR backup console for one day during our fieldwork to confirm that live daily 		

backups and network monitoring using Solarwinds were occurring at the Force's backup site in accordance with documented procedures. We found these to be operating without any continuity issues at the time of review.

- Monthly failover testing of the Force control room system "Vision" is conducted. We obtained and reviewed the log of these monthly tests for the previous six months and can confirm that these were carried out satisfactorily and any issues with the equipment were reported and logged for resolution rendering the system fit for purpose.

However, we have made two medium category and three low category recommendations to assist the Force with its IT Business Continuity Planning. The medium rated findings and recommendations are summarised below:

- The IT Department has recently developed an IT Business Continuity Toolkit which contains a suite of related documents and is aligned to ISO 22301. The document is not yet fully complete. In addition associated key recovery documentation for each of the IT services held separately within the Business Continuity Folder on the network is also not complete and has not been formally reviewed as appropriate and approved by senior management (this will be updated as part of the IT Business Continuity Toolkit documentation). Therefore there is an increased risk if relevant required guidance and information is not available in a disaster event, which could lead to a delay or inability to restore key IT services across the Force within an acceptable timeframe.
- The Business Continuity Plan is currently only tested using "desktop" Force wide exercises. It has yet to be tested for IT failure scenarios and results recorded; a full periodic test at the disaster recovery site is yet to be scheduled and undertaken and our review of the documentation provided and discussions with IT Management confirmed that they do not currently perform restoration testing of servers containing critical IT services from backup data. Currently without comprehensive testing there is limited assurance that the Force is able to recover critical systems and data within an acceptable recovery time should a disaster occur.

Recommendation	Management Action	Responsible Officer / Date
An action plan needs to be developed to ensure IT Information Services have a complete and up to date Business Continuity Toolkit and associated suite of recovery documentation covering all the identified critical IT services. (Medium)		
Job descriptions need to be aligned to the IT Business Continuity Toolkit and updated to include responsibilities for IT Business Continuity, particularly for those in the Crisis Management Team. (Low)		
The Business Continuity Toolkit and other supporting documentation held in the directory to assist recovery in the event of a disaster occurring should be completed and stored securely offsite; in addition to the backup so available immediately should a disaster occur. (Low)		
The IT Business Continuity Toolkit - Tests & Exercise Tab should be fully completed and should provide comprehensive details of testing planned and undertaken. (Low)		
An IT Business Continuity test schedule should be documented and approved. The IT Business Continuity Toolkit should be		

tested at least annually or after a change of key personnel, operational system or any aspect of the operational infrastructure. Where recovery testing takes place this should also assess recovery point and recovery time testing to ensure the specified objectives are achieved. (Medium)		
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Assignment: Information Management Arrangements (01.14/15)	Opinion:	Advisory
<p>Headline Findings:</p> <p>Introduction</p> <p>Nottinghamshire Police (the Force) has recently completed a MoPI (Management of Police Information) questionnaire. On the back of the submitted responses HMIC (Her Majesty's Inspectorate of Constabulary) has issued an inspection letter covering a number of key areas. The inspection is due to be completed in June 2014. As part of the Force's Information Assurance Framework they have an established Force Information Assurance Board (FIAB) which meets quarterly and has a standardised agenda. To assist the FIAB the Force have recently established an Information Risk Management Group (IRMG) which will have their first meeting in May 2014 and monthly moving forward. This working group will feed into FIAB.</p> <p>The Deputy Chief Constable (DCC) is the Force's Association of Chief Police Officers (ACPO) lead on information assurance, information sharing agreements and also the Force's nominated SIRO. She chairs FIAB and is part of IRMG.</p> <p>A number of areas of adequately designed and controls were identified during the review, including the following:</p> <p>Design of control framework</p> <ul style="list-style-type: none"> ▪ To ensure that responsibilities are clear, Information Asset Owner (IAO) responsibilities have been documented within the Information Assurance Framework (IAF) and initial workshops have been undertaken with those staff whose role includes being an IAO; ▪ To develop the Force's information management control framework and to provide evidence to the HMIC inspectors that improvements are being made the Force has documented a draft Information Assurance Improvement Plan (IAIP); and ▪ To ensure records are retained in accordance with agreed guidelines a retention schedule has been documented this includes the retention periods for key Force records. <p>However, we have made eight medium recommendations in relation to the design of the control framework. The findings are summarised below:</p> <ul style="list-style-type: none"> ▪ The MoPI Questionnaire submission for 2013 was not subject to approval by an appropriate group or committee to ensure that answers were a fair representation of the Force's information management arrangements; ▪ The Force does not have a full suite of up to date and documented information management policies and associated procedures. Without appropriate policies and procedures the Force is increasing the risk that staff are not aware of their responsibilities which could lead to the incorrect handling of sensitive information; ▪ Information Assurance training is a mandatory module for all staff; however this does not include the MoPI training. Accordingly, the Force are not able to submit this as complete on the questionnaire; ▪ The Force has a number of information sharing agreements (ISAs) in place with third parties. There is a comprehensive centralised repository which is used to identify information that flows in and out of the Force. Although there is a list which shows current and withdrawn ISA's which Management advised is reviewed annually some gaps were showing at the time of our review and therefore assurance is reduced over the validity of the ISAs within the list; ▪ A data flow mapping exercise to identify inbound and outbound personal and sensitive 		

<p>information flows within and outside the Force has not been performed. This would allow the Force to review whether secure transportation of sensitive information is being performed;</p> <ul style="list-style-type: none"> Quality assurance audits of information held and intelligence captured to ensure that information is recorded accurately and effectively are not scheduled or undertaken; MoPI groupings used for categorising nominal crimes (as required by MoPI) are not utilised within the Force's crime data; and The Force does not currently have a comprehensive Information Assurance Risk Register we would expect this to be linked to an Information Assurance Improvement Plan (IAIP) with a prioritisation given to each improvement action. A risk register is used to identify all current information risks and to document mitigating controls so that risks can be effectively managed. 		
Recommendation	Management Action	Responsible Officer / Date
<p>To ensure that external facing communication is both accurate and approved at a senior level further questionnaires (not just MoPI) should be discussed and approved once completed and before being sent to a third party.</p> <p>Ideally the FIAB should be responsible for collating and approving responses to information assurance questionnaires and ultimate authorisation should be from the SIRO. (Medium)</p>	<p>The business areas which deal with the questionnaire were consulted. Each section was completed by a specialist in post. FIAB only meet once a quarter so the timescales were not conducive to the 3 week turnaround requested of the questionnaire. All future questionnaires will be the responsibility (within reason) of the SIRO and approval through FIAB. As FIAB only meets quarterly it is not always practicable to approve through FIAB therefore, where appropriate, approvals will be sought through the monthly IRMG meetings or via the Interim Information Management and Security Manager or the Organisational Development Manager direct to the SIRO</p>	<p>SIRO</p> <p>Implemented</p>
<p>To ensure that responsibilities and procedures are clear, the Force needs to develop and implement a comprehensive Information Management Strategy in line with national guidance. (Medium)</p> <p>To support the Information Management Strategy the Force should complete the following actions:</p> <ul style="list-style-type: none"> To ensure that staff are fully aware of their individual responsibilities a comprehensive range of policies and procedures which should include but not be limited to records management, information security, data disposals and data quality that are associated with the Information Management Strategy should be documented, approved and implemented to support the Strategy. To ensure the consequences of a lack of formal documentation is understood by 	<p>Carry out a comprehensive review of information management responsibilities, to enable us to identify the extent to which we currently meet information management responsibilities, along with identification of any risks which are likely to impact on those responsibilities in the future.</p> <p>This recommendation only partly relates to risk management.</p> <p>College of Policing APP on Information Management</p>	<p>Pat Stocker (Information Security Manager)</p> <p>31/8/14</p>

<p>senior management the Force should ensure that the Information Assurance Improvement Plan and Risk Register is updated to include the risks and implications of not having in place appropriate Strategies and Policies.</p> <p>So that policies and procedures are relevant and progress of the implementation of the Strategy and associated policies and procedures should be monitored by the IRMG and FIAB. (Medium)</p>	<p>states a strategy is required. Evidence gathered will inform the nature of the Strategy.</p>	
<p>To ensure that staff are fully aware of their individual responsibilities the Force should ensure the following actions are undertaken:</p> <ul style="list-style-type: none"> • All staff should undertake mandatory Information Management Training as per the Information Assurance Framework. • Training records should be formally reported to FIAB in order to measure compliance. • A Training Needs Analysis should be performed and executed to identify those staff with elevated information management responsibilities, e.g. IAOs to ensure further relevant training modules like MoPI are made mandatory. • Consideration should be given to implementing periodic mandatory information management refresher training. <p>(Medium)</p>	<p>Commission training at regional level at the regional IA Board chaired by the SIRO and deliver e-learning packages for all staff.</p> <p>Review the training delivery via the Training Priorities Panel chaired by the Force SIRO</p>	<p>Pat Stocker (Information Security Manager) 31/12/14</p>
<p>The Force should ensure that all ISAs are documented within a comprehensive centralised repository to confirm that appropriate agreements are in place.</p> <p>In addition, once completed, the centralised repository should be reviewed periodically to ensure that the agreements are up to date, are still required and are adhered to. (Medium)</p>	<p>Review all the ISA's to ensure fit for purpose and place in the NC Forms network folder so accessible to all staff.</p>	<p>Pat Stocker (Information Security Manager) 31/12/14</p>
<p>The Force should perform a data flow mapping exercise to identify information flows within and information that leaves and enters the organisation. (Low)</p>	<p>Carry out a data flow mapping exercise to identify information that leaves and enters the organisation.</p>	<p>Pat Stocker (Information Security Manager) Phased approach with full completion due by 31st March 2015</p>
<ul style="list-style-type: none"> • To ensure that assurance can be gained that staff are following the appropriate procedures and data quality is an appropriate standard the Force should look to complete the following actions: • Implement a comprehensive information quality assurance audit programme which is in accordance with an agreed Information Management Strategy. • An Audit Schedule and a standardised 	<p>Carry out a comprehensive review of information management responsibilities (as per 1.2)</p> <p>Review the quality assurance audit programme to ensure in line with the Information Management Strategy.</p>	<p>Pat Stocker (Information Security Manager) 31/08/2014 31/08/2014</p>

<p>programme test template should be agreed which covers but is not limited to a sample assessments of data transfers and information sharing agreements</p> <ul style="list-style-type: none"> Results of all audits should be reported to FIAB. <p>(Medium)</p>	<p>In the proposed restructure it is thought the post of Information Sharing Officer will include the responsibility for audit of information sharing. Refresh the audit schedule and present to FIAB.</p>	
<p>The Force should implement MoPI groupings so that nominal crimes can be clearly grouped and reviewed. (Medium)</p>	<p>Implement a system which will allow the grouping and review of nominals or crimes.</p> <p>Review current status of MOPI classifications within the current MOPI systems and review technical and business process options available alongside the current Force priorities to assess how this recommendation can be achieved</p>	<p>Pat Stocker (Information Security Manager)</p> <p>Phased approach with completion by 31st March 2015</p>
<p>To ensure that the Force is fully aware of the consequences of any risks in place and to ensure that appropriate mitigating actions are taken/agreed an Information Assurance Risk Register should be completed and reviewed formally at the FIAB and (IRMG).</p> <p>The Risk Register should be linked and referenced to the Information Assurance Improvement Action Plan and the prioritisation of each action should be listed. (Medium)</p>	<p>An Information Risk Strategy and Risk Register are in development; terms of reference for the IRMG have been agreed by the DCC and monthly meetings set up to formally review development of the Information Risk Register alongside the required business processes with progress reported to FIAB.</p>	<p>Pat Stocker (Information Security Manager)</p> <p>Implemented</p>
<p>To ensure that actions will be completed in a timely manner the Information Assurance Improvement Plan should be updated and reviewed in light of breached completion dates. (Low)</p>	<p>Regularly review and update the Information Assurance Improvement Plan</p>	<p>Pat Stocker (Information Security Manager)</p> <p>Ongoing</p>

The matters raised in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required. Whilst every care has been taken to ensure that the information provided in this report is as accurate as possible, based on the information provided and documentation reviewed, no complete guarantee or warranty can be given with regard to the advice and information contained herein. Our work does not provide absolute assurance that material errors, loss or fraud do not exist.

This report, together with any attachments, is provided pursuant to the terms of our engagement. The use of the report is solely for internal purposes by the management and Board of our client and, pursuant to the terms of the engagement, it should not be copied or disclosed to any third party or otherwise quoted or referred to, in whole in part, without our written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended for any other purpose.

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For Information	
Public/Non Public	Public
Report to:	Audit and Scrutiny Panel
Date of Meeting:	23rd September 2014
Report of:	ACO Resources
Report Author:	Beverly Topham, Strategic Support and Review Officer
E-mail:	Beverly.topham@nottinghamshire.pnn.police.uk
Other Contacts:	Julie Mair, Organisational Development Manager Paul Steeples, Interim Head of Business and Finance
Agenda Item:	9

AUDIT AND INSPECTION

1. Purpose of the Report

- 1.1 To provide the Audit and Scrutiny Panel with an update on the status of audits and inspections taking place in Force. This report also informs the Panel of expected future audits and inspections.

2. Recommendations

- 2.1 That the Panel notes the progress made against audit and inspection recommendations.
- 2.2 That the Panel takes note of forthcoming audit and inspections.

3. Reasons for Recommendations

- 3.1 To enable the Panel to fulfil its scrutiny obligations to oversee and consider Force arrangements to deliver against audits and inspections.

4. Summary of Key Points

- 4.1 The actions outlined in this report are the result of recommendations made by the Force's internal auditor Baker Tilly (formerly RSM Tenon) and external inspectorates, such as Her Majesty's Inspectorate of Constabulary (HMIC) and Criminal Justice Joint Inspectorate (CJJI). They are managed through the Force Activity Plan process and reported at the Chief Officer Portfolio Boards on a monthly basis.
- 4.2 Appendix 1 'Audit, Inspection and Review Status Report Quarter 1' gives a summary of current, recent and forthcoming audits, inspections and reviews taking place in force.
- 4.3 **Actions update** – Appendix 2 outlines the actions arising from audits and inspections that are off target, at risk of being off target, closed, on target and new actions added in Quarter 1.

4.4 **Overdue actions** - There is one action arising from audit and inspection which is currently overdue:

- **Baker Tilly – Culture Review.**

Action: Complete a staff survey to gauge if the cultural change has had an impact.

Comment: ACO Monckton update 05/09/2014: Decision has been taken to delay the staff survey until 2015 as the level of change that the force is undergoing will give an unrepresentative result. Feedback has been received through various forums and this feedback was collated into a COT paper at the beginning of the summer. A number of actions from that paper are being taken forward, for example roll out of leadership development quest.

4.5 **Recent Audits and Inspections.**

See appendix 1.

4.6 **Forthcoming audits and inspections**

See appendix 1.

4.7 A number of audit reports have recently been received and actions need to be agreed for these, there are also a number of reports due. All of these reports will be scrutinised and where necessary actions agreed and added to the Force Activity Plan.

5. Financial Implications and Budget Provision

5.1 There are no direct financial implications. 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. Where an audit or inspection has Human Resources implications, these will be managed through the Force Activity Plan.

7. Equality Implications

7.1 There are no direct equality implications. Any equality implications which arise from an audit or inspection recommendation will be managed on an individual basis.

8. Risk Management

8.1 There is a risk to Force reputation, if mandatory or agreed actions identified as a result of audit or inspections are not completed. The degree of risk will

depend on the nature of the audit or inspection and will be assessed on a case by case basis.

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

- 9.1 Where an audit or inspection recommends changes to Force Policy or Strategy, those changes will be managed through the Force Activity Plan.

10. Changes in Legislation or other Legal Considerations

- 10.1 Where an audit or inspection relates to a change in Legislation or other legal considerations, those changes will be managed through the Force Activity Plan.

11. Details of outcome of consultation

- 11.1 This process for monitoring audits, inspections and reviews has been agreed by the Chief Officer Team (COT).
- 11.2 Action owners are consulted through the action monitoring process.

12. Appendices

- 12.1 Appendix 1: Audit, Inspection and Review Status Report Q1

Appendix 2: Actions arising from audits and inspections that are off target, at risk of being off target, proposed for closure, on target and new actions added in Quarter 1

Appendix 1: Audit, Inspection and Review Status Report. Quarter 1.

On target	On target to deliver within constraints, including target completion date, budget and resource allocated. It is also anticipated that any expected efficiency savings will be met. No further action required at this time.
At risk	Actions will be off target within one month and / or are unlikely to be completed by the end date.
Off target	Target date and / or other constraints such as budget or available resource have been exceeded, or it is anticipated that an expected efficiency saving will not be met. Issue to be highlighted to the Portfolio Board and corrective action sought to meet business objectives.

Current Audits, Inspections and Reviews

Current Audits, Inspections and Reviews					Actions				
COT Portfolio	Title	Scrutiny Body	Audit, Inspection or Review	Total number of actions	On target	At risk of being off target*	Off target	Proposed for Closure	Closed
ACO Monckton	Culture Review	Baker Tilly	Audit	2			1		1
ACO Monckton	Proceeds of Crime Act	Baker Tilly	Audit	7					7
ACO Monckton	Partnerships Governance 2012	Baker Tilly	Audit	1	1				
ACO Monckton	Environmental Policy	Baker Tilly	Audit	1	1				
ACO Monckton	Estates Management	Baker Tilly	Audit	1					1
ACO Monckton	Health and Safety	Baker Tilly	Audit	1					1
ACO Monckton	Workforce Planning	Baker Tilly	Audit	4		1			3
ACC Jupp	Business Planning	Internal	Audit	1	1				
ACC Jupp	Everyones Business: Improving the Police Response to domestic abuse (National Report)	HMIC	Inspection	2					2
				20	3	1	1	0	15

*Actions will be off target within one month and/ or are unlikely to be completed by the original target date.

Recent Audits, Inspections and Reviews

COT Portfolio	Title	Description	Date	Force Lead	Status
ACO Monckton	HMIC: Valuing the Police 4 (VtP4).	How forces are responding to the remainder of the spending review but in particular look at preparations for 2015/16 and beyond.	12th – 13th May 2014	Paul Steeples	On force action plan (4action)
ACO Monckton	HMIC: Building the Picture. Information Management.	If force strategies, policies and procedures for information management adhere to the principles of the MoPI doctrine, are proportionate to risk and fit for purpose.	23rd – 25th June 2014	Julie Mair	Awaiting final report.
ACC Jupp	HMIC: Crime Data Integrity Audit.	Assess crime recording standards, examine incidents already reported to the police and crimes which have subsequently been recorded. Interviews with staff and visits to departments will help us understand the reasons for any issues around crime recording standards.	30th June – 3rd July 2014	DCI Simon Firth	Awaiting final report. (due in the autumn)
ACC Jupp	HMIC: Crime Data Integrity Inspection	As above.	8 th – 10 th July 2014	DCI Simon Firth	Awaiting final report. (due in the autumn)
DCC Fish	HMIC: Police Integrity and Corruption	A research of policies, procedures and guidance to determine the direction, influence and control that organisations have on operational officers in respect of integrity and anti-corruption.	23 rd – 25 th July 2014	D Supt Jackie Alexander	Awaiting final report.
ACO Monckton	Baker Tilly: Absence Management	To evaluate and the adequacy of risk management and control within the system and the extent to which controls have been applied, with a view to providing an opinion.	10th - 14th March 2014.	Steve Mitchell.	Actions to be captured
ACO Monckton	Baker Tilly: Information Management	Effective governance and co-ordination of Information Management compliance arrangements within the Force and Management arrangements to prevent an avoidable breach of the Data Protection Act (DPA) and The Force's Information Management Policies which could otherwise result in enforcement action, financial penalty or reputational damage.	22nd -24th April 2014	Julie Mair	Actions to be captured
ACO Monckton	Baker Tilly: Business Continuity and IT Disaster Recovery Plan.	To ensure the Force has effective IT disaster recovery arrangements in place to minimise disruption, maintain the service continuity of information systems, and to protect the integrity of critical data in the event of a disaster occurring.	24th-26th June 2014	Christi Carson	Awaiting final report.

Forthcoming Audits, Inspections and Reviews

COT Portfolio	Title	Description	Date	Force Lead	Planning and Policy SPOC
ACC Jupp	HMIC Thematic:Welfare of vulnerable people in police custody**	This work is to include, but not be limited to, those with mental health problems, those from black and minority ethnic backgrounds and children.	Between September 2014 and January 2015	Paul Saint Insp Mark Turner	TBC
ACC Jupp	HMIC Thematic Inspection: Child Protection Arrangements**	Focus on the following areas of child protection work in police forces: - Section 47 Children's Act 1989 cases where there has been police involvement; - Domestic abuse cases where children have been identified as being part of the family; - Sex offender management cases where there are children identified within the risk assessment or risk planning process; - Cases of missing children, in particular those that go missing frequently and those in care; - Cases where children are considered at risk of harm from child sexual exploitation; - On-line investigations where child protection has been considered; - Cases where children or young people have been detained under Section 136 Mental Health Act 1983; and - Cases where children and young people have been remanded in custody after arrest.	2nd - 11th September	Supt Helen Chamberlain	Beverly Topham
ACC Jupp	Police Response to Online Child Sexual Exploitation*	An additional inspection to update HMIC's original report on 21st Century Child Exploitation inspection (October 2013).	TBC	Supt Helen Chamberlain	TBC
ACC Jupp	Interim Crime Inspection	An interim inspection that will concentrate on the effectiveness of forces at cutting crime and is designed to support forces to improve the way they reduce, prevent and investigate crime including anti-social behaviour.	31st September - 3rd October 2014	Det Ch Supt Jebb	Vijayshree Appa

* This is a thematic inspection. HMIC are yet to confirm whether Nottinghamshire will be visited as part of this inspection.

** Unannounced inspection, the Force will be informed on the Thursday prior to the fieldwork commencing.

Appendix 2: Audit and Scrutiny Panel - Actions Update Report

NB. Actions include those arising from recommendations highlighted by audit, inspection or intenal / external review, and any activity on the Force Activity Plan, where monitoring is required but not project management.

Summary	Current
Action(s) off target	1
Action(s) at risk of being off target	1
Action(s) proposed for closure	0
Action(s) on target	3
New action(s)	0
Total closed action(s)	8
Total actions	13

Quarter 1: September 2014

RAG Key	
On target	On target to deliver within constraints, including target completion date, budget and resource allocated. It is also anticipated that any expected efficiency savings will be met. No further action required at this time.
At risk	Actions will be off target within one month and / or are unlikely to be completed by the end date.
Off target	Target date and / or other constraints such as budget or available resource have been exceeded, or it is anticipated that an expected efficiency saving will not be met. Issue to be highlighted to the Portfolio Board and corrective action sought to meet business objectives.

Action(s) off target									
Ref	Source/ Title	Action overview	Dept / Div	Action Owner	End date	Original end date	Action status	Action Update	Portfolio Board Comments
BT/94b5/141113	Baker Tilly: Culture Review.	Action: Complete a staff survey to gauge if the cultural change has had an impact.	Human Resources	James Lunn	30/04/2014		Off target	There will be a staff survey before end March 2014. Meanwhile all Divisions and Departments have had action plans in place following the last staff survey and an update report was recently provided to FEB.	
Action(s) at risk of being off target									
Ref	Source/ Title	Action overview	Dept / Div	Action Owner	End date	Original end date	Action status	Action Update	Portfolio Board Comments
BT/9499/18314	Baker Tilly: Workforce Planning	Action: Add the form reference into the 'Police Officer Acting Duties and Temporary Promotion Procedure'	Human Resources	James Lunn	31/08/2014		At Risk	Police Officer Acting & Temporary Promotion – the procedure has been drafted and includes the form reference. Initial consultation on the draft procedure has been completed.	
Action(s) proposed for closure									
Ref	Source/ Title	Action overview	Dept / Div	Action Owner	End date	Original end date	Action status	Action Update	Portfolio Board Comments
No actions are currently proposed for closure.									
New action(s)									
Ref	Source/ Title	Action overview	Dept / Div	Action Owner	End date	Original end date	Action status	Action Update	Portfolio Board Comments
There are no new actions to be added this quarter.									
Closed action(s)									
Ref	Source/ Title	Action overview	Dept / Div	Action Owner	End date	Original end date	Action status	Action Update	Portfolio Board Comments
HC/34a4/22714	Everyone's business: Improving the police response to domestic abuse. (National Report)	Research team to carry out a review to establish best practice by consultation with OoPCC, Partners, Support Organisations and Victims' representatives to specify in detail what steps it will take to improve its approach to domestic abuse. Work with Planning and Policy to produce a plan which will be monitored through the force action plan with scrutiny through the ACC / ACO Boards, and a final scrutiny with the DCC. The actions should be incorporated into the action plan and HMIC should be provided with a copy of each review and the action plan.	Crime and Justice	Keiley Freeman	31/08/2014		Closed	A review was completed by the Research team, who have worked with Planning and Policy to produce a plan. The completed plan has been returned to HMIC. Action complete.	
HC/c4ac/22714	Everyone's business: Improving the police response to domestic abuse. (National Report)	Complete a review using the self evaluation / gap analysis template provided by ACC Louisa Rolfe - ACPO lead for National Policing DA Working Group. Actions arising to be monitored and scrutinised through the force action plan. The actions should be incorporated into the action plan specified in Recommendation 2. HMIC should be provided with a copy of each review and the action plan.	Crime and Justice	Keiley Freeman	31/08/2014		Closed	Gap analysis / self evaluation complete. The completed domestic abuse action plan has been sent to HMIC. Action complete.	

BT/f48a/18314	Baker Tilly: Workforce Planning.	Action: HR and Finance to agree the definition of Externally Funded and Seconded Officers.	Human Resources	Roger Lee	31/05/2013		Closed	Definition agreed, ACO Scrutiny supports completion. Action complete.	
BT/6494/18314	Baker Tilly: Workforce Planning.	Action: Review and updated the recruitment and selection procedures. Present to the Force Executive Board in March 2014	Human Resources	James Lunn	30/04/2013		Closed	The Recruitment and Selection policies & procedures have now been published and communicated Action complete.	
C&J035	RSM Tenon: Proceeds of Crime Act	Action: Complete the force wide roll out of electronic property recording	Criminal Justice	Maria Fox	31/07/2014	14/11/2013	Closed	In terms of training, all supervisors are being trained (approx 1100 officers/staff over June/July 2014 with these individuals cascading this training to their staff (approx 1700 officers/staff). A Userguide, Powerpoint training presentation and demonstration video will be available on the updated Archive and Exhibits Intranet Site to support the delivery of the cascade training. Action complete.	
BT/1483/27314	Baker Tilly: Health and Safety	Action: In order for new Staff to complete the e-learning modules the Force should ensure that all new starters are communicated to the ICT Trainer Learning and Development Team.	Human Resources	James Lunn	31/08/2014	31/08/2014	Closed	Trevor Burgess receives all the names from HR on a monthly basis. Training records are checked regularly to make sure that the appropriate e learning has taken place. Action complete.	
BT/b4b9/18314	Baker Tilly: Workforce Planning.	Action: Introduce a monthly report so that budget holders can confirm the accuracy of the post holder and data.	Human Resources	David Machin	31/05/2014	31/05/2014	Closed	Incorporated staff analysis into the monthly budget holder report. In transition to self service and MFSS. Any changes the budget holder wants should feed through the HR route. Currently finance can by pass this but they will not have the ability once go to new DMS system. Example of report sent electronically to Beverly Topham to present to DCC Fish. Action complete.	
BT/f4aa/13314	Baker Tilly: Estates Management	Action: Review options for improving the management of facilities jobs to include potential software solutions and opportunities for collaborative working with Northamptonshire. Produce a report to present to the Corporate Services.	Estates and Facilities.	Tracey Blincow	31/05/2014	31/05/2014	Closed	The requirement for this action has been superseded by the implementation of Policing Business Services (PBS). Action closed.	
Action(s) on target									
Ref	Source/ Title	Action overview	Dept / Div	Action Owner	End date	Original end date	Action status	Action Update	Portfolio Board Comments
BT/c482/13314	Baker Tilly: Environmental Policy.	Action: Work with Corporate Communications to develop and produce a Strategy and plan to ensure all employees are fully aware of environmental targets.	Estates and Facilities.	Ainsley Peters	30/09/2014	30/09/2014	On Target	Refreshing current Environmental Strategy. Meeting to be arranged with Paul Coffey.	
BT/44b3/141113	RSM Tenon: Partnership Governance	Action: Develop a Partnership Policy.	Business and Finance	Martin Bakalarczyk	30/09/2014	31/10/2013	On Target	Scheduled within a programme of work.	

NB/c49e/1414	Business Planning	Implement the protocol to share information to safeguard public safety following the European Union wide removal of border controls.	Crime and Justice	Insp Simon Carter	31/10/2014	31/10/2014	On Target	<p>Policy and procedural guidance with quick guides for staff have all been completed. A draft Web site together with the Policy and quick guides has been made available to the Force Design Champions for feedback by the beginning of September with a view to go live for the force in early September. The Home Office have announced a slippage of the Schengen go live until December 1st at the earliest. Mandatory NCALT training has now commenced within force and is being monitored by our Training Department.</p> <p>The form to ensure communication between the PNC Bureau and Contact Management is still in design stage.</p> <p>Back Record conversion assessment for Article 36 Discrete checking is currently being undertaken. This will need manual inputting post go live. The numbers required for circulation are anticipated to be less than 400 circulations.</p> <p>Richard Mace has audited PNC Objects and found a high compliance in readiness for go live.</p> <p>Information Services have confirmed that Capita have scoped the costs of any potential changes to the interfaces with the Home Office and Capita.</p>	
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Consideration	
Public/Non Public	Public
Report to:	Audit and Scrutiny Panel
Date of Meeting:	23rd September 2014
Report of:	The Chief Executive
Report Author:	Sara Allmond
E-mail:	sara.allmond@nottsc.gov.uk
Other Contacts:	
Agenda Item:	10

PANEL WORK PLAN AND MEETING SCHEDULE

1. Purpose of the Report

- 1.1 To provide the Panel with a programme of work and timetable of meetings

2. Recommendations

- 2.1 To consider and make recommendations on items in the work plan and to note the timetable of meetings

3. Reasons for Recommendations

- 3.1 To enable the Panel to manage its programme of work.

4. Summary of Key Points

- 4.1 The Panel has a number of responsibilities within its terms of reference. Having a work plan for the Panel ensures that it carries out its duties whilst managing the level of work at each meeting.

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

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

- 9.1 This report meets the requirements of the Terms of Reference of the Panel and therefore supports the work that ensures that the Police and Crime Plan is delivered.

10. Changes in Legislation or other Legal Considerations

- 10.1 None as a direct result of this report

11. Details of outcome of consultation

- 11.1 None as a direct result of this report

12. Appendices

- 12.1 Work Plan and schedule of meetings

JOINT AUDIT AND SCRUTINY PANEL WORK PLAN

<u>ITEM DESCRIPTION</u>		<u>REPORTING REQUENCY</u>	<u>PANEL ASSURANCE</u>	<u>LEAD OFFICER</u>
10 December 2014 – 2pm				
1.	(5) IPCC investigations, recommendations and actions (April – September)	6 monthly	Good Governance	Force
2.	(36) Force Improvement Activity Lessons Learned monitoring, IPCC lessons learned report (April – September)	6 monthly	Good Governance	Force
3.	(6) & (7) Whistle Blowing Policy and review of compliance (April – September) and Anti-Fraud and Corruption Policy - review of compliance update (April – September)	6 monthly	Counter Fraud and Corruption	Force & OPCC
4.	External Audit Annual Audit letter	Annually	External Audit	OPCC CFO
5.	(66) Management Information Reports on contracts, assurance to relevant policy agreements	Annually	Financial Reporting/Good Governance and Value for Money/Best Value	ACO Resources
	Standard items:-			
	Updates on scrutiny and other reviews	As required		OPCC & Force
	PCC Update Report (including budget process information)	Quarterly	Good Governance, Value for Money/Best Value External Audit and Financial Reporting	OPCC
	(12) & (40) Internal Audit Progress Report	Quarterly	Internal Audit	OPCC CFO
	(40) Audit & Inspection Report	Quarterly	Internal Audit	ACO Resources

