

JOINT AUDIT AND SCRUTINY PANEL

**THURSDAY 28 SEPTEMBER 2017 at 3.00 PM
THE CIVIC SUITE, COUNTY HALL,
WEST BRIDGFORD, NOTTINGHAM NG2 7QP**

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 27 July 2017
4. Actions arising from the previous meeting
5. External Audit of Accounts 2016-17 (ISA 260)
6. Statement of Accounts and Annual Governance Statements for 2016-17
7. Complaint and Misconduct Investigations
8. IPCC Investigations, Recommendations and Actions
9. Report on the Whistle Blowing Policy and Review of Compliance (process of Grievances and Appeals)

10. Public Finance Initiative Contracts
11. Audit and Inspection Report, Quarter 2, 2017/18
12. Strategic Risk Management Report for Force and Nottinghamshire Office of the Police and Crime Commissioner (NOPCC), Quarter 2, 2017/18
13. Appointment of External Auditors 2018
14. Internal Audit Progress Report
15. Work Plan and Meeting Schedule

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: **Keith Ford tel. 0115 977 2590** for clarification or advice prior to the meeting.

**MINUTES OF THE MEETING OF THE NOTTINGHAMSHIRE POLICE AND CRIME
COMMISSIONER JOINT AUDIT AND SCRUTINY PANEL HELD ON THURSDAY 27TH
JULY 2017 AT FORCE HEADQUARTERS, SHERWOOD LODGE, ARNOLD,
NOTTINGHAM COMMENCING AT 2PM**

MEMBERSHIP

(A – denotes absent)

Mr Stephen Charnock (Chair)

Mr Leslie Ayoola

Mr John Brooks

Dr Phil Hodgson

Mr Peter McKay

OFFICERS PRESENT

Pete Barker	Democratic Services, Notts County Council
Natalie Baker-Swift	Governance & Planning, Notts Police
Paul Dawkins	Assistant Chief Officer, Finance
Kevin Dennis	Chief Executive, Office of Police and Crime Commissioner (OPCC)
Craig Guildford	Chief Constable, Notts Police
Mark Kimberley	Head of Finance, Notts Police
Charlie Radford	Chief Finance Officer, OPCC
Paddy Tipping	Police & Crime Commissioner

1) APOLOGIES FOR ABSENCE

Apologies for absence were received from Julie Mair, Charlotte Radford and Brian Welch.

2) DECLARATIONS OF INTEREST BY MEMBERS AND OFFICERS

No declarations of interest were made.

3) MINUTES OF THE PREVIOUS MEETING

The minutes of the last meeting held on 6 June 2017, having been circulated to all members, were taken as read and were confirmed and were signed by the Chair.

4) ACTIONS ARISING FROM THE PREVIOUS MEETING – ACTIONS SHEET

The Chair informed the meeting that the actions sheet enclosed with the papers is a first draft which will be refined as the process of setting timelines for action points and identifying people responsible progresses.

The Chair stated that the aim was to change the structure of the meetings as Panel members required more control over what was being considered at the meetings. The Chair was due to meet Charlie Radford and Julie Mair to see how this could be progressed.

5) APPROVAL OF REVISED TERMS OF REFERENCE

The Chair introduced the report and during discussions the following points were raised:

- an annual report could be published but in the main this would contain information available elsewhere and there are resource implications concerning its production. Andrew Cardoza confirmed that the publication of an annual report was not compulsory
- The following amendments were requested:

Page 1 – paragraph 4 should include a reference to Section 151 Officer as per paragraph 3

Page 2 - reference to employing 'agency' staff to be included

Page 4 - add the phrase 'for the Chair to hold'

- The Terms of Reference may still be too detailed but could be amended once a version is produced that everyone could agree upon
- The Chair undertook to circulate the amended version of the terms before seeking the approval of the Commissioner and the Chief Constable

6) SUMMARY OF ACCOUNTS FOR 2016-17

This report will now be taken to the September meeting as due to sickness and the use of the new system the production of the final accounts has been delayed.

7) STATEMENT OF ACCOUNTS AND ANNUAL GOVERNANCE STATEMENTS 2016-17

- **The Chief Constable's Statement of Accounts 2016-17**
- **The OPCC & Group Statement of Accounts 2016-17**

Mark Kimberley introduced the report and informed the meeting that the report was now in the style of an annual report with more narrative included. This style was not driven by the use of the 'Big Red Button' system.

During discussions the following points were raised:

- Much of the content could not be understood by the layperson but the requirements have become very complex over time
- The 'Big Red Button' system was paid for by the many subscribers and CIPFA were keen to expand its use from local government into the Police Force
- Some of the figures contained in the report and produced by the system are not accurate but the underlying figures are accurate and up to date and the final version of the accounts will be complete
- More changes to the report will be made before the meeting in September and the usefulness of the current meeting was questioned if the figures provided to the Panel were not the latest version. The Chair understood the frustrations but felt that it was still useful to have met as it had allowed some useful issues to be aired even if nothing could be signed off.

- The Panel would consider Paul Dawkins' offer of the opportunity next year for Panel members to look at the financial figures off-line on a weekly basis

8) WORK PLAN AND MEETING SCHEDULE

The next meeting will be held on 12th September at 10am. The meeting scheduled for 28th September will not be required.

The meeting closed at 3.04pm

CHAIR

For Decision	
Public/Non Public*	Public
Report to:	Joint Audit and Scrutiny Panel
Date of Meeting:	28 September 2017
Report of:	Chief Finance Officer
Report Author:	Charlotte Radford
Other Contacts:	Andrew Cardoza, Mark Kimberley, Paul Dawkins
Agenda Item:	5

External Audit of the Accounts 2016-17 (ISA260)

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 2016-17.

2. Recommendations

- 2.1 Members are requested to:
- Consider the report of the External Auditor and recommend its findings to the Police & Crime Commissioner and Chief Constable
 - 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 relevant statutory and regulatory requirements.

4. Summary of Key Points

- 4.1 The report detailing the findings of the external auditors during the audit of the accounts for 2016-17 will be circulated to Members once finalised.
- 4.2 The Auditors report will also include a draft letter of representation for the Chief Financial Officer to complete.

5. Financial Implications and Budget Provision

- 5.1 Identified within the 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 Risks identified 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 requirements with legislation.

11. Details of outcome of consultation

11.1 Not applicable

12. Appendices

A – Report to those charged with governance (ISA 260) – to follow



External audit report 2016/17

**Police and Crime
Commissioner for
Nottinghamshire &
Chief Constable for
Nottinghamshire**

September 2017

Summary for Joint Audit and Scrutiny Panel.

Financial statements This document summarises the key findings in relation to our 2016-17 external audit at the Police and Crime Commissioner for Nottinghamshire ('the PCC') and the Chief Constable for Nottinghamshire ('the CC').

This report focusses on our on-site work which was completed in August and September 2017 on the PCC and CC's significant risk areas, as well as other areas of your financial statements. Our findings are summarised on pages 6 – 12.

Subject to the necessary assurances being received from the auditors of the LGPS pension scheme, completion of the WGA and the final review of the audit changes and audit work we anticipate issuing unqualified audit opinions on the PCC and CC's financial statements before the deadline of 30 September.

The 2016-17 audit has proved particularly challenging. We have identified numerous issues with the draft statements this year, particularly around code compliance and the adequacy of working papers and version control. As a result we have requested numerous changes to be made since the initial draft and within the 4 subsequent drafts as follows:

- The initial draft was completed on a Group basis only and therefore not code compliant. Our opinion is given on the Authority (the PCC). PCC costs have now been included either on the main statements (CIES, Balance Sheet and Cash Flow) or within the notes (EFA and MIRS) to ensure code compliance.
- Applicable notes have now been analysed to show both the PCC and Group element. This was not done originally other than for creditors.
- Missing notes have now been added to the draft including cash and cash equivalents, financial instruments, short and long term borrowing, adjustments between funding and accounting basis note, movement in reserve notes for unusable reserves and some pension notes.
- All notes now cast and agree to main statements and include all relevant information. We found a number of notes where the Big Red Button (BRB) functionality had not been turned on and this resulted in the notes not casting as all information from BRB had not been pulled through into the note. These notes included cash and cash equivalents, Property Plant and Equipment (PPE) and Joint Collaboration.
- PCC figures plus CC figures now equal the Group accounts (and most rounding issues have now been eliminated).
- 2015/16 figures originally missing in the first draft set of accounts are now included within the CIES comparative data.

Summary for Joint Audit and Scrutiny Panel (cont.)

Financial statements • Notes have also now been cross referenced to main statements and bracket descriptions for gains/losses etc have now been added to the accounts to make them clearer.

- The Group narrative statement has been updated so that figures now match the accounts.
- Officers earning over £50k and the JCO CIES have been amended to agree to working papers provided to the auditors.
- The CC narrative statement has been amended to show the risk identified from last years HMIC PEEL review and the CC AGS updated to include a missing 2015/16 risk omitted in error.

A key issue this year as reported in prior years has been the lack of internal senior review of the accounts and the working papers. The lack of internal review was apparent from the outset of the audit. The first draft provided had missing information, casting and rounding errors, consistency issues, missing notes, and did not contain any PCC information, therefore making it non code compliant.

Whilst trying to progress with the audit we found discrepancies between the statements and corresponding notes as well as between working papers and the information within BRB – sometimes due to functionality within BRB not being switched on but often due to version changes not being updated within both the working paper and the accounts/BRB. In addition working papers did not always follow our PBC. In some cases we were not provided with working papers as notes had not been produced. In other instances we found staff had updated their working papers but the audit team were not provided with the updated version.

Client review was not completed within BRB this year due to time constraints and has not been completed in full or on a timely basis outside of the BRB which resulted in many of the issues already highlighted not being picked up internally and amended prior to the first draft being issued for audit. This led to significant time delays and frustrations as progression was slow and we often were left with more questions than answers.

Coupled with this was the fact that this year the audit was highly reliant on one member of staff who was on annual leave or working from home (but contactable) for a significant part of the two week audit visit.

The use of the CIPFA BRB model also adds another layer of complexity to the audit in that the group accounts are mapped by CIPFA code and we therefore have to ensure that the CIPFA code mapping of the financial ledger is complete and accurate and seems sensible.

Summary for Joint Audit and Scrutiny Panel (cont.)

Financial statements Based on our work, we have raised five recommendations. Details on our recommendations can be found in Appendix 1.
We are now in the completion stage of the audit and anticipate issuing our completion certificate and Annual Audit letter by 30 September 2017.

Use of resources We have completed our risk-based work to consider whether in all significant respects the PCC and CC have proper arrangements to ensure they have taken properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. We have concluded that the PCC and CC have made proper arrangements to secure economy, efficiency and effectiveness in their use of resources.

We therefore anticipate issuing unqualified value for money opinions.

See further details on page 18.

Acknowledgements Notwithstanding the issues encountered during the audit we would nevertheless like to thank officers for their continued help and co-operation throughout our audit work.

We ask the Joint Audit and Scrutiny Panel to note this report.

Contents

The key contacts in relation to our audit are:

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This report is addressed to the PCC and CC and has been prepared for the sole use of the PCC and CC. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. Public Sector Audit Appointments issued a document entitled Statement of Responsibilities of Auditors and Audited Bodies summarising where the responsibilities of auditors begin and end and what is expected from audited bodies. We draw your attention to this document which is available on Public Sector Audit Appointment's website (www.psaa.co.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.

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Andrew Cardoza, the engagement lead to the PCC and CC, who will try to resolve your complaint. If you are dissatisfied with your response please contact the national lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited, Andrew Sayers (on 0207 694 8981, or by email to andrew.sayers@kpmg.co.uk). After this, if you are still dissatisfied with how your complaint has been handled you can access PSAA's complaints procedure by emailing generalenquiries@psaa.co.uk, by telephoning 020 7072 7445 or by writing to Public Sector Audit Appointments Limited, 3rd Floor, Local Government House, Smith Square, London, SW1P 3H.

Section one

Financial Statements



We anticipate issuing unqualified audit opinions on Nottinghamshire PCC and CC's 2016/17 financial statements by 30 September 2017. We also anticipate reporting that your Annual Governance Statement complies with the guidance issued by CIPFA/SOLACE (*'Delivering Good Governance in Local Government'*) published in April 2016, although this work has yet to be undertaken.



Significant audit risks

Our *External Audit Plan 2016/17* sets out our assessment of Nottinghamshire PCC and CC’s significant audit risks. We have completed our testing in these areas and set out our evaluation following our work:

Significant audit risks	Work performed
1. Significant changes in the pension liability due to LGPS Triennial Valuation	<p>Why is this a risk?</p> <p>During the year, the Local Government Pension Scheme for Nottinghamshire Police and Crime Commissioner and Nottinghamshire Chief Constable (the Pension Fund) has undergone a triennial valuation with an effective date of 31 March 2016 in line with the Local Government Pension Scheme (Administration) Regulations 2013. The PCC and CC’s share 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 pension liability numbers to be included in the financial statements for 2016/17 will be based on the output of the triennial valuation rolled forward to 31 March 2017. For 2017/18 and 2018/19 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 is inaccurate and that these inaccuracies 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>Our work to address this risk</p> <p>We have reviewed the process used to submit payroll data to the Pension Fund and tested the year-end submission process and other year-end controls, including the appointment of an independent actuary to confirm the appropriateness of the actuarial assumptions used by your actuary. We found no issues to note.</p> <p>We have also substantively agreed the total figures submitted to the actuary to the ledger and again identified no issues in relation to the LGPS or to the Police Pension scheme.</p> <p>We have engaged with your Pension Fund auditors to gain assurance over the pension figures.</p>

Significant audit risks

Our *External Audit Plan 2016/17* sets out our assessment of Nottinghamshire PCC and CC’s significant audit risks. We have completed our testing in these areas and set out our evaluation following our work:

Significant audit risks	Work performed
2 Disclosures associated with retrospective restatement of CIES, EFA and MiRS	<p>Why is this a risk?</p> <p>CIPFA has introduced changes to the 2016/17 Local Government Accounting Code (Code):</p> <p>The new Code includes a small number of important changes on the previous year’s reporting requirements. The changes include new formats and reporting requirements for the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement, and the introduction of a new Expenditure and Funding Analysis as a result of CIPFA’s ‘Telling the Story’ review of the presentation of local authority financial statements.</p> <ul style="list-style-type: none">— Allowing local authorities to report on the same basis as they are organised by removing the requirement for the Service Reporting Code of Practice (SeRCOP) to be applied to the Comprehensive Income and Expenditure Statement (CIES); and— Introducing an Expenditure and Funding Analysis (EFA) which provides a direct reconciliation between the way local authorities are funded and prepare their budget and the CIES. This analysis is supported by a streamlined Movement in Reserves Statement (MiRS). <p>The PCC and CC were required to make a retrospective restatement of their CIES (cost of services) and the MiRS. New disclosure requirements and restatement of accounts require compliance with relevant guidance and correct application of applicable accounting standards.</p> <p>Our work to address this risk</p> <p>We had originally planned to carry out this work during our interim visit in order for us to feed back any findings ahead of our final audit. We were unable to do this due to staffing constraints at the time.</p> <p>The initial draft provided for audit did not include a CIES, EFA or MiRS for the PCC. The relevant statements and notes were not provided until after the main audit visit and have subsequently been audited.</p> <p>For the restatement, we have obtained an understanding of the methodology used to prepare the revised statements. We have also agreed figures disclosed to the PCC and CC’s general ledger. As part of our work we have reviewed both the 2016-2017 figures and also checked the 2015-16 restatements, ensuring all changes can be tracked and agreed to the prior year statements.</p>

Significant audit risks

Our *External Audit Plan 2016/17* sets out our assessment of Nottinghamshire PCC and CC’s significant audit risks. We have completed our testing in these areas and set out our evaluation following our work:

Significant audit risks	Work performed
3 Generation of the Accounts and the introduction of the CIPFA Model (Big Red Button)	<p>Why is this a risk?</p> <p>This year the PCC and CC used the CIPFA model (commonly known as the Big Red Button) to produce their accounts for the first time. With any new system there is a risk of error as it is introduced for the first time. There may also be an impact on the format of the accounts and working papers produced. The quality of the working papers produced has proved challenging the last couple of years and this change may further impact on the working papers produced and their compatability with our working paper request (PBC). This impact is not yet known.</p> <p>Our work to address this risk</p> <p>We originally hoped the introduction of the CIPFA model would ease the audit process this year but found the opposite occurred.</p> <p>The draft accounts produced were not code compliant in that they had been produced on a group basis rather than on a PCC and Group basis. A number of expected notes were missing and applicable notes did not split the component parts into the PCC and Group elements. We had hoped that the introduction of this model would reduce the number of rounding/cross casting errors but these have still occurred and in some cases increased.</p> <p>BRB also added another layer of complexity in that we had to ensure the mapping of the Trial Balance to CIPFA codes (on which the Group accounts are produced) was complete, accurate and reasonable. Again this mapping was not required in prior year audits.</p> <p>The model also highlighted a number of teething problems such as the main statements not being cross referenced to corresponding notes and brackets not being shown around narrative descriptions of gains/losses.</p> <p>This year the review function within the BRB was not used due to the late timing of implementing the model. This review function needs to be used next year and all working papers need to be updated in line with BRB so that version control problems do not re-occur.</p> <p>The BRB model was also not set up to show the PCC costs as a separate entity. This function needs to be built into the model for 2017-18.</p>

Significant audit risks

Our *External Audit Plan 2016/17* sets out our assessment of Nottinghamshire PCC and CC’s significant audit risks. We have completed our testing in these areas and set out our evaluation following our work:

Significant audit risks	Work performed
4 Introduction of a new Payroll system.	<p>Why is this a risk?</p> <p>A review of Internal Audit reports has identified that there was a planned change to the payroll system from January 2017. We were required to update our understanding of the system pre and post this change and update our risk assessment and testing accordingly.</p> <p>Our work to address this risk</p> <p>We reviewed the payroll process both pre and post the Oracle change as part of our controls testing at the interim audit. This included ensuring that the controls in operation post the change enabled us to place reliance on the data being produced by the system for the 2016/17 financial accounts.</p>

Considerations required by professional standards

Fraud risk of revenue recognition

Professional standards require us to make a rebuttable presumption that the fraud risk from revenue recognition is a significant risk.

In our *External Audit Plan 2016/17* we reported that we do not consider this to be a significant risk for PCC's/CC's as there is unlikely to be an incentive to fraudulently recognise revenue.

This is still the case. Since we have rebutted this presumed risk, there has been no impact on our audit work.



Management override of controls

Professional standards require us to communicate the fraud risk from management override of controls as significant because management is typically in a unique position to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

Our audit methodology incorporates the risk of management override as a default significant risk. We have not identified any specific additional risks of management override relating to this audit.

In line with our methodology, we carried out appropriate 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.

There are no matters arising from this work that we need to bring to your attention.

Other areas of audit focus

We identified one area of audit focus. This is not considered a significant risk as it is less likely to give rise to a material error. Nonetheless this is an area of importance where we would carry out substantive audit procedures to ensure that there is no risk of material misstatement.

Other areas of audit focus	Our work to address the areas
1. Assurance over Regional Collaboration Accounts and Transactions	<p>Background</p> <p>The level of collaborative work with other forces across the East Midlands has increased significantly over the past few years, with the prior year accounts including some £6m of expenditure in relation to these arrangements.</p> <p>This level of collaboration brings with it the need to ensure that appropriate governance arrangements are in place for each arrangement and that the necessary assurances are held over the completeness and accuracy of the financial information being provided to the PCC and CC for consolidation into their accounts.</p> <p>What we have done</p> <p>We obtained an Annual Governance Statement giving assurance over the East Midlands Police Collaboration lead accounts. We obtained all lead force accounts and checked these in full to ensure the Nottinghamshire Police proportion was correctly consolidated within the financial statements and within note 7.6 to the 2016/17 accounts.</p> <p>We found that the Joint Operations CIES had not been produced correctly and did not reflect the lead force accounts provided. This note has now been updated to show the gross income and expenditure relating to Nottinghamshire Police and is therefore comparable to the working papers and to the prior year statements.</p>

Proposed opinion and audit differences

Subject to the necessary assurances being received from the auditors of the LGPS pension scheme, completion of the WGA and the additional work required in confirming the accuracy of audit changes and review, we anticipate issuing an unqualified audit opinion on the PCC and CC's 2016/17 financial statements by 30 September 2017.

Audit differences

In accordance with ISA 260 we are required to report uncorrected audit differences to you. 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.

The final materiality (see Appendix 3 for more information on materiality) level for this year's audit was set at £3.3 million. Audit differences below £0.160 million are not considered significant.

Our audit identified no material audit differences.

Overall there was no impact on the General Fund as a result of audit adjustments.

We identified one audit difference on the officers earning over £50k note. Here the working paper provided to support the note was correct but the formula within the note adding up the staff involved had not been changed from the prior year which resulted in the number of staff total being understated. This has been changed. There is no impact on any main financial statements as a result of this correction.

The JCO CIES note was also updated to show the gross figures.

A large number of presentational changes have been made to the main statements and applicable notes to ensure code compliance. PCC information has had to be split out within all the main statements. Relevant notes have also had to be reanalysed to show the PCC/Group split. A number of additional notes missing from the original draft have been added to the final statements and other notes have been changed to ensure they cast and cross cast with the main statements. These changes are material in nature but have not resulted in material changes to the bottom line figures within the main statements of the accounts – simply adding in material information that was originally missing due to the lack of review and version control internally. These changes are listed in more detail within Appendix 2 but included the following:

- Inclusion of PCC accounts within the main statements as per code requirements.
- Splitting PCC information and Group information out on applicable notes as per code requirements
- Inclusion of a number of notes that were initially missing (unusable reserves, adjustments between accounting and funding basis, short and long term borrowing, cash and cash equivalents and some financial instrument and pension notes)
- Numerous adjustments to ensure the consistency of information within the CIES, EFA and notes in the Group and CC statements.
- Adding missing lines to some notes which had been incorrectly removed due to the BRB functionality not being switched on (notes 5.1,5,5 and 6.3)
- Adding in the 2015-16 expenditure within the EFA which was originally shown as zero .
- Removing references to the HRA from the EFA
- Adding cross references and brackets within the main statements.

Proposed opinion and audit differences

- Grossing up the JCO CIES which were not produced on comparable basis year on year.
- Updating the senior officers earning over £50,000 note so that it agrees to the working papers provided.
- Identifying spelling errors, incorrect note or year references.
- Ensuring the Narrative Report was consistent with the accounts and included a note to explain it did not contain JCO and pension information.
- Adding missing information from the CC AGS and narrative statement.

The PCC and CC have addressed these issues and we are still ensuring all changes have been processed correctly.

Annual governance statement

We have reviewed the PCC and CC's 2016/17 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.

A small number of changes was required to the CC AGS and narrative statements. These were as follows:

- Adding in a missing 2015/16 risk that was omitted in error; and
- Including the findings of the prior year HMIC PEEL findings as a current year risk.

We also requested a breakdown of force expenditure by type but this was not added this year. We suggest it is added next year to ensure more comprehensive reporting.

Narrative report

We have reviewed the PCC and CC's 2016/17 Narrative Reports and have confirmed that they are materially consistent with the financial statements and our understanding of both the PCC and CC.

Changes were required to be made to the financial performance figures within the Group/PCC report so that they did comply with the accounts, cast and were consistent with the information on page 10. Figures were changed on 3 occasions between receiving the initial draft and the final draft set of 2016/17 accounts.

We have noted that the Narrative Reports do not fully comply with the Code requirements in that both financial and non-financial performance indicators are expected and required.

We have recommended that further work is undertaken in future years to ensure that the Narrative Reports are in line with the Code and best practice as set out by the Accounting Standards Board.

This is something that we are raising with all audited bodies this year.

Section one: financial statements

Accounts production and audit process

Our audit standards (*ISA 260*) require us to communicate our views on the significant qualitative aspects of the PCC and CC's accounting practices and financial reporting.

We also assessed the PCC and CC's process for preparing the accounts and its support for an efficient audit. The efficient production of the financial statements and good-quality working papers are critical to meeting the tighter deadlines.

The PCC and CC have recognised the additional pressures which the earlier closedown in 2017/18 will bring.



Accounting practices and financial reporting

Due to the introduction and timing of the new CIPFA model this year the force could not achieve an earlier deadline. We have been engaging with the officers of the PCC and CC in the period leading up to the year end in order to proactively address issues as they emerge.

Completeness of draft accounts

We received a set of Chief Constable draft accounts on 30 June 2017, the statutory deadline day. We received the Group accounts on the 3 July 2017. We subsequently found the draft accounts were missing several of the required statements and notes in accordance with the requirements of the code. As a result of this we received a further four Group drafts and changes within drafts.

Quality of supporting working papers

We issued our *Interim Accounts Audit Protocol 2016/17* ("Prepared by Client" request) in January 2017, and our Final version in May 2017 which outlines our documentation request. This helps the PCC and CC to provide audit evidence in line with our expectations. This was further supplemented by a specific pensions request to address the significant risk in relation to the triennial revaluation.

We found that the working papers provided this year had improved in some areas but that further improvement is required to ensure we receive everything on our PBC, we are not just directed to the BRB system and that we receive the latest version of working papers. We also hope that the review function of BRB will be utilised next year to help overcome version control problems encountered this year.

Response to audit queries

Where possible Officers dealt with our audit queries as soon as possible. Other inquiries/sample requests were not always met within two working days of inquiry, in line with our expectations.

Prior year recommendations

As part of our audit we are required to follow up the PCC and CC's progress in addressing the recommendations in last year's ISA 260 report.

The PCC and CC have only partly implemented the recommendation on improving the financial statements and working papers.

Controls over key financial systems

We have tested controls as part of our focus on significant audit risks and other parts of your key financial systems on which we rely as part of our audit. The strength of the control framework informs the substantive testing we complete during our final accounts visit. Based on the work performed, we are satisfied that the controls are performing effectively. We are able to place reliance on the PCC and CC's control framework.

Completion

We confirm that we have complied with requirements on objectivity and independence in relation to this year's audit of the PCC and CC's 2016/17 financial statements.

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 for Nottinghamshire for the year ending 31 March 2017, we confirm that there were no relationships between KPMG LLP and the Police and Crime Commissioner for Nottinghamshire and the Chief Constable for Nottinghamshire, its directors and senior management and its 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 Public Sector Audit Appointments Ltd requirements in relation to independence and objectivity.

We have provided a detailed declaration in Appendix 4 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 Chief Finance Officers for presentation to the PCC and CC. We require signed copies of your management representations before we issue our audit opinion.

As part of this process we are seeking specific management representations in respect of the assurances you have gained over the completeness and accuracy of the figures consolidated for the

regional collaboration.

Other matters

ISA 260 requires us to communicate to you 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 or our previous reports relating to the audit of the PCC and CC's 2016/17 financial statements.

A woman with long, curly brown hair is shown in profile, looking upwards and smiling. She is wearing a black lace dress with a high collar and a thin brown strap across her chest. The background is a red brick wall with a black metal fence in the foreground. A semi-transparent white box with blue borders contains the text.

Section two

Value for money

Our 2016/17 VFM conclusion considers whether Nottinghamshire PCC and CC had proper arrangements to ensure they took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

We have concluded that Nottinghamshire PCC and CC have made proper arrangements to ensure they took properly-informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

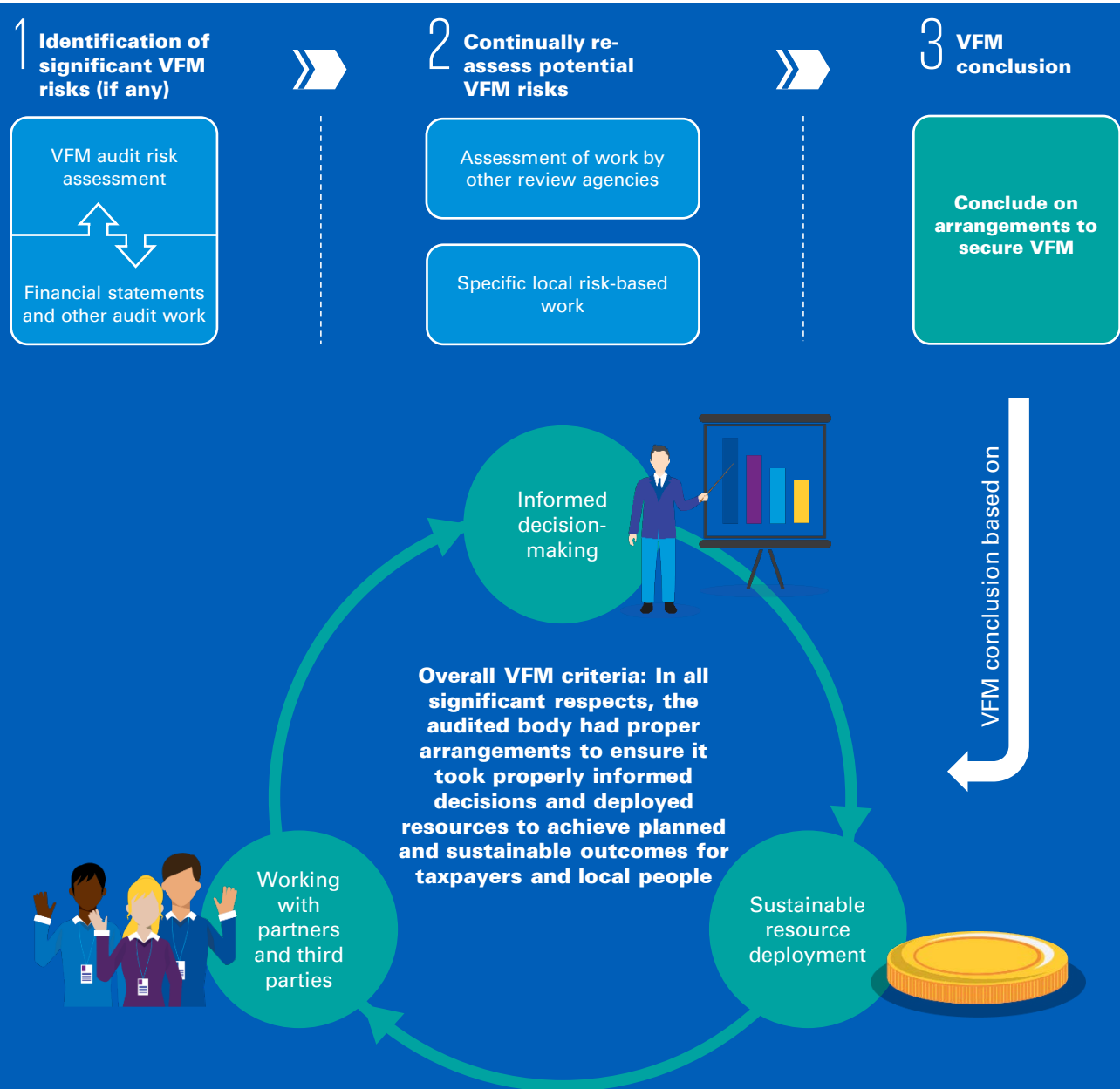


VFM conclusion

The Local Audit and Accountability Act 2014 requires auditors of local government bodies to be satisfied that Nottinghamshire PCC and CC ‘have made proper arrangements for securing economy, efficiency and effectiveness in their use of resources’.

This is supported by the Code of Audit Practice, published by the NAO in April 2015, which requires auditors to ‘take into account their knowledge of the relevant local sector as a whole, and the audited body specifically, to identify any risks that, in the auditor’s judgement, have the potential to cause the auditor to reach an inappropriate conclusion on the audited body’s arrangements.’

Our VFM conclusion considers whether the PCC and CC had proper arrangements to ensure they took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. We follow a risk based approach to target audit effort on the areas of greatest audit risk.



The table below summarises our assessment of the individual VFM risk identified against the three sub-criteria. This directly feeds into the overall VFM criteria and our value for money opinion.

VFM assessment summary			
VFM risk	Informed decision-making	Sustainable resource deployment	Working with partners and third parties
Financial resilience in the local and national economy	✓	✓	✓
Overall summary	✓	✓	✓

In consideration of the above, we have concluded that in 2016/17, Nottinghamshire PCC and CC have made proper arrangements to ensure they took properly-informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

Further details on the work done and our assessment is provided on the following page.

Significant VFM risks

We have identified a single significant VFM risk. In all cases we are satisfied that external or internal scrutiny provides sufficient assurance that Nottinghamshire PCC and CC’s current arrangements in relation to this risk area is adequate.

Significant VFM risks	Work performed
1. Financial resilience and delivery of the medium term financial plan	<p>Why is this a risk?</p> <p>Nottinghamshire Police along with all forces have significant budget savings to deliver over the coming years and plans are in place to achieve these savings.</p> <p>The PCC needs to manage its savings plans to secure longer term financial and operational sustainability.</p> <p>Summary of our work</p> <p>All police bodies have been affected by reductions in central funding and the PCC and CC have responded well to these pressures this year, with levels of service provision being maintained whilst demonstrating good performance in the identification and delivery of savings. Against this backdrop the PCC has managed to spend less than its budget in 2016/17 which enabled a contribution to reserves to be made and leaves Nottinghamshire Police with a more prudent level of reserves than in 2015/16.</p> <p>Moving forward the PCC and CC will need to ensure they develop and monitor all saving plans effectively so that any future use of reserves to bridge budget shortfalls is minimised and to strengthen the long term reserve position of the force.</p> <p>We have assessed the arrangements put in place by the PCC and CC to maintain its record of meeting efficiency savings to address national funding changes, by relying on our accounts audit work where relevant, underpinned by a review of the PCC and CC’s budget setting process, financial management processes, and discussions with the senior management team.</p>

A close-up, shallow depth-of-field photograph of a stack of books on a wooden surface. The books have various colored covers, including a prominent red one. A silver pen lies horizontally in the foreground, its tip pointing towards the left. The background is softly blurred, showing more books and the texture of the wood.




Appendices

Key issues and recommendations

Our audit work on the PCC and CC’s 2016/17 financial statements has identified 5 issues. We have listed these issues in this appendix together with our recommendation which we have agreed with Management. We have also included Management’s response to this recommendation.

The PCC and CC should closely monitor progress in addressing the risks, including the implementation of our recommendations. We will formally follow up this recommendations next year.

The issue and recommendation have been given a priority rating, which is explained below.

-  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.
-  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.
-  Issues that would, if corrected, improve internal control in general but are not vital to the overall system. These are generally issues of good practice that we feel would benefit if introduced.



1. Code Compliance

Our review of the accounts this year identified that the PCC/Group accounts presented for audit were not code compliant. Our opinion is given on the authority (the PCC). In 2016-17 the split of PCC costs was not correctly applied in the main statements or all applicable notes. As a result the following information had to be added to the PCC/Group accounts:

- PCC CIES;
- Split of PCC costs on the Balance Sheet, Cash Flow and EFA;
- Notes added to show the PCC element of the MIRS; and
- Split of PCC costs within relevant notes.

Our testing also identified a number of notes that were missing from the accounts. These included notes on the unusable reserves, adjustments for accounting and funding basis, cash and cash equivalents, short term and long term borrowing and some financial instrument and pension notes.

The accounting standards issued not adopted note was also not updated correctly.

These omissions should have been identified from the correct completion of CIPFA's Code Disclosure Checklist.

Recommendation

The PCC and CC should ensure that the draft provided for audit in 2017/18 are fully code compliant and include all relevant statements and notes.

Sufficient time and resource should be devoted to the accurate completion of CIPFA's Code Disclosure Checklist, with any uncertainties over answers being investigated more thoroughly.

The CIPFA BRB model should be updated to enable the PCC costs to be fully identifiable and mapped from 2017/18.

Management Response

Owner

Deadline



2. Management Review of the Draft Statement of Accounts

The initial draft accounts provided for audit contained numerous errors and had not been subject to a timely or robust management review prior to audit which would have identified these problems. This recommendation was also made last year. Issues identified included:

- Inconsistencies between figures in the Group accounts and CC accounts and between key statements;
- Casting errors and rounding errors within notes;
- No cross references to key notes within the main statements;
- Reference to the HRA instead of General Fund in the EFA headings;
- No prior year CC expenditure shown in the EFA; and
- BRB functionality not turned on in all cases.

Recommendation

The PCC and CC should ensure that an appropriate, timely and robust level of review is put in place over the draft accounts next year particularly given the earlier deadline. This review should include the following checks:


- Agreeing PY figures agree to signed 16-17 accounts;
- Ensuring all statements and notes cast and cross cast;
- Ensuring all figures within main statements are consistent and do not contain rounding errors;
- Ensuring all notes agree to the main statements;
- Ensuring the PCC plus CC equals the Group;
- Ensuring all cross references are included in the main statements;
- Ensuring all brackets are included;
- Ensuring financial figures within the narrative agree to working papers; and
- Ensuring the big red button functionality is turned on for all notes.

Management Response

Owner

Deadline

<div>High priority</div>	<p>3. Management Review of Working Papers and version control</p> <p>Our testing this year identified that working papers were once again not subject to a thorough management review. This led to delays and additional work. The impact of this included:</p> <p>Not all working papers requested on our PBC being provided – such as the working papers to support the narrative statement performance indicators and staff information or working papers for the MIRS.</p> <p>The internal review function within BRB not being used this year due to timing issues.</p> <p>Being provided with the wrong version of a working paper. We found that the working trial balance showed the net cost of services for the Group to be £209 million rather than £203 million due to an error in the formula. A formula error was also found on the staff earning over £50,000 working paper and we were not provided with the latest version working paper for senior officer pay.</p> <p>Recommendation</p> <p>All working papers should be subject to a full and timely independent review. The review function for the CIPFA BRB should be utilised next year ensuring all work within the model is checked. Working papers provided outside of the model should also be reviewed for accuracy and to ensure that the figures agree to the draft provided for audit and have not been superceded by another version. All working papers requested on the PBC should be supplied.</p> <p>All changes made to this years accounts should be updated in the CIPFA model so that next year all prior year figures will be brought forward correctly.</p>	<p>Management Response</p> <p>Owner</p> <p>Deadline</p>
<div>High priority</div>	<p>4. Staff Availability</p> <p>This year the audit was heavily reliant on one member of staff. During the two week audit period the staff member was often on leave or working from home which led to delays in progressing with audit queries.</p> <p>Recommendation</p> <p>Given the much earlier close down next year and the time pressures this will bring it is essential that all key finance staff are available during the 2 week audit period which will be in June and that leave/working from home is not allowed during this two week window.</p>	<p>Management Response</p> <p>Owner</p> <p>Deadline</p>

	<p>5. Audit Advert and Publication of Accounts</p> <p>This year we identified that he accounts were advertised for 29 working days instead of the required 30.</p> <p>In addition we were provided with the Chief Constable statements by the required deadline of the 30th June but not the PCC/Group statements.</p> <p>Recommendation</p> <p>The PCC and CC should ensure that the audit advert follows the recommendations provided to you in our letter and is provided to us to check prior to publication on the website.</p> <p>Both statements of accounts will need to be published by the required earlier deadline next year and audit evidence provided to us to enable us to prove this.</p>	<p>Management Response</p> <p>Owner</p> <p>Deadline</p>
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Audit differences

We are required by ISA 260 to report all uncorrected misstatements, other than those that we believe are clearly trivial, to those charged with governance (which in your case is the PCC and CC). We are also required to report all material misstatements that have been corrected but that we believe should be communicated to you to assist you in fulfilling your governance responsibilities.

Disclosure errors

Our audit identified two errors in relation to other disclosures. These have been discussed with management and amended in the Group and CC statement of accounts in full:

Note 7.1. Senior officer remuneration over £50k. Total amended from 168 to 278 staff as per the supporting working papers. Note the working paper provided to us was correct but the formula within the working paper had not been updated from the prior year meaning all staff were not added in correctly.

Note 7.6 Joint Operation CIES – now amended to show the Gross income and expenditure position for 2016/17 so that this is comparable with the 2015/16 audited note and the working papers provided for audit.

Unadjusted audit differences

We confirm that there are no uncorrected misstatements above our triviality limit of £160,000.

Adjusted numerical audit differences impacting disclosure notes

There were no significant numerical audit differences impacting on the disclosure notes identified by our audit of the Police and Crime Commissioner for Nottinghamshire and the Chief Constable for Nottinghamshire's financial statements for the year ended 31 March 2017. However there were changes within notes and new notes added at our request which did not affect the bottom line as follows:

Main Statements

- A PCC CIES was added at our request to ensure code compliance. This statement should only include the PCC costs but the CC and Group have been included for additional clarity at the S151 officers request.
- The Balance Sheet and Cash Flow were amended to include a PCC column as well as a Group column to ensure code compliance.
- Rather than a separate EFA being produced for the PCC this year the other income and expenditure was split out on the EFA group statement to show the PCC and CC elements.
- The MIRS statement could not be amended to show the PCC information. Instead a reference was added referring to note 4.4 and 4.5 where the PCC expenditure could be found.
- All incorrect references to the HRA were changed to the GF on the EFA
- All brackets were added to the main statement explanations as these were initially missing
- All cross references to notes were added to the main statements as these were initially missing.
- All rounding, consistency errors between main statements were updated over the various drafts (numerous times).

Audit differences (cont.)

Accounting Policies

- The accounting Standards Issues, not adopted note on page 42 was updated to show the 2 new changes to the code applicable in 2016-17 even though they are not applicable to the police pension funds.

New Notes added

- 4.3 – unusable reserves. This note was originally missing from the draft statements.
- 4.4 – unusable reserves note added to show breakdown of PCC and CC as required on the MIRS.
- 4.5 - adjustments between accounting and funding basis. This note had been omitted in error.
- 5.7 - short term borrowing – omitted in error.
- 5.10 - long term borrowing – omitted in error.
- 6.1 - cash and cash equivalents – omitted in error.
- 7.4 - financial instruments – narrative and table added on page 76.
- Pensions – tables on pages 85 and 86 added in from actuarial report as they were included in 2015/16.

Amended Notes

- Note 3.1 – amended to show split of PCC costs.
- Note 3.1 – now updated to cast correctly and to show the PCC/CC split although the analysis should ideally show the costs by type for the CC as this is the more material figure.
- Note 3.3 – income now re-categorised correctly.
- Note 3.6 – amended to show split of other income and expenditure by PCC and CC. Some small rounding changes made.
- Note 3.7 – amended to show the split of costs by PCC and CC. Some figures updated and amended. Additional table added to show a further breakdown of other expenditure for further clarity.
- Note 4.1 – roundings identified and amended so that table casts correctly.
- Note 5.1 - cost and Valuation 2016-17 and 2015-16. BRB functionality had not been switched on correctly and the reclassification and transfer line had originally been omitted from first draft meaning the table did not cast correctly. The depreciation table was also amended so that it cast correctly. Some small roundings still exist.
- Note 5.3 – minor changes made to ensure table casts correctly.
- Note 5.5 – 2015/16 total was overstated by £20,000. Now amended.
- Note 5.9 - small rounding changes made to ensure note casts correctly.

Appendix 2

Audit differences (cont.)

- 5.11 - operating leases – minor amendments made to ensure notes cast.
- 5.12 – narrative updated to remove incorrect reference to note 18.1 and small rounding amendment made to ensure the table casts.
- 6.2 – total amended in first table so it now casts. Brackets corrected on the increase/decrease in creditors/debtors.
- Note 6.3 – amended so it now casts correctly. Repayment of finance lease liability of £317k now added to repayment of short term and long term borrowing so table casts correctly (due to BRB functionality not being switched on initially)
- Note 7.1 - Senior Officer Remuneration: The Internal working paper was updated and this led to some changes within the senior officer pay table from the initial draft.
- Note 7.1 - exit packages. Incorrect entry for 2015/6 in the £100-£150k band removed from both sets of accounts.
- Note 7.6 - JCO CIES updated to show Gross expenditure and income as per working papers and to be comparable with the prior year.
- 7.1 - the Internal working paper was updated and not provided to us. This led to some changes within the senior officer pay table from the initial draft.

Narrative Statement

PCC

- Numerous changes were made to page 9 to ensure the figures agreed to the period 12 financial position and to ensure consistency with page 10 data. A reference was also added to show that the pension and joint operation adjustments were not included (so that the reader of the accounts can understand why the figures do not agree to the main statements).

CC

- Reference to the 2016 PEEL report was initially omitted. This has now been added.

AGS (CC only)

- A 2015-16 recommendation omitted in error was added.

Materiality and reporting of audit differences

The assessment of what is material is a matter of professional judgment and includes consideration of three aspects: materiality by value, nature and context.

Material errors by value are those which are simply of significant numerical size to distort the reader's perception of the financial statements. Our assessment of the threshold for this depends upon the size of key figures in the financial statements, as well as other factors such as the level of public interest in the financial statements.

Errors which are material by nature may not be large in value, but may concern accounting disclosures of key importance and sensitivity, for example the salaries of senior staff.

Errors that are material by context are those that would alter key figures in the financial statements from one result to another – for example, errors that change successful performance against a target to failure.

We used the same planning materiality reported in our External Audit Plan 2016/17, presented to you in January 2017.

Materiality for the PCC and CC's accounts was set at £3.3 million which equates to around 1.5 percent of gross expenditure. We design our procedures to detect errors in specific accounts at a lower level of precision.

Reporting to the PCC and CC

Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the PCC and CC any misstatements of lesser amounts to the extent that these are identified by our audit work.

Under *ISA 260*, we are obliged to report omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. *ISA 260* defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.

ISA 450 requires us to request that uncorrected misstatements are corrected.

In the context of the PCC and CC, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £0.160 million.

Where management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the PCC and CC to assist it in fulfilling their governance responsibilities.

Declaration of independence and objectivity

Auditors appointed by Public Sector Audit Appointments Ltd must comply with the Code of Audit Practice (the 'Code') which states that:

"The auditor should carry out their work with integrity, objectivity and independence, and in accordance with the ethical framework applicable to auditors, including the ethical standards for auditors set by the Financial Reporting Council, and any additional requirements set out by the auditor's recognised supervisory body, or any other body charged with oversight of the auditor's independence. The auditor should be, and should be seen to be, impartial and independent. Accordingly, the auditor should not carry out any other work for an audited body if that work would impair their independence in carrying out any of their statutory duties, or might reasonably be perceived as doing so."

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 Public Sector Audit Appointments Ltd Terms of Appointment ('Public Sector Audit Appointments Ltd 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. Public Sector Audit Appointments Ltd 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 PCC and CC.

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 LLP is committed to being and being seen to be independent. As part of our ethics and independence policies, all KPMG LLP Audit Partners and staff annually confirm their compliance with our Ethics and Independence Manual including in particular that they have no prohibited shareholdings.

Our Ethics and Independence Manual is fully consistent with the requirements of the Ethical Standards issued by the UK Auditing Practices Board. As a result we have underlying safeguards in place to maintain independence through: Instilling professional values, Communications, Internal accountability, Risk management and Independent reviews.

We would be happy to discuss any of these aspects of our procedures in more detail.

Auditor declaration

In relation to the audit of the financial statements of the Police and Crime Commissioner for Nottinghamshire and the Chief Constable for Nottinghamshire for the financial year ending 31 March 2017, we confirm that there were no relationships between KPMG LLP and the Police and Crime Commissioner for Nottinghamshire and the Chief Constable for Nottinghamshire, its directors and senior management and its 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 Public Sector Audit Appointments Ltd requirements in relation to independence and objectivity.

Audit fees

Audit fees

As communicated to you in our External Audit Plan 2016/17, our scale fee for the audits are:

- Police and Crime Commissioner: **£35,220** plus VAT (*£35,220 in 2015/16*); and
- Chief Constable: **£15,000** plus VAT (*£15,000 in 2015/16*).

However, we will be proposing an additional fee due to additional work undertaken in relation to the CIES restatement and due to the numerous errors identified within the draft accounts which led to additional time being spent on the audit. We will discuss these fees with the Chief Finance Officers and this will also be subject to PSAA determination/approval.



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For Decision	
Public/Non Public*	Public
Report to:	Joint Audit and Scrutiny Panel
Date of Meeting:	28 September 2017
Report of:	Chief Finance Officer
Report Author:	Charlotte Radford
Other Contacts:	Paul Dawkins, Pamela Taylor, Mark Kimberley
Agenda Item:	6

STATEMENT OF ACCOUNTS AND ANNUAL GOVERNANCE STATEMENTS FOR 2016-17

1. Purpose of the Report

- 1.1 To provide members with a copy of the audited statement of accounts and annual governance statements for 2016-17.

2. Recommendations

- 2.1 Members are requested to:
- Having examined the statements provided to recommend the accounts and governance statements to the Police & Crime Commissioner for approval.
 - 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 the Accounts and Audit regulations and good financial governance.

4. Summary of Key Points

- 4.1 The attached statements provide a fair view of the financial position of the Chief Constable, Police & Crime Commissioner and group as a whole.
- 4.2 The statements of the Chief Constable show the cost of policing and 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 These accounts represent fairly the financial position of the Group and its individual entities.
- 4.5 These accounts have been published within the timescale required by legislation for next year. In preparing this way we have been able to incorporate

a new software solution that will make the process fully efficient and effective for the 2017-18 Statements.

- 4.6 As the Chief Finance Officer I would like to take this opportunity to thank the Senior Financial Accountant for her hard work in ensuring a new system has been introduced and new deadlines have been achieved. Particularly, with the absence of a key member of staff. I would also like to thank the other members of staff within Finance and the OPCC that have worked hard and responded often at short notice to ensure these accounts are published. Finally, but not least I would like to thank the Consultant from CIPFA that has made many changes to the system to ensure it is fit and compliant for OPCC's and Forces and the ways in which we work that differ from Local Government.

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 the 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 current Accounts and Audit Regulations.

11. Details of outcome of consultation

- 11.1 The draft accounts were made available for public inspection and published on the websites for comment.

12. Appendices

- A – The Chief Constable's Statement of Accounts 2016-17
B – The OPCC and Group Statement of Accounts 2016-17



Statement of Accounts – 2016-17

The Chief Constable of Nottinghamshire



NOTTINGHAMSHIRE
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CHIEF FINANCE OFFICER'S NARRATIVE REPORT



CHIEF FINANCE OFFICER'S NARRATIVE REPORT

NOTTINGHAMSHIRE

Nottinghamshire is a diverse County. It has a mixture of affluent communities and those developing from being former mining areas.

The County's major urban area of the City and surrounding conurbation is mainly in the south with the majority of the north and east of the County being rural.

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

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

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

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

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

GOVERNANCE

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

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

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

Our Priorities

**Engage Our
Communities**

**Create a service
that works for local
people**

**Become an
employer of choice**

Our Mission Statement

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

The Force has a dedicated workforce of just under 3,500 officers and staff, who are supported by a growing army of hundreds of special constables, cadets and volunteers. Over the course of a typical day in Nottinghamshire, we:

- **deal with 966 incidents, of which 447 will require attendance**
- **deal with 225 new crimes**
- **make 56 arrests**
- **solve 58 crimes**
- **deal with 24 incidents associated with people with mental health issues**
- **attend 26 road traffic collisions**
- **deal with 94 antisocial behavior incidents**
- **search for 11 people who had been reported missing**
- **carry out 5.3 stop and searches**

Policing is divided into two thematic areas, known as Uniformed Operations and Intelligence Investigations.

Each of the two areas is headed by a Chief Superintendent who is responsible for the policing of the area, and the teams within them.

Nottinghamshire is also divided into a number of Neighbourhood Policing Areas, each of which is headed by a Neighbourhood Policing Inspector.

Each neighbourhood is policed by a dedicated team made up of police officers, special constables and police community support officers (PCSOs), alongside community protection officers or neighbourhood wardens employed by local councils.

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

To ensure we provide an efficient and effective service, our work is

overseen by the Nottinghamshire Police and Crime Commissioner and the Police and Crime Panel.

Located in the heart of England, the county is renowned for its sporting roots, including Trent Bridge Cricket ground, the Capital FM National Ice Arena, Meadow Lane (home to the **world's oldest football club**), Notts County, and the City Ground (home to former double European Cup winners) Nottingham Forest.

We work closely with all of these attractions to ensure the thousands of tourists who visit Nottinghamshire each year have a safe and enjoyable visit.

With two universities, the University of Nottingham and Nottingham Trent University and New College in Nottingham (the second largest college in Europe), the city is home to more than 95,000 students.

PERFORMANCE

Achievements 2016-17

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

- Compliance with the National Crime Recording Standard resulted in an increase in Total Crime of 13.7%.
- A new Chief Constable has been appointed.
- Force expenditure has come in below budget and the contribution to reserves was more than originally anticipated.
- A new target operating model has been commissioned which will see a reversal of the planned reduction in Police Officers.
- Nottinghamshire has led on the provision of body worn video for the service and the benefits of this have already been seen.
- Nottinghamshire Police remains a strong performing force in comparison to other similar forces and the all force average for victim satisfaction. Around 81% were satisfied with overall service levels, 95% satisfied with the way they were treated and 97% satisfied with ease of contact in March 2017.

- Anti-Social Behaviour fell by 6.5% during the year.
- The lowest increases in terms of national rankings - top 3 are:
 - Robbery of personal property (ranked 2nd best)
 - Distraction burglary (ranked 3rd best)
 - All Robbery (ranked 4th best)
- The highest increases in terms of national rankings - top 3 are:
 - All other theft offences (ranked 2nd)
 - Public order offences (ranked 4th)
 - Violence without injury (ranked 5th)
- The number of non-crime related mental health patients detained in custody suites fell by 78%.
- The Early Guilty Plea rate for the Magistrates' Court improved by 6.2%.
- The conviction rate in Crown Court was 0.3% higher than the national average.
- The number of young people (<15 years.) Killed or Seriously Injured on Nottinghamshire's roads has reduced 65% since the 2005 – 2009 average baseline.
- The proportion of victim-based crimes that go on to receive a court or out of court disposal also remains strong in Nottinghamshire compared to other force areas.
- An increasing organisational focus on responding to issues of greatest threat, risk and harm has led to significant increases in the number of vulnerable people identified and protected in 2016-17, including victims of historic sexual offences, missing and absent person incidents and child protection-related crimes.
- The Force has also seen marked improvements in compliance with crime recording standards during the year which has resulted in a more accurate profile of local victimisation rates and more victims being identified and supported.

More information on performance can be found on the Police and Crime Commissioners website within the Annual Report

FINANCIAL PERFORMANCE

The net expenditure for the Force (excluding externally funded activities) in 2016-17 was £184.4 million which generated an underspend of £1.0 million against the original budget.

This is an excellent performance in a year which required the delivery of an efficiency programme of £12.0 million to achieve a balanced budget.

This underspend is to be transferred to reserves held by the Police & Crime Commissioner as a contribution to repay reserves that were required to offset an overspend in the financial year ended 31st March 2016.

The 2016-17 efficiency target was broken down as follows:

Efficiencies included in the 2016/17 Budget	
	£'000
Police officer pay	3,334
Police officer overtime	200
Police staff pay	5,646
Police staff overtime	50
Other employee expenses	24
Premises costs	173
Transport costs	162
Comms & computing	575
Other supplies & services	512
Capital financing	1,062
Other	175
Income	100
	12,012

In 2016-17 £9.3 million (77.0%) of the efficiency target were planned to be delivered through employee costs, in effect during the year a further £2.5 million saving was delivered.

This additional saving, combined with net underspends across other lines of expenditure and additional income, enabled the Force to make a further in year contribution to reserves of £1.2 million and a £0.75 million capital payment (MRP) to reduce future liabilities, whilst still delivering the budget underspend.

Budgeted income for the year was £15.9 million this was £1.3 million above expectations and was largely due to:

- Police Lead Prosecution (PLP) income
- IS transformation
- Insurance payments
- Vehicle recovery
- Rental of aerial masts
- IT services
- Professional Standards income, such as vetting
- Contact Management
- Recharge of a Tactical Support Unit officer
- Certificates and other fees such as firearms licenses
- Rent charges from a number of buildings

FINANCIAL PERFORMANCE (Cont)

2017-18 Budget - Breakdown

The proposed revenue budget (including the OPCC) for 2017-18 is £190.1 million as detailed below:

Net Expenditure Budget	2017-18 £m
Employee	150.4
Premises	6.0
Transport	5.7
Supplies & services	16.0
Agency & contract services	17.0
Pensions	4.9
Capital financing	4.8
Income	(13.5)
Efficiencies	(1.3)
Net use of reserves	0.0
Total net expenditure	190.1

OUTLOOK

The force is responding positively to the challenges it faces, especially in the light of a significant £7.7 million budget overspend in 2015-16. The Force was subject to a PEEL inspection in May 2016 which determined that the Force “requires improvement” in respect of efficiency. Since this time the Force has launched a new planning process, improved budget monitoring, and delivered a significant underspend against its 2016-17 budget. The changes undertaken are designed to prepare us for the financial and demand challenges that lie ahead. The Force is still awaiting the results of its most recent PEEL inspection, which took place during May 2017, but is expecting improvements to have been recognised by the inspection team.



Craig Guilford
Nottinghamshire Chief Constable

Work to develop a Tri-Force Collaboration is designed to deliver improvements and efficiencies in Enabling Services.

This Collaboration involving Leicestershire, Northamptonshire and Nottinghamshire has identified key areas where it is expected that joint work will deliver better outcomes.

Functions have been chosen to pilot the formation of business cases and a transformation grant from the Home Office was agreed in 2016 which will deliver an additional £5.7 million to the three Forces over two financial years in order to progress this agenda and deliver efficiencies quicker.

For local policing, a move towards a new policing model is now in the implementation phase which sees a transformation in the way in which policing is delivered in Nottinghamshire. This plan itself has already been reviewed by the newly appointed Chief Constable and our priority now is to invest in additional police officers and

therefore we are increasing the number of constables that can be more flexibly deployed to meet policing demands; previously this investment was geared towards increasing front line non-uniformed police support roles.

The Force intends to develop its own approach to business planning and investment within a clearly defined **framework 'Quality of Service Principles'**. This approach will facilitate a fast paced understanding of the organisations baseline and ensuring investment in priority areas and identifying areas where expenditure may be withdrawn, reduced or used more effectively – thereby embedding the principles of efficiency in everything that the Force undertakes.

It is also intended a number of **'deep dive reviews' as part of a** rolling programme of change are implemented each year, these will be a more fundamental review and challenge to service delivery needs, methods of delivery, and a forward look to future service demands.

These reviews will have a separate reporting and review process.

Nottinghamshire continues to have an ambitious capital programme.

The main areas of capital investment for the next few years are:

- Tri-force collaboration (including projects with Transformation funding contribution from the Home Office).
- New custody suite.
- Maintaining the existing estate.
- Updating and replacing IT.

WHO WORKS FOR NOTTINGHAMSHIRE POLICE

Nottinghamshire Police (including the Office of the Police and Crime Commissioner) employs 1,886 police officers, 423 PCSOs and Specials and 1,168 staff in full-time and part-time positions.

Active recruitment plans for 2017-18 include positive action to improve the diversity and reflect more closely that of the County.

The College of Policing is working actively to provide apprenticeship entry into policing. Nottinghamshire will pay an apprenticeship levy from April 2017, equating to 0.5% of the total pay bill.

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

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

Overall Equality Characteristics

Gender	Headcount	%
Male	2,005	57.7
Female	1,472	42.3

Self Declared Disability	Headcount	%
No	3,287	94.6
Yes	88	2.5
Unspecified	102	2.9

Age Band	Headcount	%
25 and under	222	6.4
26-40	1,423	40.9
41-55	1,563	45.0
56 or over	269	7.7

Ethnicity	Headcount	%
Asian/Asian British	80	2.3
Black/Black British	41	1.2
Mixed	38	1.1
White/White British	3,197	91.9
Other	2	0.1
Not Known/Provided	119	3.4

PRINCIPAL RISKS

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

RISK	IMPACT	MITIGATION
Historic child sexual exploitation cases.	Significant resource demand on complex historic cases.	Allocation of dedicated resources. Monitoring of activity by executive management.
Funding Formula Review.	Could result in either a positive or negative impact on the amount of police grant Nottinghamshire receives.	Development of scalable medium term operational plans. Identification of minimum policing model.
Delays in the national implementation of The Emergency Services Network, which replaces current communication system used by the emergency services during an emergency response.	Significant cost increase if deployment is delayed.	A nationally managed project. Local and regional resources identified to assist the management of the project.
That an adverse Peel Report is received.	That special measures are imposed and there are reputational risks.	The Force has launched a new planning process and improved budget monitoring,

Explanation of Accounting Statements

The Statement of Accounts sets out the Group income and expenditure for the year and its financial position at 31 March 2017. It comprises core and supplementary statements, together with disclosure notes. The format and content of the financial statements are prescribed by the CIPFA Code of Practice on Local Authority Accountancy in the United Kingdom 2016-17; which in turn is underpinned by International Financial Reporting Standards.

There has been some restatement of 2015-16 figures to provide the information in line with the current code but there is no change to the underlying figures.

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

The Core Statements

- **The Comprehensive Income and Expenditure Statement.** This records all income and expenditure for the year.
- **The Movement in Reserves Statement.** This is a summary of the changes to reserves during the course of the year.
- **The Expenditure Funding Analysis.** This shows the difference between management accounts and IFRS requirements.
- **The Balance Sheet.** This is a “snapshot” of the assets, liabilities, cash balances and reserves at the year end.
- **The Cash Flow Statement.** This shows the reasons for changes in cash balances.

The Supplementary Financial Statements

- **The Notes to the Accounts.** These provide more detail about the accounting policies and individual transactions.

INDEPENDENT AUDITORS REPORT

This report sets out the opinion of the external auditor as to whether these statements present a true and fair view of the financial position and operations of the Chief Constable.

STATEMENT OF RESPONSIBILITIES

The Responsibilities of the Chief Constable

The Chief Constable is required to:

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

The Responsibilities of the Chief Finance Officer

The Chief Financial Officer is responsible for the preparation of the Statement of Accounts in accordance with proper accounting practices as set out in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom. The statement is required to present fairly, the financial position of the Chief Constable as at the accounting date and its Income and Expenditure for the year ended 31st March 2017. In preparing the Accounts the CFO has:

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

Certification

I certify that in my opinion this Statement of Accounts present a true and fair view of the financial position of the Chief Constable as at 31 March 2017 and its income and expenditure for the year ended 31 March 2017.

P Dawkins CPFA
Chief Finance Officer
Nottinghamshire Police

Approval

The Statement of Accounts was approved by the Joint Audit and Scrutiny Panel

C Guildford
Nottinghamshire Police Chief Constable.

Nottinghamshire Police Annual Governance Statement 2016-17

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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 a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised.

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

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

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

1.2 The purpose of the governance framework

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

2.0 The governance framework

The principles which form the basis of the governance framework and how they are applied within the Force are described in the following sections.

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

2.1.1 Behaving with integrity

- The Force has retained the PROUD values which are explicitly linked to the Code of Ethics. The PROUD values, which were launched in 2012, are firmly embedded with a refresh on a quarterly basis to keep it high in the minds of officers and staff.
- The Code of Ethics sits at the centre of the National Decision Model, so is explicitly referenced and considered in any decision making situation. It is clearly set out in the policy booklets used by officers in command situations. It is also applied to personnel processes, policies and explicitly included in areas of work such as dealing with grievances.
- Standards of conduct and personal behaviour required of all officers and staff are embedded in the Police Conduct Regulations, 2012, and the Police Staff Misconduct Policy and Procedure.
- There are clear processes in place around confidential reporting 'whistleblowing'. The Professional Standards Reporting Procedure sets out the ways in which individuals within the Force can report breaches of PSD in a supportive and confidential environment by using Integrity Messenger, the Force's online confidential reporting tool or the confidential reporting telephone line.
- Staff and officers receive an annual Integrity Health Check alongside their Personal Development Review (PDR). With the introduction of the new electronic PDR process completion rates should increase and completion of the accompanying Integrity Health Check can be monitored to ensure compliance. There is also an expectation that the Integrity Health Check will be noted during mid-year line manager meetings.
- The registers for senior police pay and rewards packages, gifts and hospitality, expenses, and second interests are published on the Force website and submitted to the Police Integrity Team at the Home Office.
- In the 2016 HMIC PEEL Legitimacy Inspection Nottinghamshire Police was good overall and good at ensuring that its workforce behaves ethically and lawfully.

2.1.2 Demonstrating strong commitment to ethical values

- Standards are governed by the quarterly Professional Standards, Integrity and Ethics Board, chaired by the Deputy Chief Constable (DCC). The meeting's remit is to oversee integrity and monitor standards of behaviour and conduct within the Force, ensuring that they are in line with the Force values and have a positive impact on Force reputation and public confidence.
- Bi-annually, a report on IPCC investigations is presented at the NOPCC's Audit and Scrutiny Panel to inform the PCC of the Force's application of the IPCC Statutory Guidance, having due regard to compliance with both voluntary and mandatory referrals. The report also details lessons learned, Force improvement activity and the organisations response to IPCC bulletins.
- There are robust mechanisms in place with respect to the governance of complaints in Force. Complaints are managed in accordance with statutory guidance provided by the IPCC. 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, diversity monitoring of complainants and Officers and Staff receiving complaints, mode of resolution, timeliness and outcomes. The report is discussed in detail at the Professional Standards, Integrity and Ethics Board. All learning is captured and fed into a service improvement plan. Full detailed reports are also produced on a quarterly basis, which are a retrospective of the previous 12 months.

- Where appropriate, for less serious conduct issues, a process of local resolution may be used to address a complainants concerns quickly and effectively, without the need for formal investigation. A 'guide to locally resolving complaints against police or police staff' is provided by PSD. The Force's performance is measured against IPCC target time for locally resolving complaints which is 28 days from the date it was first recorded.
- A monthly progress report is provided for Departmental Heads detailing officers who are currently under suspension notices and restricted duties, outstanding local resolutions, employees subject to three or more complaints and stop and search complaint allegations.
- The Professional Standard Directorate provide the following;
 - 6 monthly training events for senior officers and staff that have primary responsibility in demonstrating integrity from a leadership perspective.
 - Training delivery for recruitment on the Standards of Professional Behaviour, Police Complaints procedure, Vetting procedures and the PROUD values, including the Code of Ethics. This is based around the existing NPCC training package.
 - Professional Standards Directorate input for management courses and front-line Sergeants briefings.
- The force procedure regarding Business Interests and Additional Employment for Police Officers and Police Staff was revised during 2015-16 to ensure all refused interests are subject to review by line managers. This procedure remains fit for purpose and is scheduled for review in January 2019.
- Business Interests, Additional Employment and Notifiable Associations are reviewed annually within the Integrity Healthcheck.
- A redacted version of the Register of Approved Business Interests is published on the Force website annually; any changes are reported on a monthly basis to the Professional Standards, Integrity and Ethics Board.
- The Notifiable Associations for Police Personnel Procedure remains fit for purpose and is scheduled for review in July 2018.
- The Force work to the Contract Standing Orders Procedure Rules to ensure fairness and consistency of approach in line with sound commercial practice for strategic procurement managed by the East Midlands Strategic Commercial Unit (EMSCU).
- The HMIC PEEL Legitimacy Inspection 2016 found that the Force continues to ensure that its workforce behaves ethically and lawfully. There is an ethical culture and the workforce understands what serious corruption is and how to report it. The Force clarifies and reinforces unacceptable behaviour effectively.

2.1.3 Respecting the rule of the law

- Each PCC and their respective Chief Constable is established in law as a corporation sole within the Police Reform and Social Responsibility 2011 Act. As such, both are enabled by law to employ staff and hold funds in their official capacity. Chief Constables are charged with the impartial direction and control of all constables and staff within the police force that they lead.
- 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 Force is compliant with the CIPFA statement on the Role of the Chief Financial Officer of the Police and Crime Commissioner and the Chief Finance Officer of the Chief Constable (2012), as per the ACO Finance job description.
- The 'early intervention process' continues to be effective in enabling PSD to intercede as soon as possible where Officers or members of staff are highlighted at being at particular risk of breaching conduct standards.
- The Counter Corruption Unit policy clearly sets out the procedures to be operated that are designed to encourage prevention, promote detection and identify a clear pathway for the investigation of fraudulent or corrupt practices and behaviour.
- We have developed a public facing Counter Corruption Plan setting out how Nottinghamshire Police prevents and tackles internal corruption.

2.2 Principle B: Ensuring openness and comprehensive stakeholder engagement

2.2.1 Openness

- Nottinghamshire Police meets its legal responsibility as a public authority to respond to Freedom of Information Act (FOIA) and Data Protection Subject Access Requests (DPSARs) within legislative deadlines.
- The FOIA and DPSARs data compliance is presented annually to the Audit and Scrutiny Panel and also presented to the Force Information Assurance Board (FIAB) quarterly.
- Publication scheme monitoring, review and assurance is reported to the Joint Audit and Scrutiny Panel on an annual basis.
- There are a number of Information Sharing Agreements (ISAs) in place with partners and other agencies.
- Our website is updated on a rolling programme to enable a comprehensive publication scheme including; Who we are; What we spend; Our priorities; How we make decisions; Our policies and procedures; Registers; and The services we provide. This ensures our transparency and encourages increased confidence from and accountability to the public and stakeholders.

2.2.2 Engaging comprehensively with institutional stakeholders

- The Force is committed to working in partnership to deliver its priorities and provide the best service to its communities.

- There are strong governance processes in place for the City partnerships. Each of the partnerships under the One Nottingham umbrella, including the Crime Drugs Partnership (CDP), have clear terms of reference including a clearly defined purpose, arrangements for information sharing, community engagement and governance and finance.
- The CDP Plan 2015-20 sets out the overall aims and delivery and performance framework of the partnership to deliver the 'safer' agenda of the 'Nottingham Plan to 2020'. The Partnership Plan has been developed with regard to the priorities of the Police and Crime Commissioner. It is informed by an annual assessment of threat, risk, harm, volume and response, which identified priorities for the City.
- There is a robust governance framework in place to oversee the delivery of the Plan. This is directed by the Partnership Board, which provides strategic governance of the partnership. There is also a Citywide Priority Tasking Group, which provides leadership in operational matters and Themed Strategic Groups and Task and Finish Groups, which coordinate action at an operational level. Neighbourhood Action Teams coordinate action with a strong focus on high impact neighbourhoods.
- The Partnerships Support Team have a clear remit to build and manage strategic and tactical plans, monitor performance, identify risks and provide coordination between agencies.
- There is robust governance in place to manage County partnership working. These strategic partnerships are underpinned by a common vision and objectives, which are outlined in terms of reference for the Safer Nottinghamshire Board (SNB).
- The SNB is responsible for setting strategic direction for community safety and substance misuse. The Board ensures the effective delivery of the Nottinghamshire Community Safety Strategy, supports the statutory local Community Safety Partnerships (CSPs) to deliver their community safety strategies and ensures effective performance management arrangements are in place.
- The three statutory CSPs are responsible for the delivery of local community safety strategies and action plans. The SNB Delivery Groups support the SNB and CSPs to implement the community safety strategies.
- Each of the three CSPs in the County produce performance information on a monthly basis. This includes reporting on current performance against targets, comparison against most similar force peers and performance of Partnership Plus areas. The SNB Performance Group brings together the CSP Chairs to discuss performance risks and highlights.
- Performance is managed through a process of Strategic Assessment which highlights the business areas that need addressing. Problem profiles support a greater understanding of established and emerging crime or incident series, priority locations and other identified high risk issues in an area. Action plans are developed from this process to help deliver measurable outcomes for local communities, established and emerging crime or incident series, priority locations and other identified high risk issues in an area.
- Opportunities for collaboration continue to be explored with an established supporting governance structure.
- Section 22A of the Police Act 1996 provides for a collaboration agreement to be made between police and crime commissioners or between commissioners and chief officers from more than one force area. Each of the established collaborations has a Collaboration Agreement in place which includes the aims of the collaboration, the governance and accountability framework, roles and responsibilities, financial contributions, audit and inspection and information management arrangements.

- The Collaboration Agreements are formally signed off by the PCCs and Chief Constables for the forces concerned and are continually reviewed and amended by the East Midlands Police Legal Services (EMPLS) to ensure they are fit for purpose.
- The Chief Constable reports with the PCC to the Nottinghamshire Members of Parliament on an annual basis.

2.2.3 Engaging with individual citizens and service users

- The Force's Public Engagement Strategy was revised in September 2016 following an exponential growth in our digital engagement and designed to complement the NOPCC Engagement and Community Involvement Strategy.
- There is a bespoke neighbourhood engagement plan for every neighbourhood published on the force website, including measures for breaking down engagement barriers (such as social exclusion, accessibility issues and concerns over privacy) and engaging with young people.
- Formal engagement mechanisms delivered in the community include Victim Satisfaction Surveys, Neighbourhood Watch Meetings, Locality Boards, Key Individual Networks and Independent Advisory Groups.
- The Neighbourhood Alert Electronic Communication System continues to help members of the public communicate with their local Neighbourhood Policing Team and their local Neighbourhood Watch Coordinator. The aim is to provide up-to-date information direct to registered members to support two-way communication regarding information about suspicious or antisocial behaviour and crime trends, community safety and crime reduction advice.
- The Force has a strategic Independent Advisory Group (IAG) which represents different community groups across Nottinghamshire. They provide an invaluable service to the Force in three core areas; critical incidents, building trust and confidence and advising on strategies, policies and procedures.
- There are a number of partnership mechanisms in place to consult and engage with communities in the City: The City Council Community Cohesion Team work to reduce inequalities, discrimination and levels of deprivation and increase community engagement, promote interaction and increase safety and respect of individuals and communities.
- The Respect for Nottingham Survey is commissioned by the CDP. The Survey explores the views of local residents about their local area in relation to ASB, crime and community safety and the strategic partnership between the Police and Council.
- As part of our commitment to safer neighbourhoods, the online Neighbourhood Priority Survey continues to allow individuals in the community to influence how their area is policed by completing a short survey which is available on the Force website.
- Thematic online events are held on an ad hoc basis to enable the public to interact with the Chief Officer Team, with other members of the Force and the NOPCC on relevant matters.
- The Market Research team manages victim satisfaction sampling, feedback and reporting of the mandatory engagement requirements as prescribed by the Home Office. The results are reported within the monthly Performance & Insight Report, Force Performance Board and the Confidence and Satisfaction dashboard.

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

2.3.1 Defining outcomes

- The local direction and priorities for the Force vision are set in the Police and Crime Commissioner's Police and Crime Plan, created following a comprehensive multi-agency strategic assessment. The Force and local partner organisations each completed a Local Profile assessment. Local Profiles were aggregated together with outcomes of community consultation and engagement, to inform the Police and Crime Needs Assessment (PCNA) and subsequently the 2016-17 of the Police and Crime Plan, reflective of emerging priorities for policing.
- At a national level, the Force work to the Strategic Policing Requirement (SPR) which is issued by the Home Office to articulate current national threats and the appropriate national policing capabilities required to counter those threats. The SPR is considered as part of the Force Strategic Crime Intelligence Assessment which in turn informs the PCNA and the Police and Crime Plan.
- The monthly Performance and Insight Pack (P&I Pack) reports against the strategic priority themes set out in the Police and Crime Plan. This considers performance against target as well as trends over time. Additional insight is also given for those areas of performance which are of concern to the Force.
- The P&I Pack is reported to the Force Executive Board (FEB) and the Force Performance Board on a monthly basis. It is also presented to the NOPCC's Strategic Resources and Performance Meeting to inform them of the key performance headlines. The minutes of this meeting, along with the P&I Pack, are made publicly available on the NOPCC website.

2.3.2 Sustainable, economic and environmental benefits

- Requests for capital investment are directed to the Force Management Board (FMB). The FMB governs activity throughout its lifecycle, supporting continuous improvement and enabling it to meet its future performance and financial challenges. The FMB ensures clear alignment with the Force objectives, the purpose e.g. legislative change, strategic risk, and facilitates full consultation with key enablers for consideration of resources, interdependencies and future proof design.
- Following approval at FMB business cases are submitted to the Force Executive Board (FEB). The purpose of the FEB is to direct, set and oversee the strategic development of Nottinghamshire Police.
- A Notice of Decision for the PCC requires a Force Executive Board report or Business Case with supporting financial information to be approved by the Chief Finance Officer in the first instance.
- The PCC has the sole legal authority to make a decision as the results of a discussion or based on information provided to him by the public, partner organisations, members of staff from the NOPCC or the Chief Constable. Records of decisions made and supporting material are publicly available unless confidential in which case they body of the report contains the rationale as to why it is not in the public interest to make that information available at that time.

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

2.4.1 Determining interventions

- Corporate Development and Finance are jointly 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.
- Decision making is recorded as part of minutes, action plans and decision logs. Key decisions from the FEB are no longer published on the Force's intranet, it is recommended that this requirement is reviewed and addressed in 2017-18. 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 FEB. This is not currently done and has also been identified as an area for improvement for 2017-18.
- The framework of corporate governance has recently been reviewed and recommendations agreed by FEB to ensure a clearer decision making process and more robust governance. The revised meeting structure will be implemented during June 2017.
- The Force's meeting structure is reviewed at least annually to ensure it is fit for purpose and providing an effective decision making framework.

2.4.2 Planning interventions

- The 'Activity Request' process controls the introduction of new activity, outside of business as usual. The objective of this process is to ensure prioritisation of available resource in supporting departments, including Finance, HR, Assets and IS, and full oversight of improvement activity taking place in Force. This process has omitted duplication of activity and appropriate allocation of resource for prioritised activity.
- Senior Responsible Officers (SROs) are responsible for producing business cases for the proposed efficiency savings and how these will be achieved; it will then be validated by both Finance and HR. This robust process ensures identification and subsequent monitoring of realisation.
- Delivery of the savings the achievement of efficiency targets are monitored and reported to the Force Management Board on a monthly basis.
- During 2016-17 the Force has reviewed its approach to business planning and looks to introduce a Priority Plan programme during 2017-18 to achieve the Chief Constable's vision and strategic priorities.
- Budgets are prepared in accordance with government funding announcements and organisational and strategic objectives.
- The Force Operational Medium Term Financial Plan is maintained as a live management tool and refreshed regularly to incorporate outturn reporting.

2.4.3 Optimising achievement of intended outcomes

- The Force produces an annual strategic intelligence assessment which outlines the capacity and capability to meet its greatest threats including those outlined in the strategic policing requirements. This contributes to a Police and Crime Needs Assessment which is produced on an annual basis by the NOPCC. This in turn informs the Police and Crime Plan.
- The Force's 'Operational' Medium Term Financial Plan (MTFP) was initially approved at the FEB in October with amendments to a sustainable minimum policing model being agreed in February 2017. Since this time the ambition of an enhanced policing establishment has been costed and this is the model that the Force is currently working to deliver. This is a live document for internal use including movement in terms of the Delivering the Future efficiency model, Tri Force collaboration and agile working. The Operational MTFP will assist with strategic decision making for the Priority Plan business planning cycle.
- In July 2016 Mazars completed a 'Social Value' audit. It concluded that although the OPCC and force have wider policies in place which go some way to addressing the requirements of the Public Services (Social Value) Act 2012 there are areas that need to be addressed to ensure full compliance and embed processes as business as usual. The introduction of a dedicated Social Value Policy was recommended to allow guidance for those with key procurement and commissioning responsibilities and to ensure that social value forms part of routine procurement processes, tender requirements and ongoing contract monitoring. The policy will include assurance and performance monitoring arrangements.
- As part of the Priority Plan process Heads of Department will be required to complete Annual Departmental Assessments to include proposals for business change and the key expected benefits. Business benefits will be identified under the Priority Plan's Continuous Improvement Principles and detailed in the Benefits Realisation Plan for each business change project.

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

2.5.1 Developing the entity's capacity

- The Police Reform and Social Responsibility 2011 Act inserted sections 22B and 22C into the Police Act 1996 Act, which places duties on chief officers and policing bodies (Commissioners) to keep collaboration opportunities under review and to collaborate where it is in the interests of the efficiency or effectiveness of their own and other police force areas.
- Opportunities for collaboration continue to be explored with an established supporting governance structure.
- A monthly Design Authority meeting is chaired by the Leicestershire DCC, attended by the three DCCs, Chief Executives and the Programme Director. This meeting feeds into the monthly Tri-Force Executive Board facilitating decision making by the three Chief Constables which in turn updates the East Midlands Police and Crime Commissioners Board (EMPCCB).
- The EMPCCB meets every two months attended by the regional PCCs, their Chief Executives and Finance Officers and the Chief Constables. The Board is constituted as a business meeting coordinating strategic oversight and performance management of

strategic assets with updates on collaborative projects, performance, threat and risk assessment and collaboration budgets. This is further supported by the PCC and CEO Business Meeting, attended by the CEOs and PCCs and the Collaboration Efficiency Board.

- Further scrutiny and assurance is provided in the role of Senior Responsible Officer accountable for specific business areas. In addition the EMPCC have maintained their nominated Police and Crime Commissioner leads for each area of regional collaboration with access to all appropriate strategic information to enable appropriate support and challenge through the Board.
- In December 2016 the first phase of the strategic review of transactional services and systems provision (MFSS/ Fusion) was completed by Grant Thornton. An optimisation programme will commence to deliver opportunities for improvements in the effectiveness and efficiency of enabling services.
- During 2016-17 a new Senior Management Team has been put in place with a new Chief Constable, Deputy Chief Constable and Assistant Chief Constable all being appointed in the early part of 2017. In addition two new senior posts of Head of Finance and Head of HR have been created to enhance organisational capacity and the terms of a further Assistant Chief Constable post has been extended to provide continuity whilst new arrangements are established.

2.5.2 Developing the capability of the entity's leadership and other individuals

- The NOPCC and Force operate under a comprehensive 'Working Together Agreement' which comprises of the scheme of consent, the Joint Code of Corporate Governance, Financial Regulations and Contract Standing Orders. The document was introduced in 2014 to give clarity to the way the NOPCC and the Force will govern both jointly and separately to ensure that they are conducting business in the right way, for the right reason at the right time. This is under review following clarification of the future direction of the Tri-Force collaboration.
- The Scheme of Consent sets out the extent of, and any conditions attached to, the PCC's consent to the Chief Constable and their respective staff. It outlines the Chief Constable's functions and powers and any statutory restrictions on the powers and conditions of consent from the PCC.
- The OPCC produce a fortnightly Horizon Scanning document, which along with the IPCC 'Learning the Lessons Bulletin' and the 'College of Policing Digest', is reviewed to ensure any threats or opportunities are fed into planning and risk management processes.
- Any changes to financial legislation are monitored through professional network subscriptions, such as CIPFA. Potential changes are discussed by the Finance team and action taken as appropriate.
- Nottinghamshire Police has a strong commitment to equality and diversity and we aim to employ a representative workforce that reflects the diverse communities we serve. Our initiative, Operation Voice, in line with Section 158 of the Equality Act 2010 uses positive action general provisions giving individuals from under-represented groups the opportunity to access support and training and preparation for the recruitment process.

- In order to apply a consistent process for new members of staff joining the organisation, all line managers are required to complete an 'induction checklist' within three months of new members of commencement of employment.
- On commencement of 'employment' all new police officers complete the Police Constable Student Officer Learning and Assessment Portfolio (PC-SOLAP) as part of their Initial Police Learning and Development Programme (IPLDP). An equivalent SOLAP is also completed by PCSOs and Special Constables. The Professionalising Investigations Programme (PIP) provides accredited training for the development of investigative skills.
- Following their initial training on the IPLDP programme all student officers complete the Police Constable Student Officer Learning and Assessment Portfolio (PC-SOLAP). A role-focused assessment portfolio is also completed in a similar way by PCSO's and Special Constables. The Professionalising Investigations Programme Level 1 (PIP) forms a part of the PC-SOLAP, and is an accredited assessment of initial investigative skills for priority and volume crime.
- Learning and development is delivered collaboratively by EMCHRS L&D. Each force within the collaboration holds quarterly Training Priority Panels (TPP) which set the learning and development priorities. Training priorities are based on consideration of risk and forthcoming legislative changes; they are informed by both emerging national issues and local priorities.
- Completion of training is formally monitored with regular reports being produced and completion / non completion records sent to BCU and department leads. Completion is discussed at every TPP meeting as part of the KPI reports.
- The National Centre for Applied Learning Technologies (NCALT) Managed Learning Environment (MLE) is used to provide a range of e-learning courses to officers and staff, who are required to complete mandatory packages on topics such as Health and Safety and Information Assurance.
- Individual training and development needs are assessed as part of the PDR process. Previously there was limited assurance that PDRs were completed consistently across the Force however a new PDR process went live in April 2016 which has allowed officers and staff to store evidence and update objectives online throughout the year. Competency gaps can also be recorded and training and development needs identified as a result. Reports are generated for departmental heads to assess the level of compliance within their respective areas.
- The career pathways policy introduced in 2015-16 continues to enable Nottinghamshire Police to deliver a professional, ethical and effective investigation capability to the diverse communities of Nottinghamshire it serves, complemented by the Senior Detective Panel which seeks to identify requirements and develop officers in specific areas.
- The Strategic Workforce Planning Group, chaired by the ACC manages the career pathways, secondments and identifies resources risks recognising the need for succession planning.
- During this financial year we have undertaken a full review of our Leadership programme including investment to increase the coaching and mentoring resources
- A Leadership Development Strategy will be released in May 2017 the purpose of which is to develop leadership capability and capacity across all levels of the organisation, linked directly to the delivery of Our Priority Plan. The strategy will offer officers and

staff a framework to build on their existing leadership capabilities and skills, and provides direction on what individuals need to know and how they need to apply the Leadership Expectations in practicing their own daily leadership.

- In 2016 Mazars undertook an audit of the controls and processes in place for recruitment and selection. It was recommended that the Force should review and update all recruitment and selection procedures in line with the MFSS procedures to ensure the responsibility of the Force and MFSS at key stages of the recruitment process are clearly documented.
- It was also recommended that the Force should review the recruitment process and identify other measures of determining MFSS performance. This is reviewed at the bi-monthly Business Processing Team meeting which began in January 2017.
- The Force consults with the trade unions when proposing changes in pay and conditions which are not set nationally. Consultation with Police Staff Associations takes place at the Joint Negotiating and Staff Consultative Committee, chaired by the Chief Constable.
- A Memorandum of Understanding between the Force and the Diversity Staff Support Associations (DSSAs) documents agreed arrangements between the Force and DSSAs in terms of funding, use of ICT and facilities and the implementation of a DSSA Support Manager who will receive regular updates on DSSA agendas.
- The People Survey, which was developed by Durham University, took place in June 2016. The results were followed up with focus groups, including a workshop for all participating Forces in March 2017, an opportunity to share results and good practice. The results showed that the Force perception of ethical leadership within the organisation is high and subsequently a People Panel has helped to recruit our new leadership team in a transparent way. A Staff Survey action plan is being developed to feed into the People Board, Chaired by the DCC.
- The Force intranet provides an informal forum for workforce feedback including online chats and discussion forums which enable staff to voice issues that matter to them with members of the Chief Officer Team or relevant department such as the MFSS discussion forum.
- There are a variety of awards available which ensures equality of opportunity allowing all employees, and also member of the public, partners and other emergency services members, to be recognised for their efforts and commitment. This variety of awards enables us to recognise difference degrees of personal courage, innovation and commitment.

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

2.6.1 Managing risk

- The joint Risk Management Policy and Procedure was reviewed and updated in Autumn 2016 to ensure it is fit for purpose. A recent audit of the Force's risk management arrangements resulted in a number of recommendations, including the development of a joint risk strategy with the OPCC, the roll out of appropriate risk management training and robust governance of risks. The new policy and procedure continue to be implemented throughout the Force with reference to these recommendations.

- In February 2017 the quarterly Organisational Risk and Learning Board was introduced. This is a force-wide forum for thematic leads and heads of department to identify any emerging strategic opportunities and risks and discuss risk management and organisational learning.
- The Governance and Planning Team provides a quarterly report on strategic risk management to the FEB and the Audit and Scrutiny Panel. This includes a summary of current strategic risks and an overview of risk management activity during the reporting period.
- The joint risk based Internal Audit Plan (the Plan) for 2016-17 was agreed and presented to the Joint Audit and Scrutiny Panel (the Panel) in June 2016. The Plan was informed by the assurance mapping process which gives a dashboard view of assurance levels against functional areas and Force risks. Where an area is deemed to have limited assurance it will be recommended for inclusion in the Plan.
- In respect of external audit, progress reports are provided to the Panel by KPMG to provide a summary of the work they plan to undertake for the audit year, together with a high level assessment of the risks that have been considered as part of the initial planning process.
- KPMG conduct an ‘interim audit visit’, which takes place in April, and a ‘final accounts visit’, which takes place in July. Communication is on-going with the Force Finance team throughout the year and feedback is provided to the Panel on any potential risk areas arising during the year.
- An Audit and Inspection Report is presented to the FEB and the Panel on a quarterly basis to enable the Panel to fulfil its scrutiny obligations to oversee and consider Force arrangements to deliver against audit and inspection recommendations.

2.6.2 Managing performance

- Performance against the PCC themed indicators is reported to the Force Executive Board on a monthly basis.
- A Performance Scorecard is produced for Strategic Resources and Performance at every quarterly meeting. This is a public forum for the PCC to scrutinise the performance of the Force.
- A review of the Force’s approach to performance management has taken place during 2016-17 that has examined the types of performance decisions that are made across the organisation, the fact that data is not available for some measures but in addition, locally, we have the resources to report on various other areas of business. Currently there is no nationally recognised Performance Framework for forces however, the proposed PEEL based approach would improve our relationship with the HMIC and simplify inspection processes whilst enabling effective scrutiny. The proposed framework will be revisited in 2017 following the development of a local policing plan on a page, aligned with the Police and Crime Plan.
- The Financial Performance and Insight Report, including revenue and capital budget monitoring is reported to the Force Executive Board on a monthly basis.
- The Financial Performance and Insight Report is also presented at the Strategic Resources and Performance quarterly meeting.

2.6.3 Robust internal control

- 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 PCC 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 PCC.
- 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 NOPCC's website in the interests of transparency and accountability.
- In compliance with CIPFA guidance, the NOPCC and the Force have appointed a Head of Internal Audit. This role is contracted out to Mazars, who are responsible for the organisations internal audit service, on behalf of the CFO, including drawing up the internal audit strategy and annual plan and giving the annual internal audit opinion.

2.6.4 Managing data

- Information management is governed through the Force Information Assurance Board (FIAB), chaired by the DCC as the Senior Information Risk Officer (SIRO). The role of the Board is to manage the effectiveness of information management arrangements to ensure that information held, processed and accessed by members of the Force and stakeholders is managed in line with legislative requirements. This Board feeds into the Regional Information Assurance Group (RIAG).
- The Information Management lead ensures that the Force continues to meet the required security standards to allow it to connect to the Public Services Network for Policing (PSNP) in line with Codes of Connection. The IM lead engages with the National Accreditors and maintains a current PSN certificate of accreditation.
- The IM lead liaises with the National Policing Information Risk Management Team (NPIRMT), based at the Home Office, on national initiatives and projects. They also attend the local Regional Information Assurance Board (RIAG) for regional initiatives and projects and the Police Information Assurance Forum (PIAF) biannually.
- An Information Risk Register has been developed and risks are reported quarterly to FIAB.
- The Force continues to maintain an Information Asset Register to ensure the correct protection and use of each asset. It was identified that further training was required for the Information Asset Owners (IAOs) and this has taken place in part during 2016-17 and will be continued.

2.6.5 Strong public financial management

- The Force's Financial Regulations are designed to establish overarching financial responsibilities, to confer duties, rights and powers upon the PCC, the Chief Constable and their statutory officers and to provide clarity about the financial accountabilities of groups or individuals. They apply to every member and officer of the service and anyone acting on their behalf.

- The role of Chief Financial Officer (CFO) is fulfilled by the Assistant Chief Officer for Finance and Resources for Nottinghamshire, Northamptonshire and Leicestershire.
- As a key member of the leadership team, the CFO helps to develop and implement strategy, and resource and deliver the PCC's strategic objectives sustainably and in the public interest. They are actively involved and able to bring influence to bear, on all business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered and aligned with the financial strategy. 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 Annual Statement of Accounts is published on the website 'what we spend' and includes accounting policies and also the report of the auditors.
- The Annual Audit letter is report to the Joint Audit and Scrutiny Panel on an annual basis.
- The Treasury Management Strategy and annual report are reported annually to the Joint Audit and Scrutiny Panel.
- Internal Audit, Review and Inspection Monitoring and assurance and improvement outcomes are presented to the Joint Audit and Scrutiny Panel at every meeting.
- Budget monitoring reports are presented to the Strategic Resources and Performance meeting on a quarterly basis.
- In June 2016 a report Improving Budget Monitoring and Forecasting was approved by the FEB and actions from this report were subsequently included in the Operational Medium Term Financial Plan. This provided an improvement plan for financial processes and management. Implementation of the plan is monitored via regular reviews of the MTFP.

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

2.7.1 Transparency

- The Force Statement of Accounts are published publicly on an annual basis alongside the Force Annual Governance Statement.
- A consistent approach is applied to business case methodology and subsequent decision forms. Any decision deemed to be in the public interest will be referred for approval by the PCC and subsequently published by the NOPCC.
- The Police and Crime Panel scrutinises the action and decision of the Police and Crime Commissioner and makes sure information is available for the public. The Force provides reports in accordance with the Police and Crime Panel work programme including specific focus on each of the seven Strategic Priority Themes included in the Police and Crime Plan.

2.7.2 Reporting

- Reference can be made to the reporting techniques described in the Annual Governance Statement herewith.

2.7.3 Assurance and accountability

- In compliance with CIPFA guidance, the NOPCC and the Force have appointed a Head of Internal Audit. This role is contracted out to Mazars, who are responsible for the organisations 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.
- The Force has a robust process to capture HMIC recommendations and track through their lifecycle to formulate the Audit and Inspection Report. This is presented to the FEB on a quarterly basis and also the Joint Audit and Scrutiny Panel.
- The Force has an established reporting procedure for our response to HMIC recommendations to be received by the NOPCC in line with the timescales dictated in the Police and Crime Bill.
- Existing collaborations have an established supporting governance structure and formal Collaboration Agreements as per Section 22A of the Police Act 1996.

3.0 Review of effectiveness

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

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

4.0 Improvement actions

The review process to support the production of the Annual Governance Statement in 2016-17 identified a number of improvement actions, which are summarised in Appendix A of this report. 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 organisations activities and/ or are key risk controls and therefore require a corporate solution.

Please see Appendix B to this Statement for an update on the improvement actions identified in the Force's 2015-16 Statement.

Chief Constable and Chief Finance Officer Declaration

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

Signed

Signed

Date 28th September 2017

Date 28th September 2017

C Guildford
Chief Constable

P Dawkins
ACO Finance and Resources
Chief Financial Officer

Appendix A: Identified improvement actions from 2016-17

The following improvement actions were identified for 2016-17, these are summarised according to the relevant governance principle.

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

Identified improvement action(s):	Lead Dept.
1. Work to be undertaken to engage with the relevant IAGs to develop how we learn from complaints, in line with the IPCC recommendations on discrimination.	Professional Standards
2. The compliance rate for the Health & Integrity Health Checks has already been identified as a force action for improvement. The check also needs to be completed online as part of the new updated electronic PDR this year. As a number of PDR's were unable to be uploaded at the introduction of this new system some Health and Integrity Checks were not completed.	Professional Standards/ HR
3. Resurrect the completion of the central log for complaints and data breaches within Information Management and implement a review of the log at SMT meetings.	Corporate Development
4. Confirm compliance with all aspects of the current national guidelines for vetting to ensure the integrity of the organisation	Professional Standards

Principle B: Ensuring openness and comprehensive stakeholder management

Identified improvement action(s):	Lead Dept.
1. It is a requirement of the ICO Publication Scheme that the Force publish how key decisions are made on the external website. This requirement is to be reviewed and addressed.	Corporate Comms

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

Identified improvement action(s):	Lead Dept.
1. To realign existing resources and procedures to achieve maximum effect by progressing with the implementation of the Priority Plan and revised business planning cycle.	All

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

Identified improvement action(s):	Lead Dept.
1. Audit recommendation; new suppliers should only be set up upon receipt of an approved new supplier form including key details that can be verified by MFSS. MFSS to move to a 'no purchase order no pay' process and introduce if necessary a robust secondary checking and verification process. As part of the review MFSS to create a report showing amendments to suppliers.	Finance
2. Deliver the agreed objectives to continue to embed Corporate risk management into the Force	Corporate Development
3. To introduce a dedicated Social Value Policy as recommended following the Mazars Social Value audit. This should provide guidance for those with key procurement and commissioning responsibilities and ensure that social value forms part of routine procurement processes, tender requirements and ongoing contract monitoring. The policy will include assurance and performance monitoring arrangements.	EMSCU

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

Identified improvement action(s):	Lead Dept.
1. The PDR process requires force review to increase confidence and value from our staff. Engagement with HR to facilitate this process.	All
2. To review and update all recruitment and selection procedures in line with MFSS procedures. On publication, HR to publish new and withdraw old documentation from the intranet.	HR
3. Retained HR to ensure key documentation/checks undertaken by MFSS are evidenced prior to every appointment. Once embedded this to become a sample check basis.	HR
4. HR will review the recruitment process and identify other measures of determining MFSS performance. Once created this information to be reviewed regularly at the BPT meeting.	HR
5. Review all officer roles that are performing a role outside of their normal operational policing role and create a job description/ role profile where appropriate	HR

6. Review of the 'Working Together Agreement' to be undertaken. The Financial Regulations for the three Tri-Forces has been achieved however the work was not agreed or implemented under a new governance model for the Tri-Force. Clarification on the future direction of the Tri-Force leaves The local 'Working Together' document requires updating following clarification on the future direction of the Tri-Force collaboration.	NOPCC
7. To develop a comprehensive leadership skills analysis clearly linked to the Force's training needs in order to understand leadership ability across the whole workforce.	HR

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

Identified improvement action(s):	Lead Dept.
1. Following deployment to the Information Security Officer post, to conduct further training with Information Asset Owners during 2017-18 to ensure they fully understand their roles and responsibilities, including ownership of information risk and attendance at FIAB.	Corporate Development

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

Identified improvement action(s):	Lead Dept.
Please refer to B1. above	-

Appendix B: Update of improvement actions from 2015-16

The following is a summary of recommendations for improvement identified in the 2015-16 AGS alongside the Force's response.

Identified improvement action(s)	Force response
Negotiation should take place between the PCC, Nottinghamshire Police and MFSS to establish how the current authorisation limits, as agreed within the scheme of delegation, can be embedded into the current purchasing process. All approval of purchases should then be in line with the agreed Scheme of Delegation and Financial Regulations. (Mazars, Core Financials)	Authorisation limits are now embedded on Oracle Procurement processes. Further work in bringing together common authorisation levels amongst the Tri-Force collaboration workstream supersedes this recommendation.
The Force should review its Expenses Policy to ensure it remains fit for purpose and includes clear guidance on all categories of expenses and those which are appropriate to be claimed through the self-serve systems. The review should also ensure that authorised limited for categories of expenditure remain valid. (Mazars, Core Financials)	PD568 Version 2.2 Expenses, Subsistence and Refreshment Guidance published September 2016
The NOPCC should undertake a review of the Governance and Decision Making Framework to ensure it remains up to date and fit for purpose in terms of the way decisions are required to be made. Particularly those with a non-financial impact (or of significant public interest) which are not currently covered in the Working Together document. (Mazars, Joint Code of Corporate Governance)	The Financial Regulations for the three Tri-Forces has been achieved however the work was not agreed or implemented under a new governance model for the Tri-Force. Following clarification on the future direction of the Tri-Force the local 'Working Together' document will be reviewed.
Contracts should be in place for all purchases over £25,000 and these should be signed by all parties prior to the commencement of the contract. (Mazars, Procurement)	EMSCU Interim Head of Purchasing Efficiency briefed all to ensure this action was discharged. Dip sampling performed confirmed recommendation complete.
A formal approval process should be established within the Force before new suppliers are entered into the Oracle system. (Mazars, Procurement)	EMSCU report for ACO (Finance) recommending changes to MFSS. Deadline extended to 30/04/17
Management should look to implement an exception reporting system in conjunction with the MFSS to monitor payments which are outside of the approved process. (Mazars, Procurement)	'No purchase order – no pay' established following comms to staff and supplier. Go live date 1 st June 2016.
Conduct further training with IAOs during 2016-17 to ensure they fully understand their roles and responsibilities, including ownership of information risk and attendance at FIAB.	The ISO post became vacant in November and a review of training requirements will be tasked to the new ISO when in post. In the meantime Leics and Northants have adopted the Handbook and IAR template used in Notts for a consistent Tri-Force approach. Target date now 31/05/17

Implement a strategy for the further development of MoPI in Force, which provides a detailed improvement delivery plan.	Refresher training is now available on an NCALT training package.
Introduce a mechanism for publishing key decisions made at the FEB, both internally and externally, in line with the ICO Publication Scheme.	A report of the key decisions FEB decisions is publicised on the intranet news following each meeting.
Ensure consistency in publishing key decisions from the FEB on the intranet to promote internal transparency and engagement.	
Introduce a quarterly update to the FEB on improvement actions identified in the AGS to ensure robust oversight of implementation.	Improvement actions identified as part of the AGS are managed through 4Action.
Evaluate, review and further develop the risk management and information risk management process to enable effective decision making within the Force and the NOPCC.	We have recently reviewed and updated the Forces Risk Management Policy and Procedure and this has been approved by the Chief Officer Team. The DCC has overall responsibility for Corporate Risk Management and reviewed key Corporate Risks on a regular basis. The Corporate Risk Register is formally reviewed each quarter by the FEB and the OPCC.
Re-establish a formal quarterly risk review and reporting process and further develop the process for identifying potential new risks.	
Implement a process to ensure robust oversight of horizon scanning outcomes and subsequent identification and assessment of risk and opportunity in consultation with the relevant lead officer.	
It is recommended that proper recording and reporting mechanisms are developed for skills and training of officers and staff through MFSS. This is critical to ongoing delivery of appropriate training.	This is being progressed by EMCHRS L&D with the migration of skills data initially.
Review the requirement for formal succession planning framework as part of the Strategic Alliance.	The Force has progressed Detective Career Pathways for Detective succession planning and meetings with Supt ranks and above to discuss career aspirations.
The Force should ensure that its local teams have sufficient information available to them to improve their understanding of local communities. (HMIC: Legitimacy)	01/12/16 all Community Profiles are finalised and stored on the ECINS system. The profiles are living documents to be maintained by District Commanders and will directly inform community engagement plans.

A photograph of two police officers on motorcycles, wearing white uniforms and helmets, riding on a road. The image is overlaid with a semi-transparent orange rectangle on the right side, which contains the text 'FINANCIAL STATEMENTS'.

FINANCIAL STATEMENTS

Comprehensive Income and Expenditure Statement (CIES)

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

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

2015-16				2016-17		
Expenditure	Income	Net		Expenditure	Income (Note 12)	Net
£000	£000	£000		£000	£000	£000
239,599	(21,289)	218,310	Cost of Police services	221,165	(21,546)	199,619
0	(8,648)	(8,648)	Transfers (to) and from Commissioners Reserves	0	0	0
0	(221,878)	(221,878)	Funding from the Commissioner	0	(228,295)	(228,295)
239,599	(251,815)	(12,216)	Cost of Services	221,165	(249,841)	(28,676)
94,718	(5,868)	88,850	Financing and Investment (Income) and Expenditure	84,063	(39,519)	44,544
334,317	(257,683)	76,634	(Surplus) or Deficit on Provision of Services	305,228	(289,360)	15,868
		(359,481)	Remeasurement of the net defined benefit liability / (asset)			521,784
		(359,481)	Other Comprehensive (Income) and Expenditure			521,784
		(282,847)	Total Comprehensive (Income) and Expenditure			537,652

Expenditure Funding Analysis

2015-16				2016-17		
Net Expenditure Chargeable to the General Fund £000	Adjustment s £000	Net Expenditure in the CIES £000		Net Expenditure Chargeable to the General Fund £000	Adjustment s £000	Net Expenditure in the CIES £000 (Notes 13&14)
230,526	(12,216)	218,310	Cost of Police services	228,295	(28,676)	199,619
(8,648)	0	(8,648)	Transfers to and from Commissioners Reserves	0	0	0
(221,878)	0	(221,878)	Funding from the Commissioner	(228,295)	0	(228,295)
0	(12,216)	(12,216)	Net Cost of Services	0	(28,676)	(28,676)
0	88,850	88,850	Other (Income) and Expenditure	0	44,544	44,544
0	76,634	76,634	(Surplus) or Deficit on Provision of Services	0	15,868	15,868

Movement in Reserves Statement

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

The Statement shows how the movements in reserves are broken down between gains and losses incurred in accordance with the Code and the statutory adjustments required to return to the amounts chargeable to council tax for the year. A minor error was found and adjusted for from 2015-16 accounts

	General Fund Balance	Unusable Reserves	Total Reserves
	£000	£000	£000
Balance at 31 March 2016	0	2,181,086	2,181,086
Minor error adjustment to prior year	0	(7)	(7)
Balance at 31 March 2016 adjusted	0	2,181,079	2,181,079
Movement in reserves during 2016-17			
Surplus or deficit on the provision of services	15,868	0	15,868
Other Comprehensive (Income)/Expenditure	0	521,783	521,783
Total Comprehensive Income and Expenditure	15,868	521,783	537,651
Adjustments between accounting basis and funding basis under regulations	(15,868)	15,868	0
Increase or Decrease in 2016-17	0	537,651	537,651
Balance at 31 March 2017	0	2,718,730	2,718,730

	General Fund Balance	Unusable Reserves	Total Reserves
	£000	£000	£000
Balance at 31 March 2015	0	2,467,171	2,467,171
Movement in reserves during 2015-16			
(Surplus) or deficit on the provision of services	76,634	0	76,634
Other Comprehensive (Income)/Expenditure	0	(359,481)	(359,481)
Total Comprehensive Income and Expenditure	76,634	(359,481)	(282,847)
Adjustments between accounting basis and funding basis under regulations	(76,634)	76,634	0
Changes for Employee Benefits		(3,238)	(3,238)
Increase or Decrease in 2015-16	0	(286,085)	(286,085)
Balance at 31 March 2016	0	2,181,086	2,181,086

Balance Sheet

The Balance Sheet is a snapshot of the value of assets and liabilities. The net assets (assets less liabilities) are matched by unusable reserves. These hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

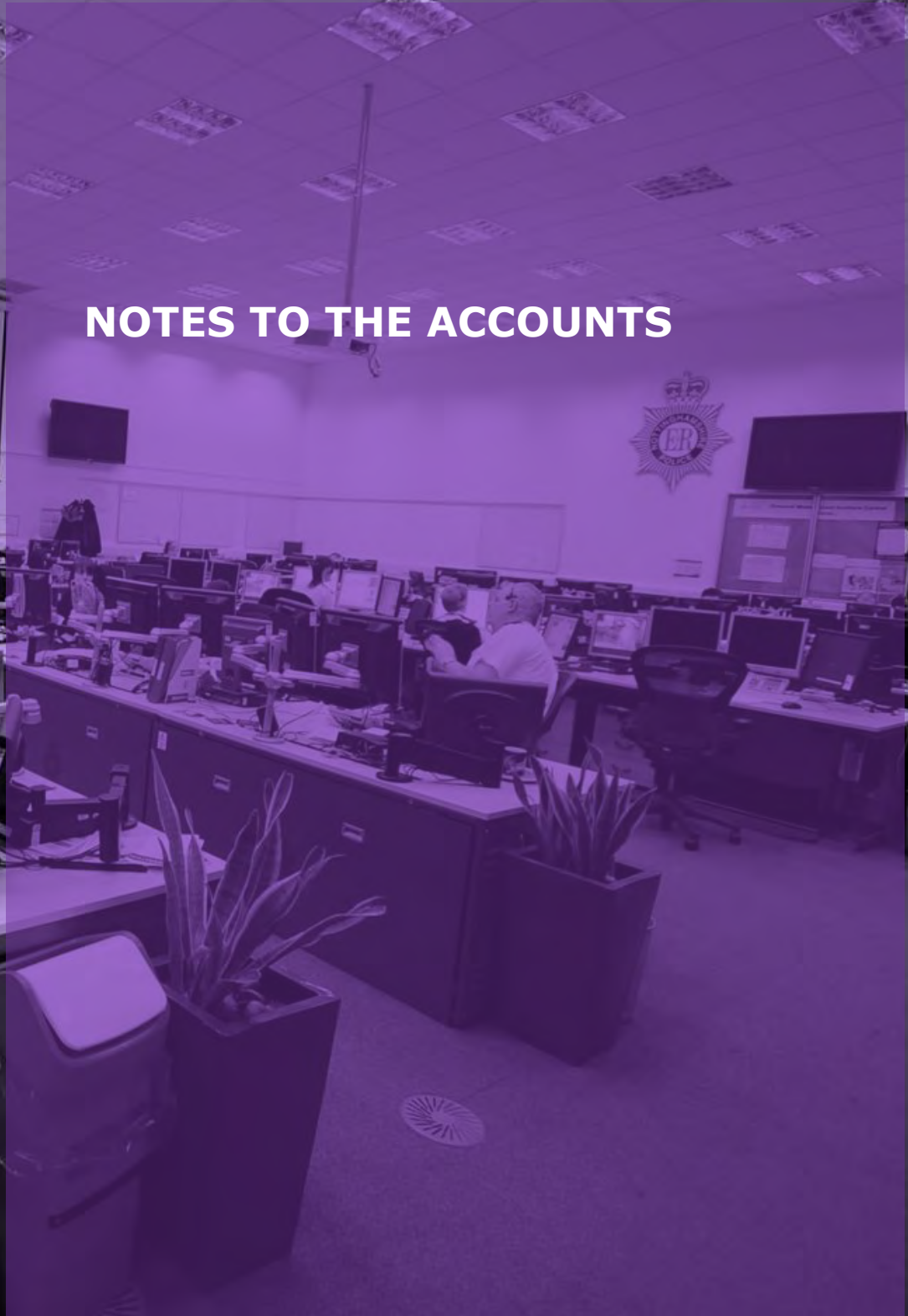
All Non-current assets are owned by the Commissioner and all usable reserves are held by the Commissioner.

31 March 2016		31 March 2017
£000		£000
(3,741)	Short-Term Creditors	(3,342)
(3,741)	Current Liabilities	(3,342)
(2,177,345)	Other Long-Term Liabilities	(2,715,388)
(2,177,345)	Long Term Liabilities	(2,715,388)
(2,181,086)	Net Assets	(2,718,730)
2,181,086	Unusable Reserves	2,718,730
2,181,086	Total Reserves	2,718,730

Cash Flow Statement

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

2015-16		2016-17
£000		£000
76,634	Net (surplus) or deficit on the provision of services	15,868
(76,634)	Adjustment to (surplus) or deficit on the provision of services for non-cash movements	(15,868)
0	Net cash flows from activities	0



NOTES TO THE ACCOUNTS

Notes to the Accounts including Accounting Policies

Note 1 - General Principles

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

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

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

These practices primarily comprise of the Code of Practice on Local Authority Accounting in the United Kingdom 2016-17 (The Code) and the Best Value Accounting Code of Practice 2016-17, supported by International Financial Reporting Standards (IFRS).

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

Note 2 - Accruals of Income and Expenditure

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

In particular:

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

Note 3 - Exceptional Items

There are no exceptional items applicable in the year.

Note 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 2015-2016. The main changes are within the presentation of the CIES and a new note the Expenditure Funding analysis.

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

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

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

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

Note 6 - Government Grants and Contributions

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

Note 7 - Joint Operations

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

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

Note 8 - Allocation of Costs

The changes to the Comprehensive Income and Expenditure Account have changed to reflect closer to the way management decisions are made.

The Chief Constable is therefore a single service entity.

Note 9 - Provisions

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

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

Note 10 - VAT

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

Note 11 - Resources used in Provision of Police Services

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

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

Note 12 - Income

Credited to Services			
31 March 2016 £000		31 March 2017 £000	
(5,531)	Partnership and Joint Controlled Operations	(5,370)	
(1,858)	PFI Grant	(1,858)	
(3,557)	Recharge of Officers	(3,857)	
(10,343)	Other Income	(10,461)	
(21,289)	Total	(21,546)	

Note 13 - Note to the Expenditure Funding Analysis

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

This is compared with the Comprehensive Income and Expenditure Statement which includes economic resources consumed or earned in accordance with generally accepted accounting practices.

2016-17			
	Net Pensions Statutory Adjustments £000	Other Statutory Adjustments £000	Total Adjustments £000
Cost of Police services	(28,285)	(391)	(28,676)
Net Cost of Services	(28,285)	(391)	(28,676)
Other Income and Expenditure	44,544	0	44,544
Difference between the Statutory Charge and the (Surplus) or Deficit in the Comprehensive Income and Expenditure Statement	16,259	(391)	15,868

2015-16			
	Net Pensions Statutory Adjustments £000	Other Statutory Adjustments £000	Total Adjustments £000
Cost of Police services	(10,597)	(1,619)	(12,216)
Net Cost of Services	(10,597)	(1,619)	(12,216)
Other Income and Expenditure	88,850	0	88,850
Difference between the Statutory Charge and the (Surplus) or Deficit in the Comprehensive Income and Expenditure Statement	78,253	(1,619)	76,634

The Net Change for the Pensions Adjustments is the replacement of pension contributions with of IAS 19 Employee Benefits pension related expenditure and income. For Cost of Police services this is the current service costs and past service costs.

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

Other Differences – represents the accumulated absences difference between amounts charged to the Comprehensive Income and Expenditure Statement and amounts payable/receivable for taxation purposes.

Note 14 - Expenditure Analysed by Nature

2015-16		2016-17
£000	Nature of Expenditure or Income	£000
(21,289)	Service income	(21,546)
197,749	Employee expenditure	172,027
23,176	Running Expenses	49,138
(230,526)	Income from Commissioner	(228,295)
(5,868)	Pensions interest income	(39,519)
94,718	Pensions interest payment	84,063
76,634	(Surplus) or Deficit for Year	15,868

Note 15 - External Audit Costs

KPMG LLP are the appointed external auditors, the cost of which was £0.015 million (£0.015m in 2015-16).

Note 16 - Defined Benefit Pension Scheme

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

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

retire, the value of this is included within the CIES.

Note 17 - Officers' Remuneration

2016-17

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

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

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

Note 3: Chief Constable C Eyre retired 22/7/16, Chief Constable S Fish retired 31/3/17 and Chief Constable C Guildford was appointed 1/2/17

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

Note 5: Includes Market Rate Premium

2015-16

Officers Remuneration 2015-16	Salary, Fees & Allowances (Note 1) £	Bonuses £	Expenses Allowances (Note 2) £	Compensation for Loss of Office £	Pension Contribution £	Total £
Chief Constable – C Eyre	145,847	0	3,554	0	35,295	184,696
Deputy Chief Constable – S Fish	120,320	0	7,648	0	29,118	157,086
Assistant Chief Constable – Crime & Justice	101,805	0	3,554	0	24,420	129,779
Assistant Chief Constable – Local Policing	104,991	0	3,554	0	24,825	133,370
TOTAL CHIEF CONSTABLE	472,963	0	18,310	0	113,658	604,931

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

Senior Employees Remuneration		
	2015-16	2016-17
£50,001 to £55,000	89	136
£55,001 to £60,000	50	84
£60,001 to £65,000	13	22
£65,001 to £70,000	7	10
£70,001 to £75,000	9	7
£75,001 to £80,000	3	5
£80,001 to £85,000	6	6
£85,001 to £90,000	2	6
Total	179	276

Exit Packages								
Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band (£000)	
	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17
£0-£20,000	46	4	46	17	92	21	541	192
£20,001 - £40,000	1	1	8	2	9	3	298	85
£40,001 - £60,000	1	0	6	1	7	1	340	50
£60,001 - £80,000	0	0	0	0	0	0	0	0
£80,001 - £100,000	0	0	1	0	1	0	88	0
£100,001 - £150,000	0	0	0	0	0	0	0	0
Total	48	5	61	20	109	25		
Total cost included in bandings all included within the CIES							1,267	327

Termination Benefits

Termination benefits are payable as a result of a decision to terminate an employee's employment before the normal retirement date or an acceptance of voluntary redundancy. These are charged to the CIES when the Group is demonstrably committed to the decision.

25 contracts were terminated during the year (109 in 2015-16), incurring costs of £0.3m (£1.3m in 2015-16), of which £0.06m was for pension strain.

Other departures agreed cover voluntary redundancies and compromise agreements. All of the costs were included within the CIES. There were no material payments in relation to injury awards during the year ended 31 March 2016

Benefits Payable during Employment

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

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

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

Note 18 - Related Parties

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

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

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

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

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

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

Note 19 - Accounting Standards Issued, Not Adopted

The additional disclosures that will be required in the 2016-17 and 2017-18 financial statements in respect of accounting changes that are introduced in the 2017-18 Code are:

- Amendment to the reporting of pension fund scheme transactions
- Amendment to the reporting of investment concentration

The Code specifically excludes police pension funds from this.

There are no applicable standards issued but not yet adopted that are applicable to Nottinghamshire Police Group.



GLOSSARY



Glossary

ACCOUNTING PERIOD

The period of time covered by the accounts, normally a period of twelve months commencing on 1 April. The end of the accounting period is the Balance Sheet date.

ACT

The Police Reform and Social Responsibility Act 2011

BUDGET

The forecast of net revenue and capital expenditure over the accounting period.

ACCOUNTING POLICIES

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

AUDIT OF ACCOUNTS

An independent examination of the **Authority's financial affairs.**

CIPFA

The Chartered Institute of Public Finance and Accountancy.

ACCRUALS

Sums included in the final accounts to recognise revenue and capital income and expenditure earned or incurred in the financial year, but for which actual payment had not been received or made as at 31 March.

BALANCE SHEET

A statement of the recorded assets, liabilities and other balances at the end of the accounting period.

CODE

The CIPFA Code of Practice on Local Authority Accounting governs the content of these accounts.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT (CIES)

The account of the Authority that reports the net cost for the year of the functions for which it is responsible and demonstrates how that cost has been financed from precepts, grants and other income.

DEPRECIATION

The measure of the cost of wearing out, consumption or other reduction in the useful economic life of the **Authority's fixed assets during the** accounting period, whether from use, the passage of time or obsolescence through technical or other changes.

GOVERNMENT GRANTS

Grants made by the government towards either revenue or capital expenditure in return for past or future compliance with certain conditions relating to the activities of the Authority. These grants may be specific to a particular scheme or may support the revenue spend of the Authority in general.

CONSISTENCY

The concept that the accounting treatment of like items within an accounting period and from one period to the next are the same.

EVENTS AFTER THE BALANCE SHEET DATE

Events after the Balance Sheet date are those events, favourable or unfavourable, that occur between the Balance Sheet date and the date when the Statement of Accounts is authorised for issue.

IFRS

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

CREDITOR

Amount owed by the Authority for work done, goods received or services rendered within the accounting period, but for which payment has not been made by the end of that accounting period.

GOING CONCERN

The concept that the Statement of Accounts is prepared on the assumption that the Authority will continue in operational existence for the foreseeable future.

GROUP

Nottinghamshire Office of the Police and Crime Commissioner and its Group.

MATERIALITY

The concept that the Statement of Accounts should include all amounts which, if omitted, or mis-stated, could be expected to lead to a distortion of the financial statements and ultimately mislead a user of the accounts.

PROVISION

An amount put aside in the accounts for future liabilities or losses which are certain or very likely to occur but the amounts or dates of when they will arise are uncertain.

REVENUE EXPENDITURE

The day-to-day expenses of providing services.

MINIMUM REVENUE PROVISION (MRP)

The minimum amount which must be charged to the revenue account each year in order to provide for the repayment of loans and other amounts borrowed by the Authority.

PUBLIC WORKS LOAN BOARD (PWLb)

A Central Government Agency, which provides loans for one year and above to authorities at interest rates only slightly higher than those at which the Government can borrow itself.

PRIOR YEAR ADJUSTMENT

Material adjustments applicable to previous years arising from changes in accounting policies or from the correction of fundamental errors. This does not include normal recurring corrections or adjustments of accounting estimates made in prior years.

REMUNERATION

All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits. Received other than in cash. Pension contributions payable by the employer are excluded.



Annual Accounts – 2016-17

Nottinghamshire Police & Crime Commissioner and Group





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COMMISSIONER'S FOREWORD

COMMISSIONER'S FOREWORD

Nottinghamshire Police prides itself on innovation and its visionary approach to public safety.

As pathfinders, 2016-17 was a significant year of change for the Force. Against the ever-present funding challenges presented centrally, Nottinghamshire continued to evaluate, self-reflect and remain adaptable to push the boundaries of policing performance and protect the integrity of its services.

These achievements have not only helped increase public safety but have also placed the Force in a strong financial and operational position to meet future demand challenges, respond to an evolving criminal threat and maximise value from public funds.

This Statement of Accounts reflects a good year for Nottinghamshire Police. Improvements in financial administration since 2015-16 have resulted in expenditure remaining below budget in 2016-17. This has enabled a far greater contribution to future reserves than originally anticipated and provides a healthier balance moving forwards which delivers adequate provision for growing costs such as insurance.

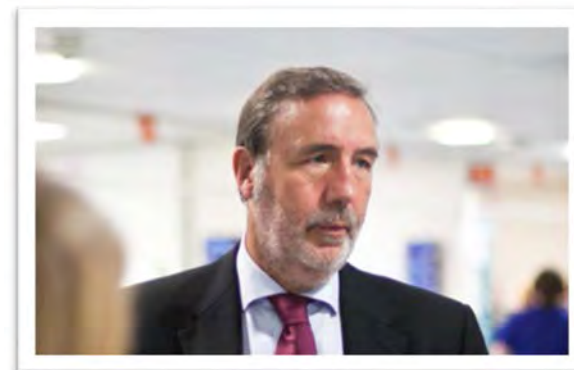
Nottinghamshire has a new financial team in place and is well-placed to manage the uncertainty and complexity of central funding constraints to continue keeping our communities safe. We also have a new Chief Constable and

new Chief Officer Team to negotiate the challenges presented by crime and develop new ways of responding to threats.

Amongst the many successes of 2016-17 was the award of a new contract for victims' services which will improve the support and recovery of vulnerable people who suffer through crime and antisocial behaviour. Victim CARE (Cope and Recovery Empowerment), delivered by Catch 22, is already providing professional one-to-one support to a significant number of victims, helping them to move on with their lives and reduce their risk of repeat victimisation. This service has been built on the real experiences of victims' of crime and fulfils their recovery needs in the way they have told us is necessary.

We've also introduced the new target operating model which is enabling more police officers to be recruited than we originally anticipated. This is a hugely positive outcome and satisfies one of the greatest needs of our communities; to see more uniformed officers on their streets.

Elsewhere, Nottinghamshire has taken a national lead on Body Worn Video as a recipient of Home Office funding to the East Midlands Operational Support Service (EMOpSS). This relatively new technology has enhanced our investigation capabilities and evidence gathering, increased officer protection and enabled the Force to demonstrate greater accountability to the public, particularly in light



demonstrate greater accountability to the public, particularly in the light of Stop and Search powers.

Nottinghamshire's readiness to adapt and remain flexible to meet the changing needs of policing is demonstrated by the recent review of our Estates Strategy. Reflecting the pace of technological and interactional change within our communities, we've identified a more agile

working environment for our officers and staff. This has meant sharing more with our local partners and collaborating our skills and resources in co-location hubs like the one in Mansfield to enable us to maintain visibility with a reduced headcount.

All of the above is helping us to stabilise crime levels and encourage victims of hidden crimes to report their experiences. Like most forces across the Country we have seen an increase in

offences however we remain below the national average with a 13% increase in crime up to the end of March 2017. The increase is partly as a result of the robust processes put in place to ensure our compliance with continually changing national recording systems which has made comparisons with previous years difficult.

There are of course areas for improvement, as Her Majesty's Inspectorate of Constabulary (HMIC) identified in its recent PEEL: Police Effectiveness 2016 assessment. However, these exceptions have and continue to be addressed and improved upon to put the Force in the best possible position for the next HMIC inspection.

Ultimately, my goal and the goal of everyone working for and with Nottinghamshire Police is to reduce harm from our communities and give people the tools they need to making lasting changes. With a new Chief Constable at the helm, the commitment of many partners on-board and the addition of extra police officers in the year ahead, I am confident we can look forward to a positive future.

Paddy Tipping
Nottinghamshire Police and Crime Commissioner



WRITTEN STATEMENTS AND CHIEF FINANCE OFFICER'S NARRATIVE REPORT

CHIEF FINANCE OFFICER'S NARRATIVE REPORT

NOTTINGHAMSHIRE

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

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

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

Nottinghamshire is one of 5 regional forces in the East Midlands and works closely with the other 4 to provide a seamless and efficient service.

Central Government funding provides the Commissioner with approximately 70% of the funding required to police Nottinghamshire. The remainder is met from local council tax payers.

The amount of Government grant is reducing each year at the same rate at which the council tax grows. This cash neutral position means that savings have to be found to finance the increasing costs that are incurred.

A funding Formula review of the Government grant has been delayed and is now unlikely to be implemented by 1st April 2018. The current funding formula has not been fully implemented. As a result Nottinghamshire continues to lose out under a mechanism that protects overfunded forces.

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

GOVERNANCE

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

The Commissioner is also responsible for ensuring that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. To discharge this accountability the Commissioner and senior officers must put in place proper procedures for the governance and stewardship of the resources at their disposal.

The annual review of Governance and Internal Control is included within the arrangements for producing the Annual Governance Statement. This also includes the governance arrangements of the Chief Constable.

THE COMMISSIONERS PRIORITIES

Protect, support and respond
to victims, witnesses and
vulnerable people

Improve the efficiency,
accessibility and effectiveness
of the criminal justice process

Focus on priority crime types
and those local areas that are
most affected by crime and
anti-social behaviour

Reduce the impact of drugs
and alcohol on levels of crime
and anti-social behaviour

Reduce the threat from
organised crime

Prevention, early intervention
and reduction in reoffending

Spending public money wisely

PERFORMANCE

Achievements 2016-17

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

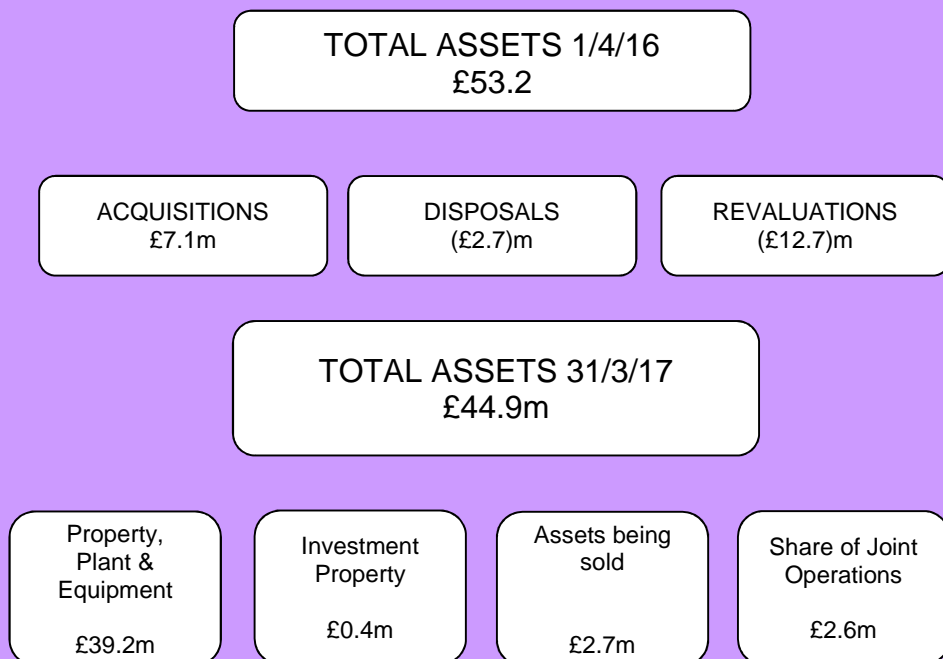
- Compliance with the National Crime Recording Standard resulted in an increase in Total Crime of 13.7%.
- A new contract has been let for provision of Victims Services across the County.
- A new Chief Constable has been appointed.
- Force expenditure has come in below budget and the contribution to reserves was better than originally anticipated.
- A new target operating model has been commissioned which will see a reversal of the planned reduction in Police Officers.
- Nottinghamshire has led on the provision of body worn video for the service and the benefits of this have already been seen.
- Anti-Social Behaviour (ASB) fell by 6.5% during the year.
- The lowest increases in terms of national rankings - top 3 are:
 - Robbery of personal property (ranked 2nd best)
 - Distraction burglary (ranked 3rd best)
 - All Robbery (ranked 4th best)
- The highest increases in terms of national rankings - top 3 are:
 - All other theft offences (ranked 2nd)
 - Public order offences (ranked 4th)
 - Violence without injury (ranked 5th)
- The number of non-crime related mental health patients detained in custody suites fell by 78%.
- The Early Guilty Plea rate for the Magistrates' Court improved by 6.2%.
- The conviction rate in Crown Court was 0.3% higher than the national average.
- The number of young people (<15 years) Killed or Seriously Injured (KSIs) on Nottinghamshire's roads has reduced 65% since the 2005-2009 average baseline.
- Nottinghamshire Police remains a strong performing force in comparison to other similar force areas and the all force average for victim satisfaction, with around 81% satisfied with overall levels of service, 95% satisfied with the way they were treated and 96.5% satisfied with ease of contact in March 2017.
- The proportion of victim-based crimes that go on to receive a court or out of court disposal also remains strong in Nottinghamshire compared to other force areas.
- An increasing organisational focus on responding to issues of greatest threat, risk and harm has led to significant increases in the number of vulnerable people identified and protected in 2016-17, including victims of historic sexual offences, missing and absent person incidents and child protection-related crimes.
- The Force has also seen marked improvements in compliance with crime recording standards during the year which has resulted in a more accurate profile of local victimisation rates and more victims being identified and supported.

More information regarding performance can be found within the Annual Report published on the Commissioners website.

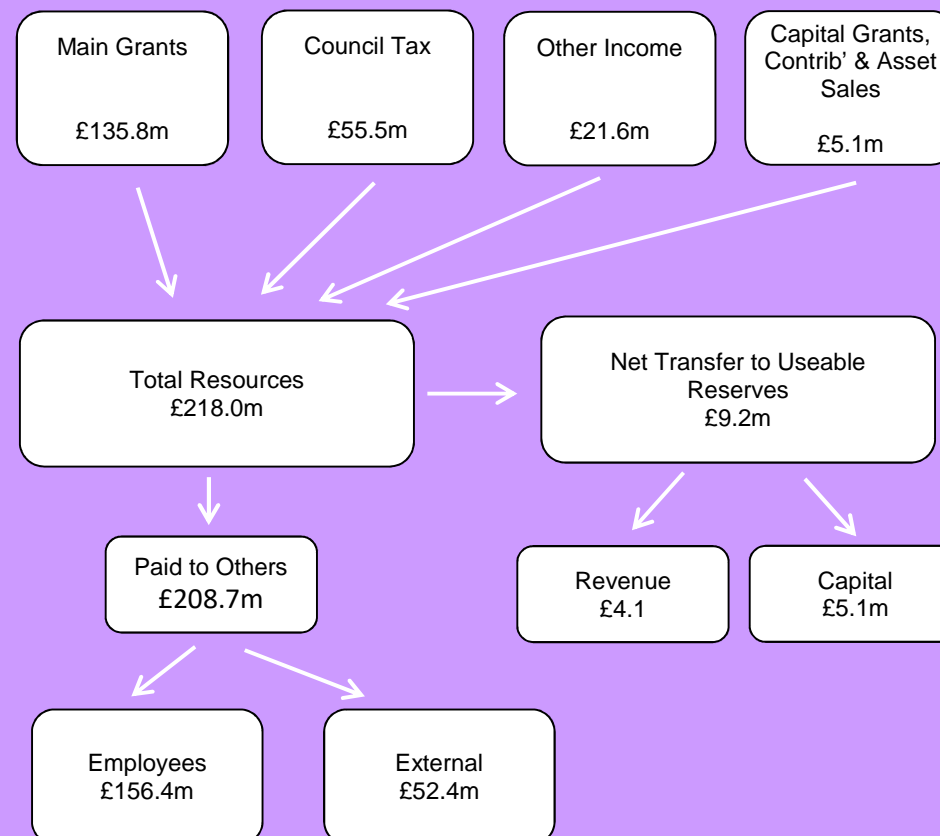
FINANCIAL PERFORMANCE

Nottinghamshire is responsible for managing non-current assets and assets being sold in excess of £45m.

Capital Cash Flows



Revenue Cash Flows



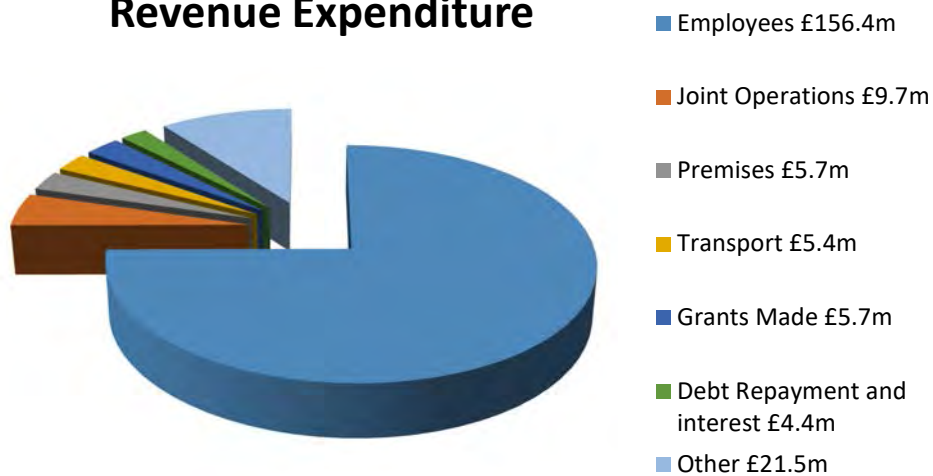
Active Treasury management of these cash flows involved £511.6m of transactions in 2016-17.

The figures illustrated above do not include the adjustments made for IFRS or balances held in Joint Operations. These are included within the main financial statements which comply with the Accounting Code.

FINANCIAL PERFORMANCE (Cont.)

Revenue Expenditure

Revenue Expenditure



Financed by:

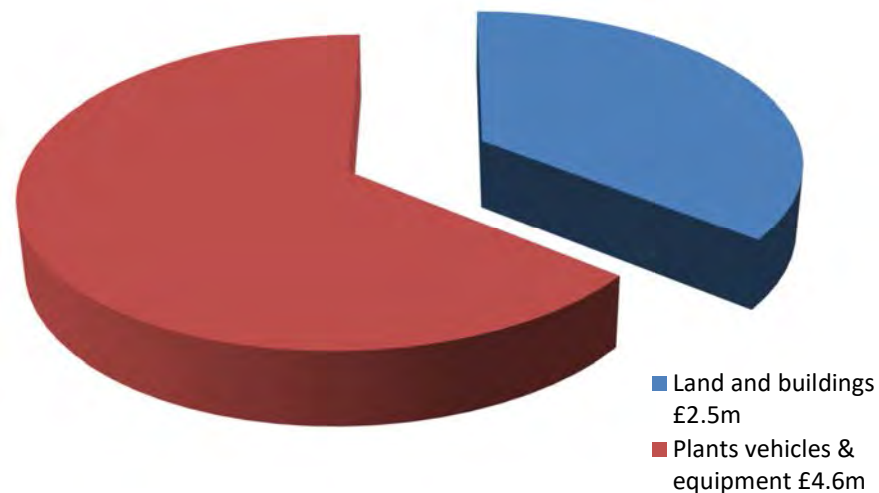
£m

Police and Crime Grant	126.1
Legacy Grant	9.7
Precept (inc surplus)	55.5
Other Income	21.6
Net Contribution to Revenue Reserves	(4.1)

 208.8

Capital Expenditure

Capital Expenditure £7.1m



Financed by:

£m

Capital Receipts	0
Capital Grants	2.7
External Borrowing	4.4
	<hr/> 7.1 <hr/>

Note: these revenue figures reflect the approved expenditure for the year. They do not include any adjustments required for IFRS as detailed within the financial statements.

FINANCIAL PERFORMANCE (Cont.)

Capital Expenditure

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

- Tri-force collaboration (including projects with Transformation funding contribution from the Home Office).
- New custody suite.
- Maintaining the existing estate.
- Updating and replacing IT.

Provisions and Reserves

The Insurance Provision required additional contributions during the year to meet the cost of potential claims outstanding.

Reserves received in year contributions to partly offset the reduction over the previous 2 years.

At 31 March 2017	£m
TOTAL PROVISION	3.3
TOTAL USABLE REVENUE RESERVES	18.9
TOTAL USABLE CAPITAL RESERVES	3.3

WHO WORKS FOR NOTTINGHAMSHIRE POLICE

Nottinghamshire Police (including the Office of the Police and Crime Commissioner) employs approximately 1,886 police officers 184 PCSOs and 239 Specials and 1,168 staff in full-time and part-time positions. Active recruitment plans for 2017-18 include positive action to improve the diversity and reflect more closely that of the County.

The College of Policing is working actively to provide apprenticeship entry into Policing. Nottinghamshire will pay an apprenticeship levy from April 2017, equating to 0.5% of the total pay bill. This can be utilised to pay for apprenticeship training and to accredit specific specialist roles to a professional standard, including degree level.

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

Overall Equality Characteristics

Ethnicity	Headcount	%
Asian/Asian British	80	2.3
Black/Black British	41	1.2
Mixed	38	1.1
White/White British	3,197	91.9
Other	2	0.1
Not Known/Provided	119	3.4

Gender	Headcount	%
Male	2,005	57.7
Female	1,472	42.3

Age Band	Headcount	%
25 and under	222	6.4
26-40	1,423	40.9
41-55	1,563	45.0
56 or over	269	7.7

Self-Declared Disability	Headcount	%
No	3,287	94.6
Yes	88	2.5
Unspecified	102	2.9

PRINCIPAL RISKS

A risk management strategy is in place to identify and evaluate risk. There are clearly defined steps to support better decision making through the understanding of risk.

This is for both positive opportunities and threats and includes an assessment of the likely impact. The risk management processes are subject to regular review and updates. The key strategic risks are:

RISK	IMPACT	MITIGATION
Brexit	Detrimental impact of Brexit on public sector financing.	Monitor national activity by the Government – consider lobbying through representative bodies.
Funding Formula Review	Could result in either a positive or negative impact on the amount of police grant Nottinghamshire receives.	Proactive work by the Commissioner on the national review body.
Level of Reserves	Insufficient reserves to meet significant risks.	An improving picture resulting from a significant improvement in force financial management.
Changes to crime types	The need for officers to be trained in new areas of growing crime such as on-line crime. Whilst continuing to manage traditional crime such as burglary.	Recruitment and training of officers with these skills.

Explanation of Accounting Statements	The Core Statements are:	The Supplementary Financial Statements are:
<p>The Statement of Accounts sets out the Group income and expenditure for the year and its financial position at 31 March 2017. It comprises core and supplementary statements, together with disclosure notes. The format and content of the financial statements is prescribed by the CIPFA Code of Practice on Local Authority Accountancy in the United Kingdom 2016-17; which in turn is underpinned by International Financial Reporting Standards.</p> <p>A Glossary of terms can be found at the end of this publication.</p> <p>There has been some restatement of 2015-16 statements in line with changes in the code. There has been no restatement of any of the underlying figures.</p>	<p>The Comprehensive Income and Expenditure Statement (CIES). This records all income and expenditure for the year. The top half of the statement includes by policing activity. The bottom half of the statement deals with corporate transactions and funding. It includes actuarial valuations in accordance with the code.</p> <p>The Expenditure Funding Analysis is a new core statement introduced this year. It shows the link between accounting for taxation purposes and the CIES.</p> <p>The Movement in Reserves Statement – is a summary of the changes to the Reserves during the course of the year. Reserves are divided into “useable”, which can be invested in capital projects or service improvements, and “unusable”, which must be set aside for specific accounting purposes.</p> <p>The Balance Sheet is a “snapshot” of the assets, liabilities, cash balances and reserves at the year-end date.</p> <p>The Cash Flow Statement – shows the reasons for changes in cash balances during the year, whether the change is due to operating activities, new investment or financing activities (such as the repayment of borrowing and other long term liabilities).</p>	<ul style="list-style-type: none"> • The Annual Governance Statement – this sets out the governance arrangements in place and the key internal controls. • The Pension fund account – these provide detail about the transactions in relation to the pension fund account for Police Officers. Details relating to the Local Government Pension Scheme for staff (including PCSO's) are provided in the notes to the accounts. • The Notes to the Accounts – these provide more detail about the accounting policies and individual transactions.

INDEPENDENT AUDITORS REPORT

This report sets out the opinion of the external auditor as to whether these statements present a true and fair view of the financial position and operations of the Commissioner and Group.

To be confirmed by KPMG

STATEMENT OF RESPONSIBILITIES

The Responsibilities of the Commissioner

The Commissioner is required to:

- Make arrangements for the proper administration of the financial affairs for the group and to secure that one of his officers has the responsibility for the administration of those affairs, in line with statute this is the Section 151 Officer.
- Manage the groups affairs to secure economic efficient and effective use of resources and safeguard its assets.
- Approve the statement of accounts.

The Chief Finance Officer Responsibilities

The Section 151 Officer is responsible for the preparation of the Group Accounts. The statements are required by the CIPFA Code of Practice on Local Government accounting, to present fairly the financial position of the Group at the accounting date and the income and expenditure for the year then ended.

In preparing the Statement of Accounts the Section 151 Officer has:

- Selected suitable accounting policies and then applied them consistently except where policy changes have been noted in these accounts
- Made judgements and estimates that were reasonable and prudent
- Complied with the Code

The Section 151 Officer has also:

- Kept proper accounting records which are up to date, and
- Taken reasonable steps for the prevention and detection of fraud and other irregularities

Certification

I certify that in my opinion this Statement of Accounts present a true and fair view of due financial position of the Nottinghamshire Office of the Police and Crime Commissioner and Group as at 31 March 2017 and its income and expenditure for the year ended 31 March 2017.

C Radford CPFA
Chief Finance Officer
Nottinghamshire Police and Crime
Commissioner

Approval

The Statement of Accounts was approved by the Joint Audit and Scrutiny Panel.

P Tipping
Nottinghamshire Police and Crime
Commissioner

INTRODUCTION

Police and Crime Commissioners are designated as Local Authorities for accounting purposes. As such they are required to annually review the Governance procedures in place for the Office of the Police and Crime Commissioner and the Group.

The preparation and production of the Annual Governance Statement is in accordance with the CIPFA/SoLACE Delivering Good Governance in Local Government Framework (2016) (the Framework). This Framework requires Commissioners to be responsible for ensuring that:

- Their business is conducted in accordance with all relevant laws and regulations
- Public money is safeguarded and properly accounted for
- Resources have been used economically, efficiently and effectively to achieve agreed priorities within the police & Crime Plan

The Framework also expects that the Commissioners will put in place proper arrangements for the governance of their affairs, which facilitate the effective exercise of functions and ensure that the responsibilities set out above are being met.

The Commissioner is compliant with the CIPFA Statement on the Role of the Chief Finance Officer (particularly relating to Policing).

KEY ELEMENTS OF THE COMMISSIONER'S GOVERNANCE FRAMEWORK

Police & Crime Plan

- Sets the priorities for policing
- Sets the priorities for supporting victims
- Sets direction for the use of resources

Scrutiny & Review

- Public meetings – Strategic Resources and Performance to hold the Chief Constable to account
- Joint Audit & Scrutiny Panel – to challenge and review the governance and actions of the PCC and Force
- Public Consultation and Stakeholder events – to seek public opinion on priorities, police activity and the budget

Police & Crime Panel

- Formalise the appointment of the Commissioner
- Independent body to review decisions of the Commissioner
- Challenge and support the aims of the Police & Crime Plan
- Review and agree the proposed level of precept
- Agree the appointment of the Chief Constable

Decision making

- Public meetings recorded
- Decision records published on the Commissioner's website
- Risk management reported to Audit & Scrutiny regularly

Effective Management Team

- Chief Executive is the Monitoring Officer responsible for governance
- Chief Finance Officer is the s151 Officer responsible for safeguarding the financial position of the group

HOW WE COMPLY WITH THE CIPFA SOLACE FRAMEWORK

The Commissioner has approved and adopted:

- Code of Corporate Governance
- The requirements of the CIPFA/SoLACE Framework: Delivering Good Governance in Local Government Framework 2016
- A number of specific strategies and processes for strengthening corporate governance

Set out below is how the Commissioner has complied with the seven principles set out in the CIPFA/SoLACE Framework during 2016-17.

PRINCIPLE A

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

The Commissioner has endorsed the Code of Corporate Governance, which provides guidance on expected standards of behaviours to ensure integrity.

The Commissioner has approved the Anti-Fraud, Bribery and Corruption policies. The Audit and Scrutiny Panel receives reports on how these arrangements have been applied during the year. There is a Whistle Blowing policy in place, which together with declaration of interests from the Commissioner, staff and police officers ensures ethical standards are being monitored and adhered to. Any whistle blowing activities notified are investigated by the Professional Standards Department and appropriate action is taken.

The Section 151 Officer and Monitoring Officer have specific responsibility for ensuring legality, for investigating any suspected instances of failure to comply with legal requirements, and for reporting any such instances to the Commissioner and Audit and Scrutiny Panel or Police and Crime Panel.

PRINCIPLE B

Ensuring openness and comprehensive stakeholder engagement

All meetings of the Audit and Scrutiny Panel, Strategic Resources and Performance Panel and the Police and Crime Panel are open to the public. Papers, reports and decisions made by the Commissioner are published on the Commissioners website together with consultation and public surveys.

The Commissioner has a public engagement consultation strategy which sets out how we engage with stakeholders, partners and the public, through a combination of collaborative working, representation on boards, stakeholder consultation meetings and attendance at public community events.

PRINCIPLE C**Defining outcomes in terms of sustainable, economic, social and environmental outcomes**

The Police and Crime Commissioner publishes a four year Police and Crime Plan which is refreshed annually. This is informed by the Strategic Policing Requirement, strategic assessments of the force and local partners combining into the Police and Crimes Needs Assessment and reflective of emerging priorities for policing in Nottinghamshire.

This plan is used to direct the resources of the Commissioner and Chief Constable. It informs the revenue budget on where resources are most needed and the Capital investment programme to identify the priority needs for investment.

The Capital investment must meet the requirements of the prudential code in that they must be affordable. There are regular reports in compliance with the code during the year.

PRINCIPLE D**Determining the interventions necessary to optimise the achievement of intended outcomes**

All new areas of business require a formal business case to be submitted. These business cases go through an internal approval process within the force before sign off by the Chief Constable or Commissioner depending on the value or public interest.

The same is true of business cases relating to Tri-Force and Regional collaborations. The approval process is slightly different in that groups of officers form layers of approval (e.g. Operation group, Deputy Chief Constable Board, Chief Finance Officer Board, Chief Constable Board and Police and Crime Commissioner Board). The end result is the same with the Police and Crime Commissioners signing off the final business cases.

PRINCIPLE E**Developing capacity and capability**

The Force works closely with the College of Policing to ensure we maximise our investment in officers and staff.

This will include the apprenticeship scheme for new recruits and further development of officers aspiring into senior ranks.

We have worked with local authority partners in the training and development of CIPFA qualified staff and will continue to identify other joint training schemes wherever possible.

After several years of not recruiting staff and officers the focus will be on ensuring new recruits are well trained and capable.

PRINCIPLE F Managing risks and performance

Performance is a key driver for the force. This year there has been a national focus on ensuring compliance with the National Crime Recording Standard. This resulted in a reported crime increase during the year (13.7% for Nottinghamshire's total crime for 2016-17). However, we were well ranked in our tackling of robbery against the person, distraction burglary and all robbery.

The force also experienced a significant reduction in the number of people held in custody with mental health issues, ensuring these people are now directed to the correct help at first point of contact.

The Office of the Police and Crime Commissioner and the Force have a joint risk management strategy and monitor risks through the same system. These strategic risks are monitored reported to every meeting of the Joint Audit and Scrutiny Panel.

There are joint policies in place for Risk Management; Anti-fraud, Corruption and Bribery and together with the financial

regulations set out expected processes and internal controls.

We have a regional contract for the provision of Internal Audit. The Internal Audit team regularly provide reports on the effective operation of control and an annual report of the overall control environment.

Lessons are learnt across forces through this shared contract.

The Professional Standards department provides reports on actions within the disciplinary process and on lessons learnt nationally from the IPCC.

An external community panel has been set up to review discrimination complaints.

All recommendations from external and internal reviews (e.g. Audit and HMIC) are collated, reviewed and regularly reported on.

PRINCIPLE G Implementing good practices in transparency, reporting and accountability.

All decisions of the Commissioner are published on the website, together with any supporting information to explain why any particular option was taken.

The Police and Crime Plan together with financial strategies and internal policies are also published and reviewed regularly.

Reporting of performance against operational and financial targets is undertaken on a regular basis. And the Commissioner meets with the Chief Constable on a weekly basis to challenge where the targets are slipping.

The Police and Crime Panel meet regularly to hold the Commissioner to account for the decisions being taken. The minutes of this public meeting are published on the County Council website.

In 2016-17 Nottinghamshire PCC was awarded the "Transparency Quality Mark" by CoPaCC for the second year running.

REVIEW OF EFFECTIVENESS

The Commissioner uses a number of ways to review and assess the effectiveness of its governance arrangements. These are set out below:

Assurance from Internal Audit	
One of the key assurance statements that the Commissioner receives is the annual audit report and opinion of the Head of Internal Audit. During 2016-17, 19 areas including collaboration areas were reported on. Of which 10 were deemed to be satisfactory (60% of local recommendations and 80% of regional recommendations). 4 audits were advisory pieces of work and all key financial systems were reviewed.	Of the remaining 5 areas reviewed none were core financial systems and 6 of 37 recommendations were identified as Priority 1 (fundamental). These are detailed within the published annual report and will be monitored and reviewed during 2017-18. The internal auditors opinion for 2016-17 is that in the areas audited this was generally adequate and effective risk management, control and governance processes were in place to manage the achievement of the organisations objectives.
Assurance from External Audit	
The External Auditor, KPMG, provides assurance on the accuracy of the year-end Statement of Accounts and the overall adequacy of arrangements for securing value for money.	The Annual Governance report (ISA 260) will be issued to the Audit and Scrutiny Panel with the final statements including this Annual Governance Statement.
Self-Assessment and Review of Key Performance Indicators	
The Chief Executive and Chief Finance Officer of the PCC have undertaken a review to confirm that the arrangements described above have been in place throughout the year. Assurance questionnaires have been completed and signed to provide confirmation that Codes of Conduct, Financial regulations and other Corporate Governance	<p>processes, have been operating as intended throughout the year so far as they are aware.</p> <p>A number of key outcome indicators exist to assess the quality of governance arrangements. Performance is set out below:</p>

Governance issues identified	Performance indicator
Formal Reports issued by the s151 or Monitoring Officer	None issued
Outcomes from Monitoring Officers Investigations	None issued
Proven frauds by members of staff or officers	None identified 2016-17
Objections received from local electors	None
Ombudsman referrals upheld exceed national averages	None identified 2016-17
Limited assurance from Internal Audit Reports	5 out of 19 Internal Audit reports were issued with limited assurance.

Follow up of issues identified in 2015-16	
Issues identified	Action taken
Levels of Reserves were considered to be very low and a risk to financial sustainability	Improved financial governance in force. Regular reporting throughout the year to the PCC and reserves being increased from underspends identified and delivered.
Collaboration – Governance arrangements	S 22 agreement for the Tri-force collaboration is in process of being produced. S 22 agreement for MFSS is currently being reviewed.
Budget Management	Linked to the reserves above. Improved financial governance in force has made a significant improvement to the financial stability of the group.
Internal Audit – Limited assurance on Key Financial Systems	The follow-up audit reports have seen as significant improvement to those internal controls found to be weak. Other limited assurances relating to the Victims Code, Procurement and the Savings Programme have also been managed.
Economic Outlook	An improved position following the autumn statement and grant settlement for 2017-18. This continues to be monitored in light of Brexit.

CONCLUSION

The Commissioner is satisfied that the appropriate governance arrangements are in place, however he remains committed to maintaining and wherever possible improving these arrangements, in particular by:

- Addressing the issues identified by internal audit as requires improving
- Addressing the issues identified by HMIC as requiring improvement
- Continued dialogue with the public through the Engagement Strategy and public meetings

SIGNED

P Tipping
Nottinghamshire Police & Crime Commissioner

28th September 2017

K Dennis
Chief Executive
28th September 2017

C Radford CPFA
Chief Finance Officer
28th September 2017



CORE FINANCIAL STATEMENTS

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT (CIES)

The Comprehensive Income and Expenditure Statement shows the accounting cost in the year of providing services in accordance with the code. The reconciliation to the amount received from main grants and taxation is explained by the Expenditure and Funding Analysis and the Movement in Reserves Statement. The format of the CIES is different in 2016-17 compared to 2015-16 as a result of code updates. It is now in line with the management reporting rather than the Police Objective Analysis. Where items relate to both the PCC and the Chief Constable these are shown separately, otherwise items relate to the PCC only.

2015-16					PCC & Group CIES	2016-17					
PCC Exp'	PCC Income	PCC Net	CC Net	Group Total		Note	PCC Exp'	PCC Income	PCC Net	CC Net	Group Total
£'000	£'000	£'000	£'000	£'000			£'000	£'000	£'000	£'000	£'000
230,526		230,526	(230,526)	0	Funding to Chief Constable		228,295		228,295	(228,295)	0
5,395	(1,416)	3,979	218,310	222,289	Service cost		5,472	(1,461)	4,011	199,619	203,630
235,921	(1,416)	234,505	(12,216)	222,289	Cost of Services		233,767	(1,461)	232,306	(28,676)	203,630
410	0	410	0	410	Other Operating Expenditure	3.4	20	(1,344)	(1,324)	0	(1,324)
2,029	(199)	1,830	88,850	90,680	Financing and Investment Income and Expenditure	3.2	1,970	(648)	1,322	44,544	45,866
0	(230,992)	(230,992)		(230,992)	Taxation and Non Specific Grant Income	3.3	0	(229,314)	(229,314)	0	(229,314)
238,360	(232,607)	5,753	76,634	82,387	(Surplus) or Deficit on Provision of Services		235,757	(232,767)	2,990	15,868	18,858
		(150)		(150)	(Surplus) or deficit on revaluation of Property, Plant and Equipment				264		264
		(3,673)	(359,481)	(363,154)	Re-measurement of the net defined benefit liability / asset				871	521,784	522,655
		(3,823)	(359,481)	(363,304)	Other Comprehensive (Income) and Expenditure				1,135	521,784	522,919
		1,930	(282,847)	(280,917)	Total Comprehensive (Income) and Expenditure				4,125	537,652	541,777

2015-16			Group CIES	Note	2016-17		
Expenditure £000	Income (Note 3.1) £000	Net £000			Expenditure £000	Income (Note 3.1) £000	Net £000
239,599	(21,289)	218,310	Chief Constable		221,165	(21,546)	199,619
5,395	(1,416)	3,979	PCC		5,472	(1,461)	4,011
244,994	(22,705)	222,289	Cost of Services		226,637	(23,007)	203,630
410	0	410	Other Operating Expenditure	3.4	20	(1,344)	(1,324)
96,747	(6,067)	90,680	Financing and Investment Income and Expenditure	3.2	86,033	(40,167)	45,866
0	(230,992)	(230,992)	Taxation and Non Specific Grant Income	3.3	0	(229,314)	(229,314)
342,151	(259,764)	82,387	(Surplus) or Deficit on Provision of Services		312,690	(293,832)	18,858
	(150)	(150)	(Surplus) or deficit on revaluation of Property, Plant and Equipment				264
	(359,480)	(359,480)	Re-measurement of the net defined benefit liability / asset				521,784
	(3,673)	(3,673)	Chief Constable				871
			PCC				
	(363,303)	(363,303)	Other Comprehensive (Income) and Expenditure				522,919
	(280,917)	(280,917)	Total Comprehensive (Income) and Expenditure				541,777

EXPENDITURE FUNDING ANALYSIS

This is a new core statement introduced by the code this year. It clearly demonstrates the link between the accounting figures included in the CIES and the amounts raised by grant and taxation used in the management accounting decision making.

2015-16			PCC & Group Expenditure Funding Analysis	2016-17		
Net Expenditure Chargeable to the General Fund	Adjustments (Note 3.6)	Net Expenditure in the CIES		Net Expenditure Chargeable to the General Fund	Adjustments (Note 3.6)	Net Expenditure in the CIES
£000	£000	£000		£000	£000	£000
230,526	(12,216)	218,310	Chief Constable	228,295	(28,676)	199,619
8,415	(4,436)	3,979	PCC	(6,973)	10,984	4,011
238,941	(16,652)	222,289	Net Cost of Services	221,322	(17,692)	203,630
	88,850	88,850	Other (Income) and Expenditure Chief Constable		44,542	44,542
(230,992)	2,240	(228,752)	PCC	(224,881)	(4,433)	(229,314)
7,949	74,438	82,387	(Surplus) or Deficit on Provision of Service (Note 3.7)	(3,559)	22,417	18,858
(23,248)			Opening General Fund Balance	(15,299)		
7,949			Plus / less (Surplus) or Deficit on the General Fund Balance for the Year (Statutory basis)	(3,559)		
(15,299)			Closing General Fund Balance	(18,858)		

MOVEMENT IN RESERVES STATEMENT

The Movement in Reserves Statement shows the movement from the start of the year to the end on the different reserves held. It also shows which movements are as a result of accounting adjustments required by the code. All useable reserves are held by the Commissioner. The split between the Commissioner and the Chief Constable of Unusable Reserves is shown on the Balance Sheet and note 4.4. Note 4.5 provides detail on the adjustments between Accounting basis and Funding basis.

Group Movement in Reserves 2016-17	General Fund Balance £000	Earmarked General Fund Reserves (Note 4.1) £000	Capital Receipts Reserve (Note 4.2) £000	Capital Grants Unapplied Account (Note 4.2) £000	Total Usable Reserves £000	Unusable Reserves (Note 4.3 & 4.4) £000	Group Total Reserves £000
Balance at 31 March 2016	(7,075)	(8,223)	(548)	(330)	(16,176)	2,198,631	2,182,455
Movement in reserves during 2016-17							
(Surplus) or deficit on the provision of services	18,858	0	0	0	18,858	0	18,858
Other Comprehensive (Income) / Expenditure	0	0	0	0	0	522,919	522,919
Total Comprehensive Income and Expenditure	18,858	0	0	0	18,858	522,919	541,777
Adjustments between accounting basis and funding basis under regulations (Note 4.5)	(22,418)	0	(2,745)	330	(24,833)	24,833	0
Net (Increase) or Decrease before Transfers to Earmarked Reserves	(3,560)	0	(2,745)	330	(5,975)	547,752	541,777
Transfers to / (from) Earmarked Reserves	3,560	(3,560)	0	0	0	0	0
(Increase) or Decrease in 2016-17	0	(3,560)	(2,745)	330	(5,975)	547,752	541,777
Balance at 31 March 2017	(7,075)	(11,783)	(3,293)	0	(22,151)	2,746,383	2,724,232

Group Movement in Reserves	General Fund Balance £000	Earmarked General Fund Reserves (Note 4.1) £000	Capital Receipts Reserve (Note 4.2) £000	Capital Grants Unapplied Account (Note 4.2) £000	Total Usable Reserves £000	Unusable Reserves (Notes 4.3 & 4.4) £000	Group Total Reserves £000
2015-16							
Balance at 31 March 2015	(7,075)	(16,173)	(1,369)	(356)	(24,973)	2,488,344	2,463,371
Movement in reserves during 2015-16							
(Surplus) or deficit on the provision of services	82,387	0	0	0	82,387	0	82,387
Other Comprehensive (Income) / Expenditure	0	0	0	0	0	(363,303)	(363,303)
Total Comprehensive Income and Expenditure	82,387	0	0	0	82,387	(363,303)	(280,916)
Adjustments between accounting basis and funding basis under regulations	(74,437)	0	821	26	(73,590)	73,590	0
Net (Increase) or Decrease before Transfers to Earmarked Reserves	7,950	0	821	26	8,797	(289,713)	(280,916)
Transfers to / (from) Earmarked Reserves	(7,950)	7,950	0	0	0	0	0
(Increase) or Decrease in 2015-16	0	7,950	821	26	8,797	(289,713)	(280,916)
Balance at 31 March 2016	(7,075)	(8,223)	(548)	(330)	(16,176)	2,198,631	2,182,455

BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of assets and liabilities. The net assets (assets less liabilities) are matched by the reserves held. Reserves are both usable, which may be used to provide services and unusable reserves which fulfil specific accounting purposes.

31 March 2016		PCC & Group Balance Sheet	Note	31 March 2017	
PCC £000	Group £000			PCC £000	Group £000
51,387	51,387	Property, Plant and Equipment	5.1	41,210	41,210
350	350	Investment Property		415	415
454	454	Intangible Assets	5.3	451	451
45	45	Long-Term Debtors		45	45
52,236	52,236	Long Term Assets		42,121	42,121
993	993	Assets Held for Sale	5.5	2,786	2,786
231	231	Inventories		270	270
27,649	27,649	Short-Term Debtors	5.6	32,184	32,184
9,198	9,198	Cash and Cash Equivalents	6.1	2,018	2,018
38,071	38,071	Current Assets		37,258	37,258
(13,291)	(13,291)	Short-Term Borrowing	5.7	(7,273)	(7,273)
(22,951)	(26,692)	Short-Term Creditors	5.8	(19,886)	(23,228)
(3,592)	(3,592)	Provisions	5.9	(3,281)	(3,281)
(39,834)	(43,575)	Current Liabilities		(30,440)	(33,782)
(31,205)	(31,205)	Long-Term Borrowing	5.10	(33,605)	(33,605)
(20,637)	(2,197,982)	Other Long-Term Liabilities		(20,836)	(2,736,224)
(51,842)	(2,229,187)	Long Term Liabilities		(54,441)	(2,769,829)
(1,369)	(2,182,455)	Net Assets		(5,502)	(2,724,232)
(16,176)	(16,176)	Usable Reserves	4.1 & 4.2	(22,151)	(22,151)
17,545	2,198,631	Unusable Reserves	4.3	27,653	2,746,383
1,369	2,182,455	Total Reserves		5,502	2,724, 232

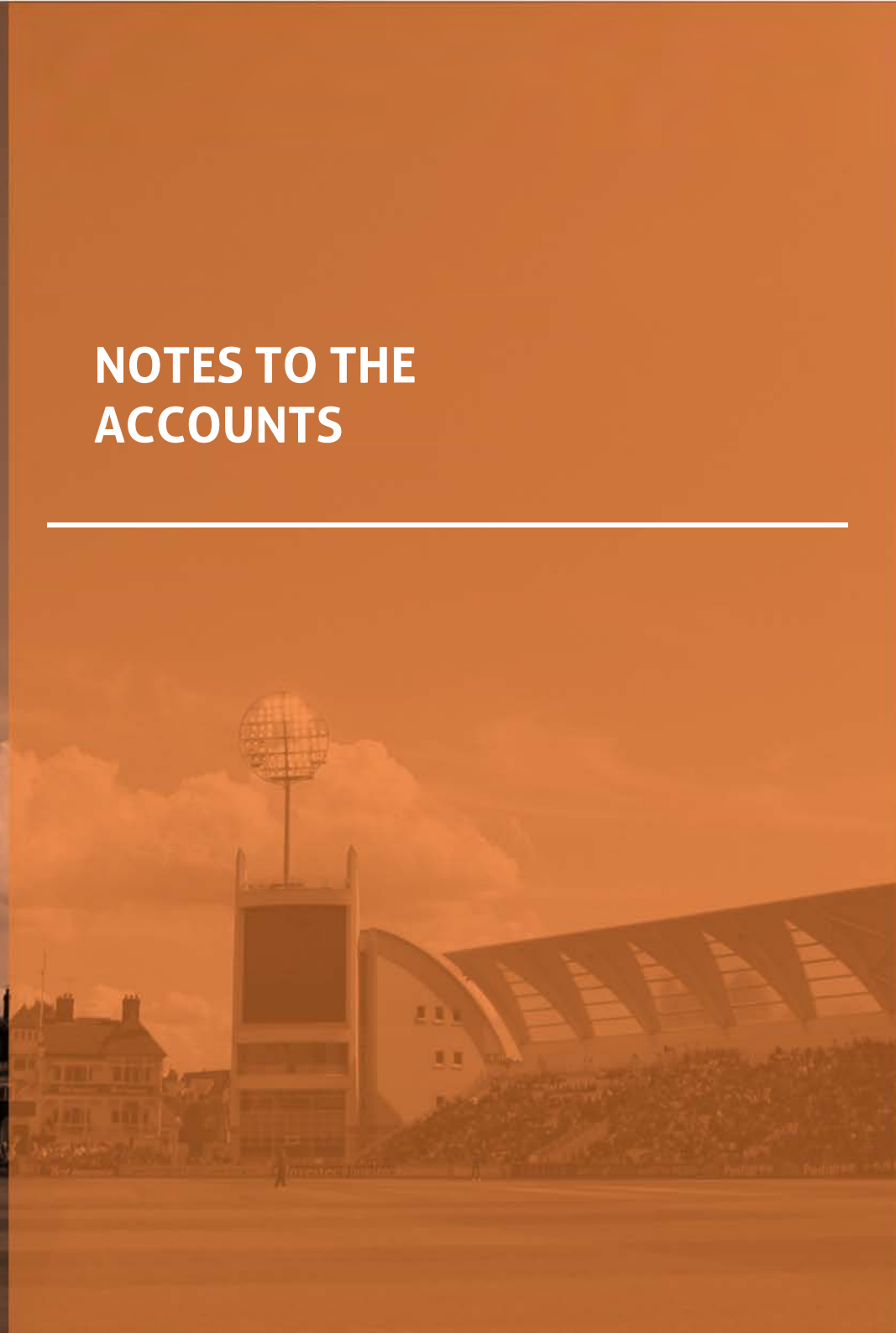
CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents during the reporting period. Other than where shown all movements relate to the Commissioner.

2015-16			Group Cash Flow Statement	Note	2016-17		
PCC £000	Chief Constable £000	Group £000			PCC £000	Chief Constable £000	Group £000
5,753	76,634	82,387	Net (surplus) or deficit on the provision of services		2,990	15,868	18,858
(10,137)	(76,634)	(86,771)	Adjustment to (surplus) or deficit on the provision of services for noncash movements	6.2	(7,619)	(15,868)	(23,487)
1,745	0	1,745	Adjustment for items included in the net (surplus) or deficit on the provision of services that are investing or financing activities	6.2	4,960	0	4,960
(2,639)	0	(2,639)	Net cash flows from operating activities		331	0	331
4,754	0	4,754	Net cash flows from investing activities	6.3	2,738	0	2,738
(4,763)	0	(4,763)	Net cash flows from financing activities	6.3	4,108	0	4,108
(2,648)	0	(2,648)	Net (increase) or decrease in cash and cash equivalents		7,177	0	7,177
(6,550)	0	(6,550)	Cash and cash equivalents at the beginning of the reporting period		(9,198)	0	(9,198)
(9,198)	0	(9,198)	Cash and cash equivalents at the end of the reporting period		(2,021)	0	(2,021)



NOTES TO THE ACCOUNTS



ACCOUNTING POLICIES

1. General Principles

The Statement of Accounts summarises transactions for the 2016-17 financial year and its position as at 31 March 2017. Annual Statement of Accounts are required to be published under the Accounts and Audit Regulations 2015, in accordance with proper accounting practices. These practices primarily comprise of the Code and the Best Value Accounting Code of Practice 2016-17, 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. 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). The figures in these accounts are rounded appropriately and this may cause apparent minor mathematical errors

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 to 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. There are none in these Accounts.

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 estimated 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).

The accrual is made at the estimated 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. If redundancy has been agreed by the end of the year, but the payments have not yet been made, then these are provided for.

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

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 the appropriate discount rate. The discount rate is the annualised yield at the 22 year point on the Merrill Lynch AA-rated corporate bond yield curve which meets the requirements of IAS19.

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. Pension Costs are accounted for in accordance with IAS19. 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 2015 this is based on a career average value. Actuarial gains and losses are charged to the Pension Reserve.

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 £0.050m 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, as there is no alternate method to ascertain a fair value.

12. Interest 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. Joint Operations and Jointly Controlled Assets

Joint operations (JO's) are treated in accordance with IAS 31 - Interests in Joint Ventures. They are governed by Section 22 Agreements and incorporated into the accounts on agreed proportions.

14. Leases

The Code only uses the term lease, replacing all previous 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.

The de-minimis level for inclusion on the Balance Sheet is £0.015m

15. Service Analysis

The Service analysis is based on reporting to management and as such follows the two services being Policing and the Office of the Police and Crime Commissioner.

16. 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 £0.015m.

• Component Accounting

Assets are included as separate components, with appropriate depreciation where this is significant. The following de-minimis level applies. Only assets with a carrying value above £0.600m 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 according to IFRS13
- Assets held for sale 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.

17. 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 under IFRS13 to current fair value. Rentals received in relation to investment properties are credited to the CIES.

18. 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.

19. 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 & 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.

20. 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 £0.010m 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 £0.010m 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.

21. 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 on the outstanding Balance Sheet liability, has been debited to the Financing and Investment Income and Expenditure line in the CIES for the PFI building
- 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

22. 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.

23. Contingent Liabilities

A contingent liability arises where a past event gives a possible obligation which depends on the outcome 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.

24. 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.

25. 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 to avoid impacting on council tax.

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

26. 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.

27. Cash Flow Statement

This has been prepared using the 'Indirect Method', which adjusts the surplus or deficit on the provision of services adjusted for non-cash items.

28. 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.

Accounting Standards Issued, Not Adopted

The additional disclosures that will be required in the 2016-17 and 2017-18 financial statements in respect of accounting changes that are introduced in the 2017-18 Code are:

- Amendment to the reporting of pension fund scheme transactions
- Amendment to the reporting of investment concentration

The Code specifically excludes police and fire and rescue services pension funds.

There are therefore no applicable standards issued but not yet adopted that are applicable to Nottinghamshire Police and Crime Commissioners Group.

NOTES TO CORE STATEMENTS

1.1 Critical Judgements in Applying Accounting Policies

In applying the accounting policies, certain judgements about complex transactions or those involving uncertainty about future events have been made. The main critical judgement made in the Statement of Accounts is that 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.

1.2 Material Items of Income and Expense

There are no changes to accounting policies this year. The main changes to the statements are as a result of amendments to the code. The major change in 2016-17 is the revised analysis shown in the CIES and the new core statement being the Expenditure Funding Analysis. These changes have been introduced to clearly demonstrate the link between management accounting for decision making and financial accounting for statutory purposes.

The accounts are produced on a 'true economic cost basis' which differs from the cost required to be met from taxpayers. 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. This has a significant impact on the surplus / deficit for the year and on the value of the Balance sheet, particularly in respect of pensions calculations which are based on actuarial valuations as opposed to the transactions which have taken place in the year.

There have been the following significant events during the year:

- **A19 Legal Challenge**

There has been a significant Employment Tribunal challenge against the use of the A19 Regulation. The decision was that the enforcement of retirement for officers

with 30 years pensionable service contravened age discrimination legislation. Nottinghamshire were successful in appealing against this decision. The counter appeal was unsuccessful but the matter is still subject to further appeal. The defense remains strong and the quantum cannot be determined hence the contingent liability remains.

- **Tri-Force Collaboration**

There has been an agreement for closer collaborative working with Northamptonshire and Leicestershire Police. Work streams to achieve this are underway with the initial focus on Enabling Services.

1.3 Going Concern.

The Accounts have been prepared on the basis that the Group is a going concern.

1.4 Future Assumptions and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The largest area of estimation included within the Accounts is in staff related costs. These include calculations for overtime, bonuses, accumulated absences, early retirement costs and other one off payments. A greater level of estimation has been used this year for the first time in order to achieve more timely information. All estimations have been checked retrospectively and only those found to materially impact on the accounts have been amended.

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 pension's adjustments are based on the professional judgement of the Actuaries and these form a significant part of the accounts

The valuations of fixed assets are based on periodic valuations plus any valuations felt required due to current circumstances from a qualified valuer. There is a chance that particular assets may not full represent fair value.

An item in these accounts which has a significant risk of material adjustment in the forthcoming financial year is the Insurance Claim Provision. A time lag may occur between insurable liability events and the date 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. The provision of £2.9m 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% will impact the provision by (+/-) £0.29m.

2.1 Events after the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Chief Financial Officer on 12th September. There are no prior period adjustments or post balance sheet events in 2016-17.

3.1 Income Credited to Services

31 March 2016 £000		31 March 2017 £000
(5,531)	Partnership and Joint Controlled Operations	(5,370)
(1,858)	PFI Grant	(1,858)
(3,557)	Recharge of Officers	(3,857)
(10,343)	Other Income	(10,461)
(21,289)	Relating to Chief Constable	(21,546)
(1,416)	Relating to the Commissioner - Other Income	(1,461)
(22,705)	Total	(23,007)

3.2 Financing and Investment Income and Expenditure

2015-16 £000		2016-17 £000
88,850	Relating to the Chief Constable net interest on the defined benefit liability (asset)	44,544
1,917	Interest payable and similar charges	1,799
112	Net interest on the net defined benefit liability (asset)	(384)
(249)	Interest receivable and similar income	(93)
50	(Income) and expenditure in relation to investment properties and changes in their fair value	0
1,830	Relating to the Commissioner	1,322
90,680	Total for the Group	45,866

3.3 Taxation and Non-Specific Grant Income- Commissioner and Group

2015-16 £000		2016-17 £000
(53,422)	Council tax income	(54,888)
(136,504)	Non-ringfenced government grants	(135,780)
(39,619)	HO Police Pension Grant	(36,276)
(1,447)	Capital grants and contributions	(2,370)
(230,992)	Total	(229,314)

3.4 Other Operating Expenditure – Commissioner and Group

2015-16 £000		2016-17 £000
410	(Gains)/losses on the Disposal of Non-Current Assets	(1,344)
0	Other	20
410	Total Other Operating Expenditure	(1,324)

3.5 Impairment Losses

The Estates Manager reported no instances of impairment.

3.6 Note to the Expenditure Funding Analysis

This is a new core statement required by the 2016-17. It gives a service analysis in line with regular management reporting and also explains the statutory adjustments that are included within the CIES.

2016-17	Net Capital Statutory Adjustments £000	Net Pensions Statutory Adjustments £000	Other Statutory Adjustments £000	Total Adjustments £000
Chief Constable	0	(28,284)	(392)	(28,676)
Commissioner	10,959	28	(3)	10,984
Net Cost of Services	10,959	(28,256)	(395)	(17,692)
Other (Income) and Expenditure Chief Constable	0	44,544	0	44,544
Other (Income) and Expenditure Commissioner	(4,634)	(384)	583	(4,435)
Difference between the Statutory Charge and the (Surplus) or Deficit in the CIES	6,325	15,904	188	22,417

2015-16	Net Capital Statutory Adjustments £000	Net Pensions Statutory Adjustments £000	Other Statutory Adjustments £000	Total Adjustments £000
Chief Constable	0	(10,597)	(1,619)	(12,216)
Commissioner	(1,983)	650	(3,103)	(4,436)
Net Cost of Services	(1,983)	(9,947)	(4,722)	(16,652)
Other (Income)and Expenditure Chief Constable	0	88,850	0	88,850
Other (Income)and Expenditure Commissioner	2,425	116	(301)	2,240
Difference between the Statutory Charge and the (Surplus) or Deficit in the CIES	442	79,019	(5,023)	74,438

3.7 Expenditure Analysed by Nature

2015-16			Nature of Expenditure or Income	2016-17		
Chief Constable £000	PCC £000	Group £000		Chief Constable £000	PCC £000	Group £000
197,749	1,263	199,012	Expenditure on services - employees	172,027	585	172,612
41,850	4,132	45,982	Expenditure on services - other * see below	49,138	4,887	54,025
(21,289)	(1,416)	(22,705)	Income from services	(21,546)	(1,461)	(23,007)
0	(53,422)	(53,422)	Income from local taxation		(54,888)	(54,888)
0	(177,570)	(177,570)	Government grants and contributions	0	(174,426)	(174,426)
0	7,522	7,522	Depreciation, amortisation and impairment	0	14,571	14,571
88,850	(5,962)	83,158	Other Financing	44,544	(13,249)	31,295
0	410	410	(Gain) or loss on disposal of non-current assets	0	(1,324)	(1,324)
(230,526)	230,526	0	Intra Group Funding	(228,295)	228,295	0
76,634	5,753	82,387	(Surplus) or Deficit for Year	15,868	2,990	18,858

2015-16 Group £000	Nature of Expenditure - other	2016-17 Group £000
7,522	Expenditure on services – Capital financing	14,571
6,334	Expenditure on services – Premises	5,650
6,430	Expenditure on services – Transport	5,618
4,302	Expenditure on services – Grants	5,707
21,394	Expenditure on services – Miscellaneous	22,479
45,982	(Surplus) or Deficit for Year	54,025

4.1 Transfers (to)/from Earmarked Reserves – Commissioner and Group

This shows how monies have been set aside or used during the year. All earmarked reserves are within the PCC accounts only

Reserves	Balance at 1 April 2015	Transfers In 2015-16	Transfers Out 2015-16	Balance at 31 March 2016	Transfers In 2016-17	Transfers Out 2016-17	Balance at 31 March 2017
	£000	£000	£000	£000	£000	£000	£000
General Fund Reserves:							
Police Property Act	(123)	(7)	0	(130)	(53)	0	(183)
Drug Fund	(71)	(3)	0	(74)	(2)	0	(76)
VAT Reserve	(36)	0	36	0	0	0	0
PFI Life Cycle Costs	(294)	(38)	0	(332)	0	359	27
Revenue Grants	(2,286)	(344)	117	(2,513)	(604)	370	(2,747)
Medium Term Financial Plan	(10,325)	(36)	9,294	(1,067)	(2,208)	0	(3,275)
Tax Base Reserve	(230)	0	7	(223)	(1,025)	1	(1,247)
Animal Welfare	(19)	0	0	(19)	0	0	(19)
PCC	(487)	(108)	0	(595)	(57)	30	(622)
Grants and Commissioning	(1,024)	(875)	0	(1,899)	(645)	45	(2,499)
PCC Night Time Levy	0	(161)	0	(161)	(135)	12	(284)
Estimation Reserve	0	0	0	0	(13)	0	(13)
Earmarked Reserve - Other Joint Operations	(1,278)	0	68	(1,210)	0	365	(845)
Total Earmarked Reserves	(16,173)	(1,572)	9,522	(8,223)	(4,742)	1,182	(11,783)

4.2 Usable Reserves – Commissioner and Group

31 March 2016 £000	Capital Receipts Reserve	31 March 2017 £000
(1,369)	Balance 1 April	(548)
821	Capital Receipts in year	(2,745)
(548)	Balance 31 March	(3,293)

31 March 2016 £000	Capital Grants Unapplied	31 March 2017 £000
(356)	Balance 1 April	(330)
(4,107)	Capital grants recognised in year	(2,370)
4,133	Capital grants and contributions applied	2,700
(330)	Balance 31 March	0

4.3 Unusable Reserves

31 March 2016			Type of Reserve	31 March 2017		
PCC £000	Chief Constable £000	Group £000		PCC £000	Chief Constable £000	Group £000
18,382	2,177,345	2,195,727	Pensions	18,897	2,715,388	2,734,285
185	3,741	3,926	Accumulated Absences	183	3,342	3,525
(1,633)	0	(1,633)	Revaluation Reserve	(1,255)		(1,255)
2,213	0	2,213	Capital Adjustment	10,847		10,847
(1,557)	0	(1,557)	Collection Fund	(974)		(974)
(45)	0	(45)	Deferred Receipt	(45)		(45)
17,545	2,181,086	2,198,631	Total	27,653	2,718,730	2,746,383

4.4 Unusable Reserves

The table breaks down the unusable reserves movements in the MIRS between the Commissioner and the Chief Constable.

2015-16			Movement in Unusable Reserves	2016-17		
PCC £000	Chief Constable £000	Group £000		PCC £000	Chief Constable £000	Group £000
21,173	2,467,171	2,488,344	Balance at Start of year	17,545	2,181,086	2,198,631
(3,822)	(359,481)	(363,303)	Adjustment Comprehensive Income and Expenditure	7	(7)	0
194	73,396	73,590	Adjustments between accounting basis and funding basis under regulations	1,136	521,783	522,919
				8,965	15,868	24,833
17,545	2,181,086	2,198,631	Balance at End of Year	27,653	2,718,730	2,746,383

4.5 Adjustments between Accounting Basis and Funding Basis under Regulations

2016-17	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves PCC	Movement in Unusable Reserves Group
	£000	£000	£000	£000	£000
Pension cost (transferred to / (from) the Pensions Reserve)	363	0	0	15,904	(363)
Council tax (transfers to / (from) the Collection Fund)	(583)	0	0	583	583
Holiday pay (adjustments to the Accumulated Absences reserve)	2	0	0	(2)	(401)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(13,168)	0	(2,369)	15,537	15,537
Total Adjustments to Revenue Resources	(13,386)	0	(2,369)	15,755	31,623
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	2,745	(2,745)	0	0	0
Statutory Provision for the repayment of debt	3,329	0	0	(3,329)	(3,329)
Capital expenditure financed from revenue balances	363	0	0	(363)	(363)
Total adjustments between Revenue and Capital Resources	6,437	(2,745)	0	(3,692)	(3,692)
Application of capital grant to finance capital expenditure	0	0	2,700	(2,700)	(2,700)
Other adjustments	398			(398)	(398)
Total adjustments	(6,551)	(2,745)	331	8,965	24,833

2015-16	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves PCC £000	Movement in Unusable Reserves Group £000
	£000	£000	£000		
Pension cost (transferred to / (from) the Pensions Reserve)	(75,781)	0	0	(2,472)	75,781
Council tax (transfers to / (from) the Collection Fund)	301	0	0	(301)	(301)
Holiday pay (adjustments to the Accumulated Absences reserve)	1,485	0	0	134	(1,485)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(3,775)	0	(4,107)	7,882	7,882
Total Adjustments to Revenue Resources	(77,770)	0	(4,107)	5,243	81,877
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	298	(298)	0	0	
Statutory Provision for the repayment of debt	2,785	0	0	(2,785)	(2,785)
Total adjustments between Revenue and Capital Resources	3,083	(298)	0	(2,785)	(2,785)
Application of capital grant & receipts to finance capital expenditure	0	1,369	4,133	(5,502)	(5,502)
Other adjustments	250	(250)	0	0	0
Total adjustments	(74,437)	821	26	(3,044)	73,590

5.1 Property, Plant and Equipment

Land and buildings are revalued on a five year rolling programme to ensure that their carrying amount is not materially different from their fair value. 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, because there were no trends emerging that would materially affect the valuations. Although there were significant downward valuations they were considered to be location specific.

At 31 March 2017, the Commissioner has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2016-17, and the future years are budgeted to cost £0.6m (£1.1m 2015-16).

Movements to 31 March 2017	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
Cost or Valuation				
at 1 April 2016	44,657	29,026	47	73,730
Adjustments to cost/value & depreciation/impairment	(2,753)	0	0	(2,753)
Additions	2,302	5,006	378	7,686
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(264)	0	0	(264)
Revaluation increases/(decreases) recognised in the (Surplus)/Deficit on the Provision of Services	(8,907)	0	0	(8,907)
De-recognition – disposals	(20)	(790)	0	(810)
Reclassifications and transfers	(3,242)	0	(118)	(3,360)
at 31 March 2017	31,773	33,242	307	65,322

Depreciation & Impairment	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
Accumulated Depreciation and Impairment				
at 1 April 2016	(7,499)	(14,845)	0	(22,344)
Adjustments to cost/value & depreciation/impairment	2,818	0	0	2,818
Depreciation charge	(807)	(4,755)	0	(5,562)
De-recognition – disposals	15	621	0	636
Reclassifications and transfers	0	0	0	0
Eliminated on reclassification to Held for Sale	340	0	0	340
at 31 March 2017	(5,133)	(18,979)	0	(24,112)
Net Book Value				
at 31 March 2017	26,640	14,263	307	41,210
at 31 March 2016	37,159	14,181	47	51,387

2015-16	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
Fixed Asset Movements Cost or Valuation				
at 1 April 2015	41,524	35,342	366	77,232
Adjustments to cost/value & depreciation/impairment	(321)	0	0	(321)
Additions	3,475	5,423	388	9,286
Revaluation increases/(decreases) recognised in the Revaluation Reserve	149	0	0	149
Revaluation increases/(decreases) recognised in the (Surplus)/Deficit on the Provision of Services	(250)	0	0	(250)
De-recognition – disposals	0	(11,739)	(11)	(11,750)
Reclassifications and transfers	81	0	(696)	(615)
at 31 March 2016	44,658	29,026	47	73,731
Accumulated Depreciation and Impairment				
at 1 April 2015	(5,339)	(22,025)	0	(27,364)
Adjustments to cost/value & depreciation/impairment	321	0	0	321
Depreciation charge	(2,481)	(4,517)	0	(6,997)
De-recognition – disposals	0	11,697	0	11,697
at 31 March 2016	(7,499)	(14,845)	0	(22,343)
Net Book Value				
at 31 March 2016	37,159	14,181	47	51,387
at 31 March 2015	36,186	13,317	366	49,869

Property, Plant and Equipment Revaluations

Revaluations	Other Land and Buildings £000	Vehicles, Plant, Furniture and Equipment £000	Total £000
Carried at historical cost	8,581	31,798	40,379
Valued at current value as at:			
• 31/03/2017	8,389	0	8,389
• 31/03/2016	555	0	555
• 31/03/2015	2,660	0	2,660
• 31/03/2014	4,034	0	4,034
• 31/03/2013	5,972	0	5,972
Total Cost or Valuation	30,191	31,798	61,989
Share of Joint Operation Property			3,333
Total Gross Value			65,322

5.2 Investment Properties

Income is received on investment properties (telecoms masts) from Cell C.M., who 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 net of this management charge was £0.171m in 2016-17 (£0.122m in 2015-16).

5.3 Intangible Assets

Purchased software is classified as intangible assets. All software licences are amortised on a straight-line basis over a finite useful life of 7 years. Amortisation is a revenue expense. Movements are summarised in the table below:

31 March 2016 Other Assets £000	Intangible Assets	31 March 2017 Other Assets £000
3,331 (2,793)	Balance at start of year: Gross carrying amounts Accumulated amortisation	3,418 (2,964)
538	Net carrying amount at start of year	454
90 (174)	Additions: Purchases Amortisation for the period	166 (169)
454	Net carrying amount at end of year	451
3,418 (2,964)	Comprising: Gross carrying amounts Accumulated amortisation	3,584 (3,133)
454		451

5.4 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 cumulative capital expenditure which is to be financed in future years by charges to revenue. The Capital Financing Requirement is determined by these factors..

This table only shows the position of the Commissioner excluding the Joint Organisations At the 31 March 2017 the Commissioner had entered into a number of capital contracts which would continue to incur expenditure in future years. These totalled £0.6m. The contracts mainly covered building alterations. (£1.1m 31 March 2016)

31 March 2016 £000	Capital Expenditure and Capital Financing	31 March 2017 £000
55,745	Opening Capital Financing Requirement	57,727
8,744	Capital Investment: Property Plant and Equipment	7,132
81	Intangible Assets	0
8,825	Total Capital Spending	7,132
(1,369)	Sources of Finance: Capital receipts	0
(3,333)	Government Grants and other contributions	(2,700)
(2,141)	Sums set aside from revenue: Minimum revenue provision	(3,022)
(6,843)	Total Sources of Finance	(5,722)
57,727	Closing Capital Financing Requirement	59,137

5.5 Assets Held for Sale

The Commissioner's Estates Strategy is to review all property held and put surplus property up for sale. The following table shows the value of properties held for sale at the Balance Sheet dates.

When classified as "For Sale" the asset is no longer subject to depreciation. It is shown as a current asset because the funds are due within the forthcoming year.

31 March 2016 £000	Current Assets	31 March 2017 £000
735	Balance outstanding at start of year	993
593	Newly classified as held for sale	3,020
(335)	Assets sold	(1,227)
993	Balance Outstanding year end	2,786

5.6 Debtors Commissioner and Group

A bad debt provision of £0.03m is provided against specific debts considered to be unlikely to be collected (£0.03m at 31 March 2016). A provision of £2.996m is held against Council Tax arrears of

£4.684m at 31 March 2016. This level of provision has been assessed by the Council Tax Billing Authorities (Provision of £2.793m against arrears of £4.813m at 31 March 2016).

31 March 2016 £000	Debtors	31 March 2017 £000
14,279	Central Government Bodies	20,202
1,709	Other Local Authorities	1,316
11,661	Other Entities and Individuals	10,666
27,649	Total Debtors	32,184

5.7 Short Term Borrowing Commissioner and Group

31 March 2016 £000	Short Term Borrowing	31 March 2017 £000
(3,500)	Market Loans	(3,500)
(3,791)	PWLB	(3,773)
(6,000)	Short Term Loan Islington Council	0
(13,291)		(7,273)

5.8 Creditors

The creditors figure includes receipts under The Proceeds of Crime Act 2002 and The Police Property Act 1997 (as amended by the Serious Crime Act 2005 and 2007). These cover monies received from the confiscation or sale of property which has come into their possession in connection with a criminal charge.

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 2017 cash totalling £1.032m was held in the Commissioner's bank account (£0.887m at 31 March 2016).

31 March 2016		Creditors	31 March 2017	
PCC £'000	Group £'000		PCC £'000	Group £'000
(4,022)	(4,022)	Central Government Bodies	(3,358)	(3,358)
(5,459)	(5,459)	Other Local Authorities	(5,499)	(5,499)
(13,470)	(17,211)	Other Entities and Individuals	(11,029)	(14,371)
(22,951)	(26,692)	Total Creditors	(19,886)	(23,228)

5.9 Provisions

Liability claims are generally paid out within 1 to 3 years. It is expected that the majority will be utilised within a year. All provisions have been classified as short-term.

2016-17	Insurance £000	Dilapidation £000	Legal Expenses £000	Medical Retirement £000	Redundancy £000	Total £000
Opening Balance	(2,263)	(281)	(36)	(454)	(558)	(3,592)
Increase in provision during year	(1,327)	(89)	(115)	0	0	(1,531)
Utilised during year	692	102	36	454	558	1,842
Closing Balance	(2,898)	(268)	(115)	0	0	(3,281)

2015-16	Insurance £000	Dilapidation £000	Legal Expenses £000	Medical Retirement £000	Redundancy £000	Total £000
Opening Balance	(2,320)	(106)	(36)	0	0	(2,462)
Increase in provision during year	(845)	(189)	0	(454)	(558)	(2,046)
Utilised during year	902	14	0	0	0	916
Closing Balance	(2,263)	(281)	(36)	(454)	(558)	(3,592)

5.10 Long term Debt

31 March 2016 £000	Long Term Borrowing	31 March 2017 £000
(4,000)	Market Loans Torbay	(4,000)
(27,205)	PWLB	(29,605)
(31,205)	Total Long Term Borrowing	(33,605)

5.10 Contingent Assets

The Commissioner had no contingent assets as at 31 March 2017.

5.11 Contingent Liabilities

The following contingent liabilities have been identified:

Nottinghamshire, along with other Chief Constables and the Home Office, currently has 23 claims lodged against them with the Central London Employment Tribunal. The claims are in respect of alleged unlawful discrimination arising from the Transitional Provisions in the Police Pension Regulations 2015. Claims of unlawful discrimination have also been made in relation to the changes to the Judiciary and Fire fighters Pension regulations. In the case of the Judiciary claims the claimants were successful and in the fire fighters case the respondents were successful. Both of these judgements are subject to appeal, the outcome of which may determine the outcome of the Police claims. The Tribunal has yet to set a date for a preliminary or substantive Police hearing. Legal advice suggests that there is a strong defence against the Police claims. The quantum and who will bear the cost is also uncertain, if the claims are partially or fully successful. For these reasons, no provision has been made in the 2016-17 Statement of Accounts.

There is a potential for claims for insufficient overtime being paid for some officers following successful claims in Devon and Cornwall Police – again there is insufficient information to predict outcomes or values

There has been a significant Employment Tribunal challenge against the unlawful use of the A19 Regulation, which was successfully appealed. There has an unsuccessful counter appeal against this judgement, but the matter is still subject to further appeal. The defence remains strong and the quantum cannot be determined hence the contingent liability remains.

There is an emerging risk associated with potential challenges to the operations of undercover police officers. It is not yet known whether this will impact on Nottinghamshire yet.

There are no potential environmental or Information Commissioner cases pending.

5.11 Leases

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.

Leased assets which meet the deminimis are included on the Balance Sheet.

Vehicles acquired under the PFI Scheme and some items of equipment are classified as finance leases in the Balance Sheet as Property, Plant & Equipment. 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.

Some vehicles and equipment were acquired under operating leases. Rental payments in 2016-17 were £1.034m (£0.980m in 2015-16). The outstanding commitments are:

The minimum lease payments will be payable over the following periods:

Minimum Lease Payments			Finance Lease Liabilities	
31 March 2016	31 March 2017		31 March 2016	31 March 2017
£'000	£'000		£'000	£'000
605	193	Not later than one year	642	212
493	343	Later than one year and not later than five years	531	361
1,098	536	Total	1,173	573

Authority as Lessee - Operating Leases

The future minimum lease payments due under non-cancellable operating leases in future years are set out below:

31 March 2016 £'000		31 March 2017 £'000
842	Not later than one year	1,012
1,843	Later than one year and not later than five years	1,853
178	Later than five years	202
2,863	Total	3,067

5.12 Service Concession Arrangements

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 ownership rights of the assets at the end of the agreements.

Vehicle PFI Scheme

The 25 year PFI contract for the provision of an agreed number of vehicles runs until 2026-27. The estimated capital value of this scheme is £14.8m. The amount paid was £3.2m (£3.2m in 2015-16). Future payments are linked to inflation increases. Grant of £1.3m was received (£1.3m in 2015-16). IAS17 classifies this arrangement as a finance lease, and is therefore included in the appropriate table.

Riverside Accommodation PFI Scheme

The 25 year PFI contract with Miven, runs until 2026-27. The capital value of this scheme is £6.6m. £0.997m was paid in 2016-17 (£1.0m in 2015-16).

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 2015-16).

Reimbursement of Capital Expenditure 2015-16 £000	Payment for Services 2015-16 £000	Riverside Premises PFI	Reimbursement of Capital Expenditure 2016-17 £000	Payment for Services 2016-17 £000
543	502	Payable within one year	543	502
2,172	2,007	Payable within two to five years	2,172	2,007
2,714	2,509	Payable within six to ten years	2,623	2,422
452	415	Payable within eleven to fifteen years	0	0
5,881	5,433		5,338	4,931

6.1 Cash and Equivalents

All cash and cash equivalents consist of bank and instant access accounts

31 March 2016 £000	Cash and Equivalents comprise	31 March 2017 £000
6,910	Money Market Funds	2,150
2,288	Cash and Bank	(132)
9,198	Total	2,018

6.2 Cash Flow from Operating Activities

31 March 2016 £000	The cash flows for operating activities include the following items	31 March 2017 £000
(249)	Interest received	(93)
1,916	Interest paid	1,864
1,667	Total	1,771

31 March 2016 £000	The cash flows for operating activities include the following items	31 March 2017 £000
(6,997)	Depreciation	(5,564)
(273)	Impairment and downward valuations	(8,844)
(174)	Amortisation	(169)
(3,178)	(Increase)/decrease in creditors	3,464
2,835	Increase/(decrease) in debtors	4,535
(117)	(Increase)/decrease in inventories	39
(75,781)	Movement in pension liability	(15,904)
(388)	Carrying amount of non-current assets	(1,401)
(2,698)	Other non-cash movements charged to the (surplus) or deficit on provision of services	357
(86,771)	Total	(23,487)

31 March 2016 £000	The (surplus) or deficit on the provision of services has been adjusted for the following investing and financing activities	31 March 2017 £000
298	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	2,745
1,447	Any other items for which the cash effects are investing or financing cash flows	2,215
1,745	Total	4,960

6.3 Cash Flow from Investing and Financing Activities

No short term investments are held.

31 March 2016 £000	Cash Flow from Investing and Financing Activities	31 March 2017 £000
9,623	Purchase of property, plant and equipment, investment property and intangible assets	7,852
(298)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(2,744)
(4,571)	Other receipts from investing activities	(2,370)
4,754	Net cash flows from investing activities	2,738
(20,291)	Cash receipts of short-term and long-term borrowing	(6,000)
15,528	Repayments of short-term and long-term borrowing	10,108
(4,763)	Net cash flows from financing activities	4,108

6.4 External Audit Costs

KPMG LLP are the external auditor to the Commissioner and Group the fees in the year were £0.050m of which £0.015m related to the Chief Constable and no other services were commissioned. This was the same fee as in 2015-16.

6.5 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.

Members of the Audit and Scrutiny Panel have influence over finances and operations and were paid £0.005m (£0.005m 2015-16). 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 operations are areas where significant influence can be exerted by all parties.

REMUNERATION

7.1 Officers Remuneration

Employees receiving over £50,000 remuneration for the year are shown in the table below..

This excludes the senior officers reported in a separate table, and are all within the Chief Constable entity

It includes 8 above the rank of Superintendent (5 in 2015-16).

Senior Employees Remuneration	2015-16	2016-17
£50,001 to £55,000	89	136
£55,001 to £60,000	50	84
£60,001 to £65,000	13	22
£65,001 to £70,000	7	10
£70,001 to £75,000	9	7
£75,001 to £80,000	3	5
£80,001 to £85,000	6	6
£85,001 to £90,000	2	6
Total	179	276

Officers Remuneration 2016-17		Salary, Fees & Allowances (Note 1)	Bonuses	Expenses Allowances (Note 2)	Compensation for Loss of Office	Pension Contribution	Total
		£		£	£	£	£
Police & Crime Commissioner – P Tipping		75,000	0	1,409	0	8,100	84,509
Deputy Police & Crime Commissioner – C Cutland	3	3,030	0	139	0	327	3,496
Chief Finance Officer to the Police & Crime Commissioner – C Radford	4	74,137	0	2,858	0	8,007	85,001
Chief Executive to the Police & Crime Commissioner – K Dennis		95,086	0	1,588	0	10,269	106,943
Chief Executive to the Police & Crime Commissioner – C Radford		11,248	0	767	0	1,215	13,230
TOTAL PCC		258,501	0	6,761	0	27,918	293,180
Chief Constable – C Eyre	5	46,373	0	0	0	10,956	57,329
Chief Constable – S Fish	5	113,166	0	8,285	0	27,181	148,632
Chief Constable – C Guildford	5	25,338	0	11,707	0	5,966	43,011
Deputy Chief Constable – S Fish		29,207	0	4,206	0	6,985	40,398
Deputy Chief Constable – S Torr		98,133	0	2,666	0	23,805	124,604
Assistant Chief Constable – S Torr		21,113	0	889	0	5,006	27,008
Assistant Chief Constable – S Prior		73,011	0	4,848	0	14,275	92,134
Assistant Chief Officer - Finance & Resources	6	95,731	0	5,435	0	17,249	118,415
Director of Human Resources	6	94,955	0	5,494	0	17,363	117,812
Director of Information Services & IT	6 & 7	110,027	0	500	0	13,300	123,827
TOTAL CHIEF CONSTABLE		707,054	0	44,030	0	142,086	893,170
TOTAL FOR GROUP		965,555	0	50,791	0	170,004	1,186,350

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

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

Note 3: Deputy Police & Crime Commissioner retired 30/4/16

Note 4: Chief Finance Officer to the Police & Crime Commissioner acted into the role of Chief Executive for the period 21/11/16 to 2/1/17

Note 5: Chief Constable C Eyre retired 22/7/16, Chief Constable S Fish retired 31/3/17 and Chief Constable C Guildford was appointed 1/2/17

Note 6: This is the total earned the costs are apportioned between Nottinghamshire Northamptonshire and Leicestershire Police

Note 7: Includes Market Rate Premium

Officers Remuneration 2015-16	Salary, Fees & Allowances (Note 1)	Bonuses	Expenses Allowances (Note 2)	Compensation for Loss of Office	Pension Contribution	Total
	£	£	£	£	£	£
Police & Crime Commissioner – P Tipping	75,000	0	722	0	8,100	83,822
Deputy Police & Crime Commissioner – C Cutland	36,360	0	283	0	3,927	40,570
Chief Finance Officer to the Police & Crime Commissioner – C Radford	83,598	0	484	0	9,029	93,111
Chief Executive to the Police & Crime Commissioner – K Dennis	94,535	0	928	0	10,210	105,673
TOTAL PCC	289,493	0	2,417	0	31,266	323,176
Chief Constable – C Eyre	145,847	0	3,554	0	35,295	184,696
Deputy Chief Constable – S Fish	120,320	0	7,648	0	29,118	157,086
Assistant Chief Constable – Crime & Justice	101,805	0	3,554	0	24,420	129,779
Assistant Chief Constable – Local Policing	104,991	0	3,554	0	24,825	133,370
TOTAL CHIEF CONSTABLE	472,963	0	18,310	0	113,658	604,931
TOTAL FOR GROUP	762,456	0	20,727	0	144,924	928,107

Contracts were terminated for 25 employees during the year (109 in 2015-16), incurring costs of 0.350m (£1.267m in 2015-16). This included redundancy payments of £0.271m and pension strain costs of £0.056m. Other departures agreed cover voluntary redundancies and compromise agreements. In 2016-17 these were all employees of Chief Constable. The Group made no material payments in relation to injury awards during the year

Exit Packages								
Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band (£)	
	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17
£0-£20,000	46	4	46	17	92	21	541,000	192,000
£20,001 - £40,000	1	1	8	2	9	3	298,000	85,000
£40,001 - £60,000	1	0	6	1	7	1	340,000	50,000
£60,001 - £80,000	0	0	0	0	0	0	0	0
£80,001 - £100,000	0	0	1	0	1	0	88,000	0
£100,001 - £150,000	0	0	0	0	0	0	0	0
Total	48	5	61	20	109	25	1,267,000	327,000

FINANCIAL INSTRUMENTS

7.2 Nature and Extent of Risks Arising from Financial Instruments

The Commissioners activities expose it 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 for the authority as a result of changes in such measures as interest rates and 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 deposits during the year was £50.07m. This was placed within the criteria of the strategy with high quality counterparties. Rarely entities do not to meet their commitments. There was no evidence at 31 March 2017 that this was likely. Customers owed £2.17m at year end (£1.46m in 2016-17). An allowance of £0.03m is set aside for debts to mitigate the effect of default (£0.03m in 2016-17).

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 upper and lower limits.

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. Only £3.5m is held as variable which is 9% There was no temporary borrowing at 31 March 2017. During the year £6.0m 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.

The following table shows the maturity spread of debt

Liquidity Risk	31 March 2016	31 March 2017
	£000	£000
Less than one year	(13,291)	(7,273)
Between one and two years	(3,599)	(4,685)
Between two and five years	(7,959)	(5,962)
More Than 5 Years	(3,376)	(3,317)
More Than 10 years	(16,720)	(19,642)
	(44,495)	(40,879)

7.3 Financial Instruments – Fair Value

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 2016-17 ranged between 1.97% and 8% for PWLB loans and 3.73% on the market loan. The average Interest rates received was 0.44%. 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 loans is £45.6m which is £4.7m higher than the carrying amount because there are 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 fair value of assets is the year end carrying value, being either variable rate instruments or short term.

Long Term Debtors, is the amount owed by the National Police Air Service.

7.4 Financial Instruments

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.

Longer term borrowing was with the PWLB £29.6m and £4.0m with Torbay BC (£27.2m with the PWLB and £4.0m with Torbay BC 31 March 2016).

	Long-term 31 March 2016 £000	Long-term 31 March 2017 £000	Current 31 March 2016 £000	Current 31 March 2017 £000
Debtors				
Loans and receivables	0	0	36,847	34,202
Other	45	45	0	2,786
Total included in Debtors	45	45	36,847	36,988
Borrowings				
Financial liabilities at amortised cost	(31,205)	(33,605)	(13,291)	(7,273)
Total included in Borrowings	(31,205)	(33,605)	(13,291)	(7,273)
Other Long Term Liabilities				
PFI and finance lease liabilities	(2,256)	(1,938)		
Total other long term liabilities	(2,256)	(1,938)		
Creditors				
Financial liabilities carried at contract amount			(22,285)	(19,724)
Total Creditors	0	0	(22,285)	(19,724)
Financial Liabilities at amortised cost				
Interest expense			1,871	1,276
Financial Assets: Loans and receivables				
Interest income			(213)	(93)
Net expense in (Surplus) or Deficit on the Provision of Services			1,658	1,183



SUPPLEMENTARY ACCOUNTS AND EXPLANATORY NOTES

PENSION FUND ACCOUNTS AND EXPLANATORY NOTES

2015-16 £000	Pension Fund	2016-17 £000
	Contributions Receivable	
(8,345)	Employers Contributions 1987 Scheme	(7,066)
(226)	Employers Contributions 2006 Scheme	(213)
(9,361)	Employers Contributions 2015 Scheme	(9,563)
(910)	Additional Contributions for early retirements - all schemes	(2,080)
(4,936)	Members contributions 1987 Scheme	(4,181)
(111)	Members contributions 2006 Scheme	(100)
(5,166)	Members contributions 2015 Scheme	(5,277)
(329)	Transfer in 1987 Scheme	(435)
(248)	Transfer in 2006 Scheme	(11)
	Benefits Payable	
49,499	Pensions 1987 Scheme	51,167
6	Pensions 2006 Scheme	7
10,842	Commutations and lump sum retirement benefits 1987 Scheme	13,898
7,352	GAD V Milne payments	129
	Payments to / on account of leavers	
11	Refund of contributions 2006 Scheme	0
1,505	Transfers out 1987 Scheme	0
36	Transfers out 2006 Scheme	0
0	Transfers out 2015 Scheme	0
39,619	Sub-total before transfer from the Commissioner of amount equal to the deficit	36,275
(39,619)	Transfer of Government Grant from the Commissioner to meet the deficit	(36,275)
0	Balance at 31 March	0

Pension Schemes Accounted for as Defined Contribution Schemes

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 pension liabilities, and cash has to be generated to meet actual pension 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.

This means that the true liability relating to police pensions rests with the Home Office. The element relating to Nottinghamshires assets and liabilities is included within these accounts 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.

Defined Benefit Pension Scheme

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 pension liabilities, and cash has to be generated to meet actual pension 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 amount to

meet 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 calculated at a level intended to balance the pension's liabilities with investment assets.

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

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.

Therefore, 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 and reserve. The Group makes contributions towards the cost of separate pension schemes for Officers and Staff. Contributions are set every three years as a result of the actuarial valuation of the Fund required by the Regulations.

The actuarial valuation of the Staff LGPS Fund was carried out as at 31 March 2016 and set contributions for the period from 1 April 2017 to 31 March 2020. This scheme includes both

staff working for the Chief Constable entity and 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 pro rata 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 membership data as at 31 March 2015 with updates to 31 March 2016. The full valuation of the scheme was March 2016 impacting on 2017-18 onwards. The fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end.

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.

2015-16		Pension Scheme Comprehensive Income and Expenditure Statement	2016-17	
LGPS £000	Police £000		LGPS £000	Police £000
9,720	36,760	Current service cost	7,542	27,080
0	30	Past service cost	0	50
289	0	(Gain) / loss from curtailments	678	0
11,036	77,930	Net interest expense / (income)	(30,060)	74,220
21,045	114,720	Total charged to (Surplus) and Deficit on Provision of Services	(21,840)	101,350
		Other post-employment benefits charged to the Comprehensive Income and Expenditure Statement		
		Re-measurement of the net defined benefit liability comprising:		
		Return on plan assets (excluding the amount included in the net interest expense)	3,314	0
0	(85,480)	Actuarial (gains) and losses – experience	(6,533)	(5,330)
0	(35,330)	Actuarial (gains) and losses arising on changes in demographic assumptions	3,824	(42,720)
(38,314)	(204,030)	Actuarial (gains) and losses arising on changes in financial assumptions	80,690	489,410
(17,269)	(210,120)	Total charged to the Comprehensive Income and Expenditure Statement	59,455	542,710

2015-16		Movement in Reserves Statement	2016-17	
LGPS £000	Police £000		LGPS £000	Police £000
(21,045)	(114,720)	Reversal of net charges made to the (Surplus) or Deficit on the Provision of Services	21,840	(101,350)
		Actual amount charged against the general fund balance for pensions in the year:		
5,754	0	Employers' contributions payable to scheme	5,576	0
0	54,230	Retirement benefits payable to pensioners	0	58,030

2015-16		Pensions Assets and Liabilities Recognised in the Balance Sheet	2016-17	
LGPS £000	Police £000		LGPS £000	Police £000
(263,983)	(2,105,890)	Present value of the defined obligation	(354,700)	(2,590,570)
174,146	0	Fair value of plan assets	210,984	0
(89,837)	(2,105,890)	Value of Assets / (Liabilities)	(143,716)	(2,590,570)
(89,837)	(2,105,890)	Net (liability) / asset arising from the defined benefit obligation	(143,716)	(2,590,570)

2015-16		Movement in the Value of Scheme Assets	2016-17	
LGPS £000	Police Officer Pension Scheme £000		LGPS £000	Police Officer Pension Scheme £000
173,145	0	Opening fair value of scheme assets	174,146	0
(1,362)	0	Interest income	40,009	0
		Re-measurement gain / (loss):		
0	0	The return on plan assets, excluding the amount included in the net interest expense	(3,314)	0
5,750	54,230	Contributions from employer	5,576	58,030
2,345	10,800	Contributions from employees into the scheme	2,059	9,980
(5,732)	(65,030)	Benefits / transfers paid	(7,492)	(68,010)
174,146	0	Closing value of scheme assets	210,984	0

2015-16		Movements in the Fair Value of Scheme Liabilities	2016-17	
LGPS £000	Police Officer Pension Scheme £000		LGPS £000	Police Officer Pension Scheme £000
(286,005)	(2,370,240)	Opening balance at 1 April	(263,983)	(2,105,890)
(9,720)	(36,760)	Current service cost	(7,542)	(27,080)
(9,670)	(77,930)	Interest cost	(9,949)	(74,220)
(2,345)	(10,800)	Contributions from scheme participants	(2,059)	(9,980)
		Re-measurement gains and losses:		
0	85,480	- Actuarial gains / (losses) - experience	6,533	5,330
0	35,330	- Actuarial gains / (losses) from changes in demographic assumptions	(3,824)	42,720
38,314	204,030	- Actuarial gains / (losses) from changes in financial assumptions	(80,690)	(489,410)
0	(30)	Past service cost	0	(50)
(289)	0	Gains / (losses) on curtailments	(678)	0
5,732	65,030	Benefits / transfers paid	7,492	68,010
(263,983)	(2,105,890)	Balance as at 31 March	(354,700)	(2,590,570)

The liabilities show the underlying commitments that the Group will eventually have for retirement benefits. The total liability of £2.734m has a substantial impact on the net worth of the Balance Sheet. Statutory accounting arrangements to fund the deficit neutralise the effect on taxpayers. Finance is only required when the pensions are actually paid.

The deficit on the local government scheme has been recovered by increased monetary contributions for three years until this year. The situation will be re-assessed for the next three years based on an actuarial valuation report.

The total contributions expected to be made to the Staff Pension Scheme and the Police Officer Pension Scheme in the year ending 31

March 2018 are £4.9m and £16.3m respectively.

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 £40m (2015-16, £1.4m). The pension liability is sensitive to changes and the actuaries give an indication of this.

For the LGPS an increase of 0.1% on the present value of liabilities decreases the pension liability by £7.9m and a decrease by the same amount increases the pension liability by £8.1m.

For the Police Officers scheme an extra 0.5% on the discounting rate used increases the liability by £251.1m with a 0.5% decrease in the rate decreasing the liability by the same amount.

Pension Assumptions	LGPS		Police	
	2015-16	2016-17	2015-16	2016-17
Mortality assumptions				
Longevity at 65 retiring today				
Men	22.1 yrs	22.5 yrs	23.1 yrs	23.2 yrs
Women	25.3 yrs	25.5 yrs	25.1 yrs	25.2 yrs
Longevity at 65 retiring in 20 years				
Men	24.4 yrs	24.7 yrs	25.1 yrs	25.2 yrs
Women	27.7 yrs	27.8 yrs	27.2 yrs	27.3 yrs
Rate of inflation				
RPI Increases	3.40%	3.60%		
CPI Increases	2.50%	2.70%	1.15%	2.35%
Rate of increase in salaries	4.30%	4.20%	4.20%	4.35%
Rate of increase in pensions	2.50%	2.70%	2.20%	2.35%
Rate for discounting scheme liabilities	3.80%	2.80%	3.55%	2.65%

Value of LGPS Assets at Bid Value	31 March 2016 £000's	31 March 2016 %	31 March 2017 £000's	31 March 2017 %
Equity Investments	121,241	69.62	147,562	69.94
Gilts	5,420	3.11	6,450	3.06
Other Bonds	11,911	6.84	12,729	6.03
Property	21,996	12.63	23,458	11.12
Cash	7,061	4.05	10,615	5.03
Inflation-linked pooled fund	4,902	2.81	5,267	2.50
Infrastructure	1,615	0.93	4,903	2.32
	174,146	100.00	210,984	100.00
Assets at Bid Value	31 Mar 2016 £000's	31 Mar 2016 %	31 Mar 2017 £000's	31 Mar 2017 %
Equity Investments	121,241	69.62	147,562	69.94
Gilts	5,420	3.11	6,450	3.06
Other Bonds	11,911	6.84	12,729	6.03
Property	21,996	12.63	23,458	11.12
Cash	7,061	4.05	10,615	5.03
Inflation-linked pooled fund	4,902	2.81	5,267	2.50
Infrastructure	1,615	0.93	4,903	2.32
	174,146	100.00	210,984	100.00

7.6 Joint Operations (JOs)

The Group participates in 11 collaborative arrangements with Leicestershire, Derbyshire, Lincolnshire and Northamptonshire and others outside of the region, covered by formal legal documents. The police officers involved are seconded from the individual forces and costs are borne in agreed proportions. These agreements meet the new definition in that decisions on relevant activities require the unanimous consent of the parties sharing control. The relevant proportions of these assets are incorporated throughout these Accounts.

There are 6 between Nottinghamshire, Derbyshire, Leicestershire, Lincolnshire and Northamptonshire and Nottinghamshire's proportion is 27.6% (27.6% 2015-16)

- 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 Unit (EMCHRS OHU)
- The East Midlands Forensic Support Services (EMFSS)
- The East Midlands Legal Service (EMLS)

There are 2 collaborations which are 4 way shared services between Nottinghamshire, Leicestershire, Lincolnshire and Northamptonshire.

Nottinghamshire's proportion is 36.29% (36.29% 2015-16)

1. The East Midlands Criminal Justice Service (EMCJS)
2. The East Midlands Operational Support Services (EMOpSS)

The other collaborations are:

- The East Midlands Commercial Services Unit (EMSCU), is a 2 way shared service between Nottinghamshire and Northamptonshire. The share of costs for Nottinghamshire this year is 50% (50% 2015-16).
- The East Midlands Learning & Development (EMCHRS L&D) is a 4 way shared service between Leicestershire, Nottinghamshire, Derbyshire, and Northamptonshire. Nottinghamshire's proportion is 31.7% (31.7% 2015-16) .
- The shared service for transactional HR and finance - MFSS with Cheshire and Northamptonshire has expanded to include Civil Nuclear Police. The share of costs for Nottinghamshire this year is 32.64%.

2015-16			Joint Operations Comprehensive Income and Expenditure Statement	2016-17		
Expenditure £000	Income £000	Net £000		Expenditure £000	Income £000	Net £000
11,954	(1)	11,953	Cost of Police Services	12,823	0	12,823
11,954	(1)	11,953	Cost of Services	12,823	0	12,823
36	(809)	(773)	Other Operating Expenditure / Income	28	(639)	(611)
	(903)	(903)	External Grants and Contributions		(1,593)	(1,593)
0	(10,375)	(10,375)	Contributions From Partners	0	(10,883)	(10,883)
11,990	(12,088)	(98)	(Surplus) or Deficit on Provision of Services	12,851	(13,115)	(264)
	0		Other CIES			0
	(98)		Total CIES			(264)

Joint Operations Movement in Reserves	General Fund Balance £000	Earmarked Reserves £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
Balance at 31 March 2016	(75)	(1,209)	(247)	(1,531)	(1,776)	(3,307)
Movement in reserves during 2016-17						
(Surplus) / deficit on the provision of services	(264)	0	0	(264)	0	(264)
Other CIES	0	0	0	0	0	0
Total CIES	(264)	0		(264)	0	(264)
Adjustments between accounting basis and funding basis under regulations	450	0	247	697	(697)	0
Net(Increase) or Decrease before Transfers to Earmarked Reserves	186	0	247	433	(697)	(264)
Transfers to / (from) Earmarked Reserves	(186)	186	0	0		0
(Increase) or Decrease in 2016-17	0	186	247	433	(697)	(264)
Balance at 31 March 2017	(75)	(1,023)	0	(1,098)	(2,473)	(3,571)

31 March 2016 £000	Joint Operations Balance Sheet	31 March 2017 £000
2,081	Property, Plant and Equipment	2,373
13	Intangible Assets	142
2,094	Long Term Assets	2,515
123	Assets Held for Sale	123
3,922	Short Term Debtors	634
45	Cash and Cash Equivalents	470
4,090	Current Assets	1,227
(2,877)	Short-Term Creditors	(171)
(2,877)	Current Liabilities	(171)
0	Long Term Liabilities	0
3,307	Net Assets	3,571
(1,533)	Usable Reserves	(1,098)
(1,774)	Unusable Reserves	(2,473)
(3,307)	Total Reserves	(3,571)



GLOSSARY

GLOSSARY

ACCOUNTING PERIOD

The period of time covered by the accounts, normally a period of twelve months commencing on 1 April. The end of the accounting period is the balance sheet date.

ACT

The Police Reform and Social Responsibility Act 2011.

AUDIT OF ACCOUNTS

An independent examination of the Authority's financial affairs.

ACCOUNTING POLICIES

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

ACTUARIAL GAINS AND LOSSES

For a defined benefit pension scheme, the changes in actuarial surpluses or deficits that arise because:

Events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses); or the actuarial assumptions have changed.

BALANCE SHEET

A statement of the recorded assets, liabilities and other balances at the end of the accounting period.

ACCRUALS

Sums included in the final accounts to recognise revenue and capital income and expenditure earned or incurred in the financial year, but for which actual payment had not been received or made as at 31 March.

ASSET

An item having value to the authority in monetary terms. Assets are categorised as either current or non-current:

- A current asset will be consumed or cease to have material value within the next financial year (e.g. cash and stock)
- A non-current asset provides benefits to the Authority and to the services it provides for a period of more than one year and may be tangible e.g. a police station, or intangible, e.g. computer software licences.

BORROWING

Using cash provided by another party to pay for expenditure, on the basis of an agreement to repay the cash at a future point, usually incurring additional interest charges over and above the original amount.

BUDGET

The forecast of net revenue and capital expenditure over the accounting period.

CAPITAL EXPENDITURE

Expenditure on the acquisition of a fixed asset, which will be used in providing services beyond the current accounting period, or expenditure which adds to and not merely maintains the value of an existing fixed asset.

CAPITAL FINANCING

Funds raised to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, leasing, direct revenue financing, usable capital receipts, capital grants, capital contributions, revenue reserves and earmarked reserves.

CAPITAL PROGRAMME

The capital schemes the Authority intends to carry out over a specific period of time.

CAPITAL RECEIPT

The proceeds from the disposal of land or other fixed assets. Proportions of capital receipts can be used to finance new capital expenditure, within rules set down by the government but they cannot be used to finance revenue expenditure.

CIPFA

The Chartered Institute of Public Finance and Accountancy.

CODE

The CIPFA Code of Practice on Local Authority Accounting governs the content of these accounts.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

The account of the Authority that reports the net cost for the year of the functions for which it is responsible and demonstrates how that cost has been financed from precepts, grants and other income.

CONSISTENCY

The concept that the accounting treatment of like items within an accounting period and from one period to the next are the same.

CONTINGENT ASSET

A contingent asset is a possible asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Authority's accounts.

CONTINGENT LIABILITY

A contingent liability is either:

- A possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Authority's control; or
- A present obligation arising from past events where it is not probable that a transfer of economic benefits will be required, or the amount of the obligation cannot be measured with sufficient reliability.

CREDITOR

Amount owed by the Authority for work done, goods received or services rendered within the accounting period, but for which payment has not been made by the end of that accounting period.

CURRENT SERVICE COST (PENSIONS)

The increase in the present value of a defined benefits pension scheme's liabilities, expected to arise from employee service in the current period.

DEPRECIATION

The measure of the cost of wearing out, consumption or other reduction in the useful economic life of the Authority's fixed assets during the accounting period, whether from use, the passage of time or obsolescence through technical or other changes.

EXPECTED RETURN ON PENSION ASSETS

For a funded defined benefit scheme, this is the average rate of return, including both income and changes in fair value but net of scheme expenses, which is expected over the remaining life of the related obligation on the actual assets held by the scheme.

GOING CONCERN

The concept that the Statement of Accounts is prepared on the assumption that the Authority will continue in operational existence for the foreseeable future.

DEBTOR

Amount owed to the Authority for works done, goods received or services rendered within the accounting period, but for which payment has not been received by the end of that accounting period.

DISCRETIONARY BENEFITS (PENSIONS)

Retirement benefits, which the employer has no legal, contractual or constructive obligation to award and are awarded under the Authority's discretionary powers such as the Local Government (Discretionary Payments) Regulations 1996.

FAIR VALUE

The fair value of an asset is the price at which it could be exchanged in an arm's length transaction.

IFRS

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

DEFINED BENEFIT PENSION SCHEME

Pension schemes in which the benefits received by the participants are independent of the contributions paid and are not directly related to the investments of the scheme.

EVENTS AFTER BALANCE SHEET DATE

Events after the Balance Sheet date are those events, favourable or unfavourable, that occur between the Balance Sheet date and the date when the Statement of Accounts is authorised for issue.

FINANCE LEASE

A lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee.

GROUP

Nottinghamshire Office of the Police and Crime Commissioner and its Group.

IMPAIRMENT

A reduction in the value of a fixed asset to below its recoverable amount, the higher of the asset's fair value less costs to sell and its value in use.

LIABILITY

A liability is where the Authority owes payment to an individual or another organisation:

- A current liability is an amount which will become payable or could be called in within the next accounting period, e.g. creditors or cash overdrawn.
- A deferred liability is an amount which by arrangement is payable beyond the next year at some point in the future or to be paid off by an annual sum over a period of time.

NET BOOK VALUE

The amount at which fixed assets are included in the Balance Sheet, i.e. their historical costs or current value less the cumulative amounts provided for depreciation.

OPERATING LEASE

A lease where the ownership of the fixed asset remains with the lessor.

INTANGIBLE ASSETS

An intangible (non-physical) item may be defined as an asset when access to the future economic benefits it represents is controlled by the reporting entity. This Authority's intangible assets comprise computer software licences.

MATERIALITY

The concept that the Statement of Accounts should include all amounts which, if omitted, or mis-stated, could be expected to lead to a distortion of the financial statements and ultimately mislead a user of the accounts.

NON-DISTRIBUTED COSTS

These are overheads for which no user now benefits and as such are not apportioned to services.

OPERATIONAL ASSETS

Fixed assets held and occupied, used or consumed by the Authority in the pursuit of its strategy and in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

INTEREST COST (PENSIONS)

For a defined benefit scheme, the expected increase during the period of the present value of the scheme liabilities because the benefits are one period closer to settlement.

MINIMUM REVENUE PROVISION (MRP)

The minimum amount which must be charged to the revenue account each year in order to provide for the repayment of loans and other amounts borrowed by the Authority.

NON-OPERATIONAL ASSETS

Fixed assets held by the Authority but not directly occupied, used or consumed in the delivery of services. Examples are investment properties, assets under construction or assets surplus to requirements pending sale or redevelopment.

PAST SERVICE COST (PENSIONS)

For a defined benefit pension scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to retirement benefits.

PENSION SCHEME LIABILITIES

The liabilities of a defined benefit pension scheme for outgoings due after the valuation date. Scheme liabilities measured during the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

PROVISION

An amount put aside in the accounts for future liabilities or losses which are certain or very likely to occur but the amounts or dates of when they will arise are uncertain.

RESERVES

The accumulation of surpluses, deficits and appropriations over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the Authority. Some capital reserves such as the fixed asset restatement account cannot be used to meet current expenditure.

REVENUE EXPENDITURE CAPITALISED UNDER STATUTE (REFCUS)

Expenditure which ordinarily would be revenue, but is statutorily defined as capital. Examples of REFCUS include grants of a capital nature to voluntary organisations and back pay expenditure capitalised under Secretary of State Direction.

PRECEPT

The levy made by precepting authorities to billing authorities, requiring the latter to collect income from Council Tax on their behalf.

PUBLIC WORKS LOAN BOARD (PWLB)

A Central Government Agency, which provides loans for one year and above to authorities at interest rates only slightly higher than those at which the government can borrow itself.

RETIREMENT BENEFITS

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment.

TEMPORARY BORROWING

Money borrowed for a period of less than one year.

PRIOR YEAR ADJUSTMENT

Material adjustments applicable to previous years arising from changes in accounting policies or from the correction of fundamental errors. This does not include normal recurring corrections or adjustments of accounting estimates made in prior years.

REMUNERATION

All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits. Received other than in cash. Pension contributions payable by the employer are excluded.

REVENUE EXPENDITURE

The day-to-day expenses of providing services.

USEFUL ECONOMIC LIFE (UEL)

The period over which the Authority will derive benefits from the use of a fixed asset.

For Information	
Public	
Report to:	Audit and Scrutiny Panel
Date of Meeting:	28 September 2017
Report of:	Chief Constable
Report Author:	Detective Superintendent Leona Scurr Professional Standards Department (PSD)
E-mail:	Leona.scurr@nottinghamshire.pnn.police.uk
Other Contacts:	
Agenda Item:	7

*If Non Public, please state under which category number from the guidance in the space provided.

Complaint and Misconduct Investigations

1. Purpose of the Report

- 1.1 To inform the PCC in respect of force performance relating to the handling of complaint and conduct matters.

2. Recommendations

- 2.1 One of the significant criticisms of the current complaints and discipline system is that too often low level misconduct and performance issues are dealt with through the formal system which can be lengthy, bureaucratic and adversarial. Legislative changes to handling misconduct and performance matters are expected in summer 2018, the aspiration to simplify the process.
- 2.2 Over the next reporting period the PSD will develop a meaningful performance reporting tool which provides qualitative as well as quantitative information. This is in order to measure progress towards the ethos behind the proposed legislative changes, specifically low level matters being dealt with outside of formal investigation. The force is preparing itself now by striving to demonstrate good practice in complaints and conduct handling in particular:
- getting it right first time
 - being customer focused
 - being open and accountable
 - acting fairly and proportionately
 - service recovery
 - seeking continuous improvement

It is vital that conduct matters are recognised, understood and dealt with, both to deal with the issue and as part of the learning and improvement process for the force and the individual.

- 2.3 Over the coming months the PSD will better understand the reasons behind those complaint appeals which are upheld. This will improve how the force deals with complaints from the outset in order to maintain public confidence.

3. Reasons for Recommendations

- 3.1 The current data lacks context and prevents the force being predictive in how it can improve its service for the future with respect to those issues effecting procedural and organisational legitimacy. To combat this, improvements will be made to the rules and conventions when inputting complaints and conduct data onto the Centurion database. The Centurion system will be exploited to its full potential to record and extract information.

4. Summary of Key Points

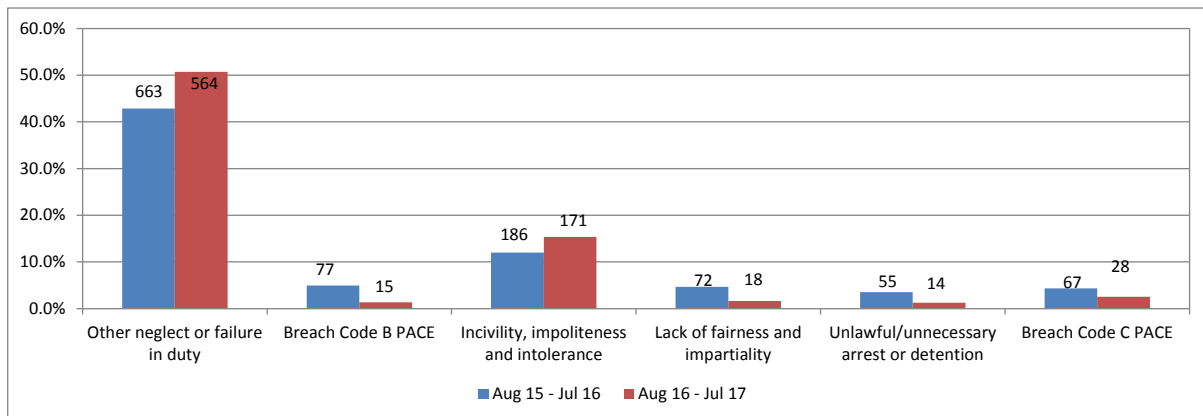
Complaints Performance Headlines

	Aug 15 - Jul 16	Aug 16 - Jul 17	Change	% Change
Complaint Cases Recorded	849	739	-110	-13.0%
Complaint cases recorded within 10 working days	93.9%	91.9%	-2.0pp	-
Complaint Allegations Recorded	1273	1109	-164	-12.9%
Subjects Recorded	754	629	-125	-16.6%
Complaint Cases Finalised	1002	661	-341	-34.0%
Timeliness of Local Resolutions	64.0	54.4	-9.6	-14.9%
Timeliness of Local Investigations	135.6	129.4	-6.2	-4.6%

- 4.1 The number of complaint cases recorded in the last 12 months has decreased by 13% compared to the previous 12 months.
- 4.2 Average monthly recording for the last 12 month sits at about 60 complaints.
- 4.3 July 2017 is just above exception at 80 complaints recorded for the month and follows two months of above average complaint recording. This performance is yet to be understood but could relate to new processes implemented in the department around this time and possible over recording. The new Inspector appointed to the complaints department is aware and will review and monitor the issue.
- 4.4 The number of complaint cases finalised has decreased in line with the number of complaints recorded. There is a consistent monthly average of 55 cases finalised since June 2016.
- 4.5 Although monthly performance appears sporadic, the average number of days taken for local resolutions sits at 54.4 days and has decreased in the last 12 months compared to the previous 12 months. This is below the national average but does not meet the aspirational target of 28 days.

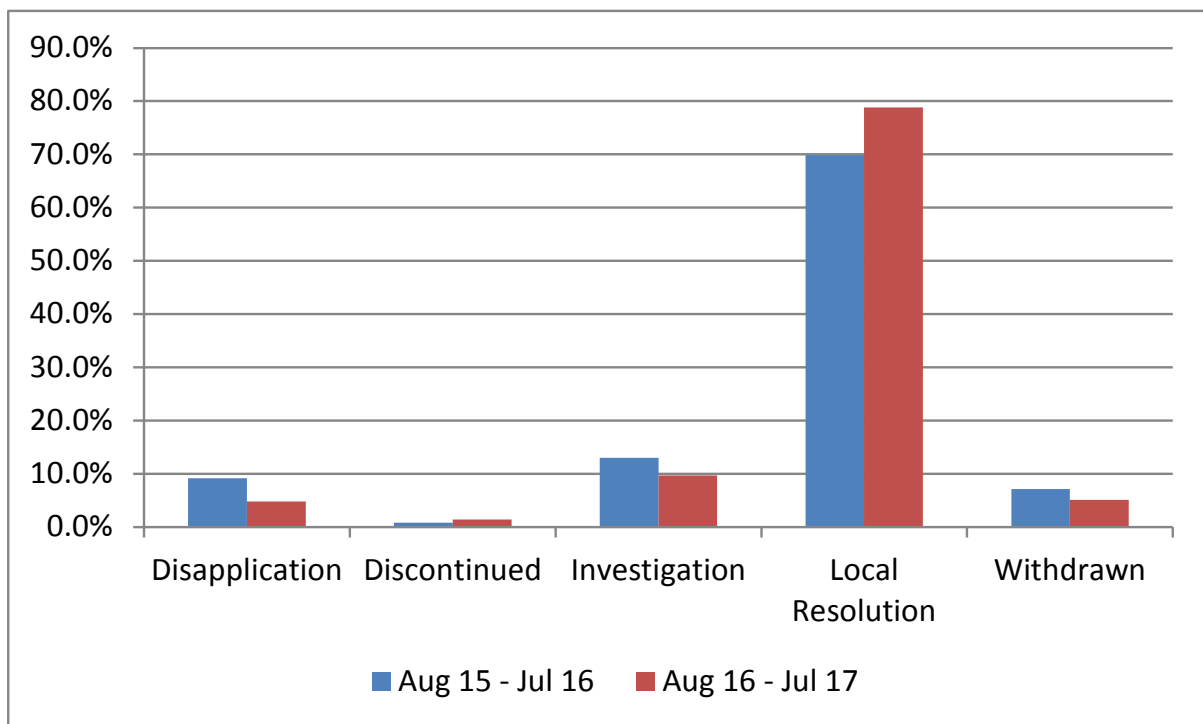
- 4.6 Local investigation timeliness remains around the same, currently an average of 129.4 days the departmental target being 120 days.

Complaint Allegations Finalised by Type



- 4.7 The graph shows the type of allegations with largest shift in the proportion. For example: In Aug 15 – Jul 16 ‘Other neglect or failure in duty’ represented 42.8% of all complaint allegations recorded. This has increased to 50.7% in the most recent period. Due to the data issues highlighted in sections 2 and 3 of this report it is not possible to clarify in any depth the type of allegations complained about other than the broad definitions shown on the graph.

Complaint Allegations Finalised by Result



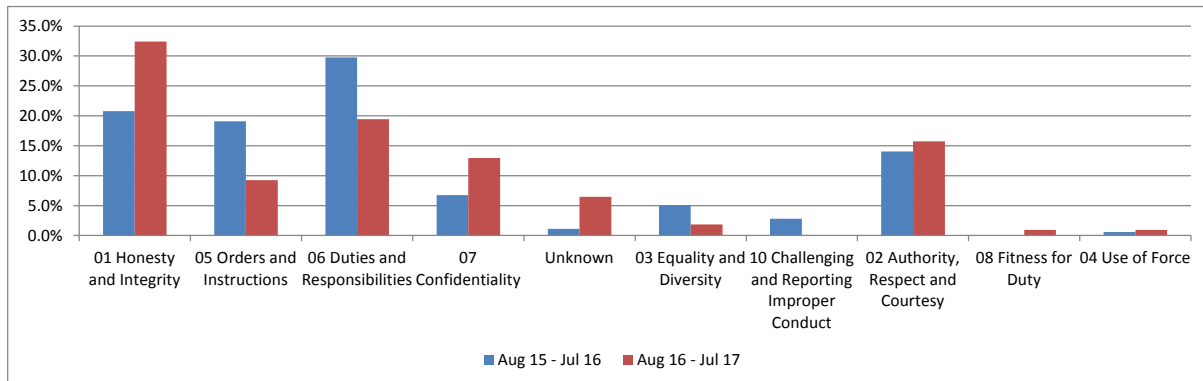
- 4.8 The graph above shows an increase in the proportion of complaints dealt with by way of local resolution from 70% to nearly 80 % over the last 12 months. This is higher than expected and may account for over recording or inappropriate use of LR where an investigation would be more suitable
- 4.9 Dip sampling reveals that 86 appeals were received against the outcome of a local resolution. Of these, 15 appeals were upheld. The main reason for appeals being upheld were the exact issue in the substance of complaint not being addressed or an overly defensive stance being taken by the investigating officer.
- 4.10 Future reporting will show how many local investigations proceeded to a hearing, the nature of the complaint and the finding.

Performance Headlines – Conduct

	Aug 15 - Jul 16	Aug 16 - Jul 17	Change	% Change
Conduct Cases Recorded	85	59	-26	-30.6%
Conduct Allegations Recorded	205	141	-64	-31.2%
Conduct Cases Finalised	91	58	-33	-36.3%
Timeliness of Conduct Investigations (Local)	122.9	122.2	-0.7	-0.6%

- 4.11 The number of conduct cases recorded in the last 12 months has decreased by 30.6% compared to the previous 12 months
- 4.12 A more consistent monthly average of around 5 per month observed since February 2016.
- 4.13 The average length of time to complete a conduct investigation is on average 122 days and the same in the last 12 months compared to the previous 12 months.

Conduct Allegations Finalised by Type



4.14 The graph shows the change in the types of conduct allegations recorded (sorted by the largest changes). It can be seen that honesty and integrity accounts for the largest increase in misconduct over the last 12 months. The numbers are small so the percentage increase appears large.

4.15 As with complaint allegations the data is not specific enough to detail exactly what the honesty and integrity relates to. Future reporting will show from internal conduct investigations how many cases went to a misconduct hearing and what the outcome was. The majority of hearings relate to honesty and integrity issues.

Other Indicators Regulation Notices Served & Suspensions and Restrictions

	Aug 15 - Jul 16	Aug 16 - Jul 17	Change	% Change
Regulation Notices Served	60	40	-20	-33.3%
	Officer	Staff	Total	
Employees Suspended	3	3	6	
Employees Restricted	7	3	10	

4.16 The number of regulation notices served in the last twelve months has decreased by 33.3% compared to the previous twelve months.

4.17 The data for this report is provided on a 12 month rolling basis. For the Audit and Scrutiny period 01.10.16 to present day there have been no recommendations or lessons learned as a result of complaint and conduct investigations.

4.18 The IPCC guidelines provide the framework for dealing with allegations of discrimination. It has been arranged for the IPCC Oversight Officer to deliver a training session on this subject to PSD staff on 25th Sept 2017.

4.19 An HMIC action for the PSD and OPCC is to develop a scheme to review closed cases to assess whether complaints were appropriately handled. Two such quarterly meetings have taken place where closed cases have been reviewed with the force by volunteers provided by the OPCC. The current process has been reviewed and will be changing to new membership.

5. Financial Implications and Budget Provision

None

6. Human Resources Implications
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None

7. Equality Implications

None

8. Risk Management

None

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

None

10. Changes in Legislation or other Legal Considerations

Police and Crime Act 2017

11. Details of outcome of consultation

None

12. Appendices

None

For Consideration	
Public/Non Public*	Public
Report to:	Audit and Scrutiny Panel
Date of Meeting:	28 September 2017
Report of:	IPCC Investigations, Recommendations and Actions
Report Author:	Supt Leona Scurr
E-mail:	Leona.scurr@nottinghamshire.pnn.police.uk
Other Contacts:	
Agenda Item:	8

*If Non Public, please state under which category number from the guidance in the space provided.

IPCC Investigations, Recommendations & Actions

1. Purpose of the Report

- 1.1 To inform the PCC in respect of the complaint and conduct matters which have been referred by Nottinghamshire Police to the IPCC during the relevant period 1st October 2016 to 1st August 2017, together with relevant recommendations and actions

2. Recommendations

- 2.1 That the panel receive assurance from the processes in place relating to IPCC investigations as detailed within the report

3. Reasons for Recommendations

- 3.1 To provide the PCC with relevant information and oversight in respect of cases that Nottinghamshire Police refers to the IPCC

4. Summary of Key Points

- 4.1 The data summary below outlines cases referred to the IPCC during the relevant period:

		Force Deal	Independent	Local	Supervised	Total
Complaint	Criminal offence or discriminatory behavior likely to lead to discipline	0	0	1	0	1
	Death or serious injury	0	4	1	0	5
	Relevant offence	0	0	1	0	1
	Voluntary	0	1	2	0	3
	Total	0	5	5	0	10
Conduct	Criminal offence or discriminatory behaviour likely	0	0	1	0	1

	to lead to discipline					
	Death or serious injury	0	1	0	0	1
	Relevant offence	0	0	1	0	1
	Voluntary	0	0	0	1	1
	Total	0	1	2	1	4
Miscellaneous	Death or serious injury	6	9	15	0	30
	Total	6	9	15	0	30
Total		6	15	22	1	44

For the previous reporting period there were a total of 25 referrals to the IPCC. The below data shows how the miscellaneous cases are broken down by type. This increase could be accounted for by seasonal trends as the winter and Christmas period has been captured. More analysis would need to be done to support or refute this.

Case Status	Case Recorded	Case Finalised	Incident Summary
Finalised	28/07/2017	28/07/2017	Sudden death
Live	10/07/2017		sudden death
Finalised	03/07/2017	03/07/2017	Fatal RTC
Finalised	28/06/2017	28/06/2017	sudden death
Finalised	22/06/2017	22/06/2017	Sudden death
Live	15/06/2017		dog bite
Finalised	01/06/2017	01/06/2017	attempted suicide
Finalised	01/06/2017	01/06/2017	Near miss Custody
Finalised	01/06/2017	01/06/2017	sudden death
Finalised	31/05/2017	31/05/2017	Sudden death
Finalised	31/05/2017	31/05/2017	Sudden death
Finalised	31/05/2017	19/06/2017	Injury on police contact

Finalised	24/05/2017	30/05/2017	sudden death
Live	15/05/2017		sudden death
Finalised	15/05/2017	15/05/2017	Attempted suicide
Finalised	15/05/2017	15/05/2017	sudden death
Finalised	09/05/2017	06/06/2017	Dog bite
Live	09/05/2017		Injury on police contact
Live	05/04/2017		death in custody
Finalised	16/03/2017	16/03/2017	dog bite
Finalised	10/03/2017	02/03/2017	fatal RTC
Finalised	21/02/2017	08/03/2017	sudden death
Finalised	27/01/2017	19/06/2017	dog bite
Finalised	16/01/2017	25/07/2017	sudden death
Finalised	12/01/2017	26/06/2017	sudden death
Live	13/12/2016		Injury on arrest
Finalised	05/12/2016	17/05/2017	Injury on arrest and dog bite
Finalised	20/10/2016	26/04/2017	sudden death
Finalised	06/10/2016	09/12/2016	sudden death

- 4.2 Nottinghamshire Police continues to maintain a good application of the IPCC Statutory Guidance having due regard to compliance with voluntary and mandatory referrals. Improvements have been made in joint working with the IPCC including shared participation in "Death & Serious Injury" (DSI) training with staff from the custody suites. There are a small number of instances within this data of death following investigation/custody release. Well embedded in the custody process is the pre-release custody risk assessment. All detainees on release are given a pack of useful contacts should they feel in crisis. This process is mirrored in the voluntary attendance process.
- 4.3 While some elements of DSI during Police contact require a mandatory referral (e.g. during or shortly after detention / arrest) other incidents require a professional assessment based on the information known at the time. Supervisors across the force are well versed as to when to consider a referral and this would account for the positive increase in reporting of sudden death

referrals. There have been no recommendations or learning as a result of the finalised cases.

5. Financial Implications and Budget Provision

- 5.1 There are no specific financial implications in respect of this report. The Directorate is aware of its responsibilities in relation to 'Spending Money Wisely' and the information within this report exemplifies approaches to manage resources effectively.

6. Human Resources Implications

- 6.1 PSD resources are under constant review, ensuring that the department has both the capacity and capability to meet demand. Where additional resources have been required these have been authorised and temporary staff recruited where necessary.

7. Equality Implications

- 7.1 No specific implications

8. Risk Management

- 8.1 It is essential the public have confidence in the service Nottinghamshire Police provide.
- 8.2 Organisational learning is a whole organisation responsibility which helps to mitigate risk. Professional Standards Directorate contributes to risk management through the sharing of learning and encouragement of change across the organisation where appropriate.

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

- 9.1 IPCC Investigations ensure that the public can have confidence in the independence, accountability and integrity, of the most serious of cases, most notably Death or Serious Injury.
- 9.2 It is the responsibility of the force to ensure mandatory and voluntary referrals are made in a timely fashion and that appropriate support is given to IPCC investigators. This delivers professional services in support of the organisations PROUD values.

10. Changes in Legislation or other Legal Considerations

- 10.1 None

11. Details of outcome of consultation

- 11.1 None

12. Appendices

12.1 None

For Information	
Public/Non Public*	Public
Report to:	Audit and Scrutiny Panel
Date of Meeting:	28 September 2017
Report of:	Detective Supt Leona Scurr, Head of Professional Standards
Report Author:	DI 2108 Michael Allen
E-mail:	michael.allen@nottinghamshire.pnn.police.uk
Other Contacts:	
Agenda Item:	9

Report on the Whistle Blowing Policy and Review of Compliance (process of Grievances and Appeals)

1. Purpose of the Report

- 1.1 To inform the Police and Crime Commissioner (PCC) regarding the above procedure and outline how the organisation in general and the Professional Standards Directorate (PSD) manages and deals with those members of the organisation who make reports concerning breaches of professional standards. In particular how they can be provided with support and confidentiality, when appropriate and necessary.

2. Recommendations

- 2.1 That the Panel receive assurance from the processes in place relating to confidential reporting as detailed within the report.

3. Reasons for Recommendations

- 3.1 To provide the PCC with relevant information and oversight in respect of how Nottinghamshire Police ensures that appropriate systems are in place to both encourage and support Officers and Staff to report (a) breaches in standards of professional behaviour and (b) refer any matter that may amount to an allegation of criminal conduct.

4. Summary of Key Points (this should include background information and options appraisal if applicable)

- 4.1 Police officers, staff and volunteers, must be honest and act with integrity at all times. This is a principal and absolute standard of professional behaviour, from which there can never be any departure. Without personnel possessing such attributes, public trust and confidence would be eroded, the Police would lack legitimacy and the service provided would become ineffective.
- 4.2 The reporting procedure for referring potential breaches in standards of professional behaviour, aims to create a climate where staff feel a genuine commitment to openness and transparency when reporting breaches of Professional Standards. Police personnel should be motivated with a desire

to maintain the integrity of the Police service and feel assured that reporting misconduct and criminal transgression will be universally acknowledged as 'doing the right thing.'

- 4.3 The Force's 'Professional Standards Reporting Procedure' (PD462) defines how Nottinghamshire Police will protect and support its officers, staff and volunteers, by both (a) providing a broad range of options for reporting breaches and (b) providing consistent and meaningful support to colleagues who report concerns.
- 4.4 The Code of Ethics as set by the College of Policing, places a positive obligation on Police personnel to report suspected breaches in the standards of professional behaviour by their colleagues. Officers, staff and volunteers must be able to report such breaches openly, with the support of their peers and line managers and have the utmost confidence that in doing so, they will never be subject of victimisation, discrimination or disadvantage.
- 4.5 The reporting procedure identifies guiding principles and some examples of what activity or conduct should be reported, before outlining the different mechanisms and gateways for making such reports, which can be done anonymously, confidentially or in an open report.
- 4.6 The PSD have a key part to play in this procedure once a referral is made to the Directorate. Where open reports have been made, appropriate support will be given to the informant from the outset and proactive central and / or local management support and action will continue throughout the lifetime of the investigation and where necessary beyond that.
- 4.7 Confidentiality when requested will be given the highest priority. Nevertheless, relevant information will be subject of statutory rules governing disclosure. For misconduct cases that fall outside the scope of a criminal investigation, confidential information will be handled in a similar way to criminal intelligence. Where there can be no adverse effect on the person accused and a fair hearing can be guaranteed, immunity as to the disclosure of confidential information will always be sought.
- 4.8 For any officers, staff or volunteers who are concerned in coming forward to report any suspicion of corruption or misconduct, the Force provides an anonymous and confidential digital reporting platform called 'Integrity Messenger.' This system allows two-way communication with the PSD Counter Corruption Unit (CCU), whilst still preserving the anonymity of the person reporting for as long as they feel the need. Two way digital dialogue allows for rapport and confidence building, which in turn can lead to the person reporting providing their personal details. This affords any linked investigation with an opportunity to pursue further lines of enquiry.
- 4.9 A confidential telephone reporting system, maintained by the CCU, is also available to all Officers and Staff. Telephone calls are taken in person between the hours of 8am and 4pm and outside of these times, there is a voicemail facility. This facility operates on both an external and internal telephone number.

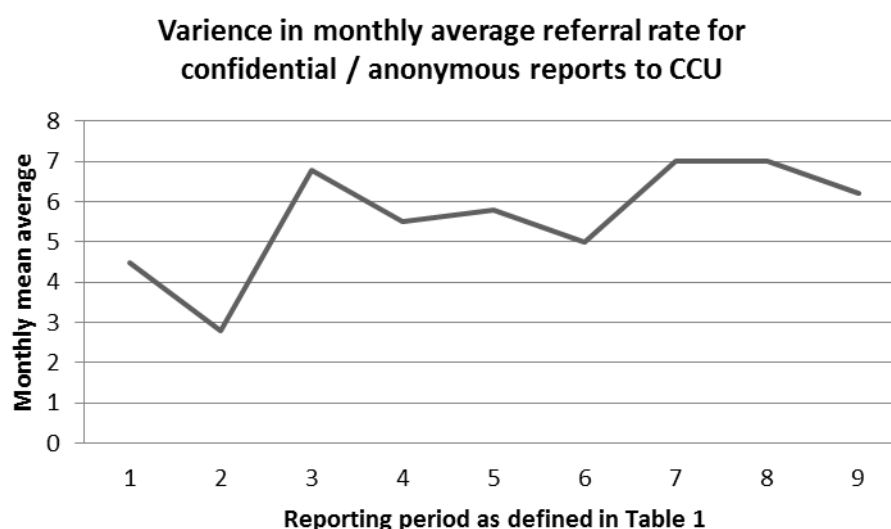
- 4.10 In the relevant period (1st November 2016 to 31st July 2017) 56 referrals were made to the CCU through Integrity Messenger and the confidential reporting telephone line. No anonymous letters were received during the same reporting period. The average monthly referral rate was therefore 6.2 referrals, this being a slight reduction in the rate seen during the previous reporting period, which stood at an average of 7 referrals a month.
- 4.11 As per paragraph 4.16 below, it is submitted that the slight reduction in the number of such referrals is not statistically significant and should not be considered a concern. No information exists within the Force to suggest that there has been a reduction in the confidence of the confidential / anonymous reporting gateways provided to police officers, police staff and volunteers.
- 4.12 The slight reduction documented at paragraph 4.10 may be attributable to formal PSD engagement, over the last 15 months, with front line supervisors across the Force in the thematic areas of Response, Criminal Investigation Departments (CIDs) and Public Protection (PP). Similar engagement has occurred with new starters in roles that have direct contact with the public. Within that engagement, the reporting of corruption concerns through Integrity Messenger has been actively encouraged, whilst at the same time highlighting the investigative limitations of anonymous report based inquiries, as echoed within the Professional Standards Reporting Procedure (PD462).
- 4.13 If one were to consider the slight increase in the number of referrals made to the CCU during this reporting period, where the reporting individual has been content for their identity to be known from the outset, such referrals close that 0.8 average monthly referral deficit (detailed in paragraph 4.10). This *may* indicate a greater confidence in the PSD handling such reports confidentially (wherever possible) and at all times providing a supportive environment. Likewise, it *may* demonstrate that the workforce has greater confidence that they will be protected from any victimisation and harassment, whilst being assured that they will be protected from any adverse repercussions. The slight increase in such cases is however not statistically significant (see paragraph 4.18).
- 4.14 The number of confidential / anonymous referrals made to the CCU since 1st October 2012 is shown within table 1 (on the following page). As result of previous recording methods, figures are not available before this date.

Date	01/10/2012 - 31/03/2013	01/04/2013 - 31/09/2013	01/10/2013- 31/03/2014	01/04/2014 - 31/09/2014	01/10/2014 - 31/03/2015
------	-------------------------------	-------------------------------	---------------------------	-------------------------------	-------------------------------

Period	1	2	3	4	5
Referrals	27	17	41	33	35
Monthly average	4.5	2.8	6.8	5.5	5.8
Date	01/04/2015 - 31/09/2015	01/10/2015 - 31/03/2016	01/04/2016 - 31/10/2016	01/11/2016 - 31/07/2017	
Period	6	7	8	9	
Referrals	30	42	49	56	
Monthly average	5	7	7	6.2	

Table 1: Number of anonymous / confidential referrals made to the CCU.

- 4.15 The graph below shows the change in the monthly average referral rate for anonymous reports made to the CCU since 1st October 2012. Whilst there is a degree variance, since the 1st October 2013 the average referral rate has been in the range of 5 to 7 reports a month. It is for that reason that the slight drop in the average monthly referral rate i.e. 7 reports in the last reporting period to 6.2 reports within this reporting period, is not considered statistically significant.



Graph 1: Variance in monthly average referral rate for confidential / anonymous reports to CCU

- 4.16 The number of referrals made to the CCU since 1st October 2012, where the reporting individual has been content for their identity to be known from the outset, is shown within table 2 (on the following page).

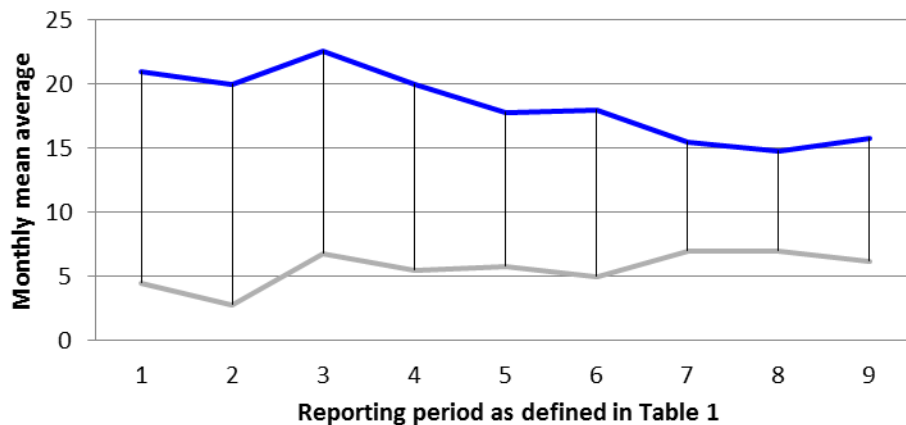
Date	01/10/2012 - 31/03/2013	01/04/2013 - 31/09/2013	01/10/2013- 31/03/2014	01/04/2014 - 31/09/2014	01/10/2014 - 31/03/2015
Period	1	2	3	4	5
Referrals	128	121	136	120	107

Monthly average	21	20	22.6	20	17.8
Date	01/04/2015 - 31/09/2015	01/10/2015 - 31/03/2016	01/04/2016 - 31/10/2016	01/11/2016 - 31/07/2017	
Period	6	7	8	9	
Referrals	108	93	89	95	
Monthly average	18	15.5	14.8	15.8	

Table 2: Number of referrals made to the CCU where the informant was known.

- 4.17 The graph below shows the change in the monthly average referral rate for cases reported / passed to the CCU since 1st October 2012 where the identity of the person referring has not been withheld. The trend has generally been for a reduction in such cases with an occasional and brief uplift during this overall trajectory. Uplift has occurred within this reporting period, but this would not be considered statistically significant since the average monthly referral rate has increased by 1.

Comparison of monthly average referral rates for confidential/anonymous referrals to CCU (grey) and non confidential referrals (blue)



Graph 2: Variance in monthly average referral rate for cases reported to the CCU where the informant was known.

- 4.18 In respect of the 56 anonymous / confidential referrals as detailed in paragraph 4.10, 77% fell outside the corruption categories as defined by the National Crime Agency (NCA) and were therefore not criminal. The majority of these referrals comprised allegations of breaches in standards of professional behaviour or Force policy / procedure, followed thereafter by attendance and / or sickness management and then finally performance concerns. All referrals have been subject of investigation and / or immediate intervention. Except for two anonymous reports that remain under

investigation, all other referrals have been finalised and it has not been necessary to implement formal misconduct proceedings.

- 4.19 With regard to those referrals tallying with NCA corruption categories, the majority were allegations of 'Other' criminal offences. None of the referrals within this category, except for one, were proven i.e. the investigations triggered were unable to acquire sufficient evidence to prove or disprove the each allegation. Insofar as that exception was concerned, the anonymous report provided information on a matter that failed to meet an evidential threshold for a criminal case, but was dealt with through formal misconduct proceedings.
- 4.20 Behind the majority category of 'Other' criminal offences (as detailed in paragraph 4.20 above), were referrals that if proven would constitute 'Abuse of Authority for a Sexual Purpose' and these cases remain under active investigation.

5. Financial Implications and Budget Provision

- 5.1 No specific financial implications are noted

6 Human Resources Implications

- 6.1 No specific HR implications are noted

7 Equality Implications

- 7.1 This document has been drafted to comply with the general and specific duties in the Equality Act 2010; Data Protection Act; Freedom of Information Act; ECHR; Employment Act 2002; Employment Relations Act 1999 and other legislation relevant to policing.
- 7.2 This procedure is robust and the evidence shows there is no potential for discrimination and that all opportunities to promote equality have been taken.

8 Risk Management

- 8.1 It is essential the public have confidence in the service Nottinghamshire Police provide.
- 8.2 The overwhelming majority of individual members of Police personnel including police officers, staff and volunteers within Nottinghamshire Police are dedicated, hard working, compassionate, and deliver policing services with a high degree of integrity. Regrettably, there are a small number of Police personnel that are guilty of and vulnerable to, unethical behaviour, dishonesty and corruption. The harm they do far outweighs the numbers they represent
- 8.3 We all have a part to play in enhancing the integrity and reputation of the Force. This process starts with recognition that we are all individually accountable for our actions and responsible for our behaviour.

9 Policy Implications and links to the Police and Crime Plan Priorities
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- 9.1 By having a Professional Standards Reporting Procedure we are able to set out ways that staff can make reports concerning breaches of Professional Standards and ensure we support the organisations 'Vision', 'Values' (PROUD) and 'Plan' 'To cut crime and keep you safe', 'To spend your money wisely' and 'Earn your trust and confidence', ensuring all relevant parts of the organisation are given help to improve our service and ultimately achieve the force priorities.

10 Changes in Legislation or other Legal Considerations
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- 10.1 None

11 Details of outcome of consultation
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- 11.1 None

12. Appendices

- 12.1 None

For Information	
Public	
Report to:	Audit and Scrutiny Panel
Date of Meeting:	28 September 2017
Report of:	R. Adams, Commercial Director, East Midlands Strategic Commercial Unit
Report Author:	Ronnie Adams Commercial Director
E-mail:	Ronnie.adams@emscu.pnn.police.uk
Other Contacts:	Angela Hudson & Fleur Winters
Agenda Item:	10

*If Non Public, please state under which category number from the guidance in the space provided.

Public Finance Initiative Contracts (August 2017)

1. Purpose of the Report

- 1.1 Nottinghamshire Police currently have two public finance initiative contracts (PFI), Venson – Provision of vehicles & vehicle services and Miven – Accommodation Services Riverside. Both suppliers are categorised as strategic suppliers and the East Midlands Strategic Commercial Unit (EMSCU) are working closely with the Fleet Manager and the Facilities Manager to manage the contracts at the appropriate level.
- 1.2 EMSCU Supplier Services have introduced a number of initiatives for the Venson contract and undertaken a deep dive review of the Miven contract to improve management of both PFI contracts as set out in Appendix A.
- 1.3 The report informs the Audit and Scrutiny Panel of the work being undertaken by the EMSCU Supplier Services team to improve the management of the PFI contracts for the period August 2016 until November 2017.

2. Recommendations

- 2.1 There are no recommendations this report is for information only.

3. Reasons for Recommendations

- 3.1 Not applicable

4. Summary of Key Points

- 4.1 Nothing further to note.

5. Financial Implications and Budget Provision

- 5.1 Not applicable

6. Human Resources Implications

6.1 Not applicable

7. Equality Implications

7.1 Not applicable

8. Risk Management

8.1 EMSCU maintains its own Risk Register and manages and controls all identified commercial risks. Currently, there are no high risks recorded in relation to PFI contracts.

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

9.1 Not applicable

10. Changes in Legislation or other Legal Considerations

10.1 None to note at present.

11. Details of outcome of consultation

11.1 Not applicable

12. Appendices

Appendix A

PUBLIC FINANCE INITIATIVE CONTRACTS

APPENDIX A

Venson PFI

The annual budget for the contract is made up of pence per mile (PPM), charge of £1,817,115 and a daily slot availability fee (DSAF), charge of £1,299,060 giving a total of £3,116,175. This is off-set with income of £1,269,540 leaving the balance of contract at £1,846,635.

The costs are determined by a five year repricing/benchmarking exercise. The DSAF and PPM costs cannot be reduced until the next repricing exercise is signed off.

The 2017 repricing exercise is currently in progress and on track for finalisation in line with the November deadline. Venson have confirmed that amended pricing will be backdated should agreement of new pricing structures be delayed or protracted for any reason.

Local partnerships provided expertise and support assisting in the initial stages of the re-pricing and benchmarking exercise. They also conducted a wider review of the contract performance. The following is an extract from the conclusion of the LP report in relation to potential cost savings:

'The first indication we will have will be the repricing quote due at the end of July (*now due 28th August*), this will be the time when we can start to consider **IF** there will be any savings as an output of the exercise'.

Ongoing operational scrutiny and the wider performance review identified a series of unreported contractual non-compliance incidents that, if appropriately recorded, would have invoked penalty deduction points and DSAF credits. These related to statutory testing, accuracy of reporting & complaints management. A credit of £12,974 was applied against March invoices, it is considered that there are further savings to be gained and the review continues.

The project was handed over to PFI specialists - P2G, in its entirety, in July 2017. P2G will be responsible for concluding the repricing exercise, reviewing contractual approach and advising with regards to ongoing management of the agreement.

A governing board is in place (including ACC Cooper and ACO Dawkins) to oversee the P2G contractual approach and repricing work.

The EMSCU Supplier Services team continues to work closely with the fleet manager to manage the contract at a strategic level. The fleet manager manages operational aspects of the contract with daily interrogation and cost challenging.

Miven – Riverside PFI

The annual budget is made up of estates costs of £1,161,823, off-set by income of £588,180, leaving a balance of contract at £573,643.

EMSCU Supplier Services started a deep dive review of the contract in March 2016. This has involved consulting with Local Partnerships, Eversheds – the original solicitors that let the contract and others. This provided a better understanding around the failure of the PFI contract and then the failures of the SPV's agent. Intensive management and board meetings have taken place with the SPV's agent to ensure that Nottinghamshire Polices position on this has been taken seriously.

EMSCU had noted that the following had occurred:

- Poor upkeep of the building internally and externally
- Non replacement of fixtures and fittings such as fridges, freezers, desks, chairs
- Poor maintenance of assets

Since the contract has been robustly managed and the PFI's agent Pario, and the FM company have been held to account the following outcomes (in no particular order) have been achieved:

- Pario contract manager has been replaced;
- SPV commitment to undertake a full conditional survey including a fire safety survey;
- Carpets have been replaced;
- Internal redecorations carried out in meeting rooms;
- Intumescent strips on fire doors replaced;
- Landscaping works undertaken (for the first time in 15 years);
- Had the 2 variations Nott's Police were being charged for removed as there was no evidence these were requested.
- Recouped £5,100 for chairs Nott's Police had purchased 2 years ago that Accuro should have provided
- Fire Safety work to be undertaken
- Agreed that only one jet wash would remain (the other one was damaged)
- Main fridge to be replaced
- Gardner employed to maintain grounds on a regular basis (as opposed to caretaker)
- A part-time site manager to be recruited to manage site (hadn't intended to do this when the old one left in Aug 16)
- A glass cleaning company commissioned to clean windows on a more regular basis
- Maintenance is now done to schedule as opposed to when Accuro feel like it, and notify us when there are changes
- Accuro are consulting with Nott's Police as to what specification is required. Previously we had what we were given.
- Men's shower room refurbished
- A temporary shower unit was hired in (Accuro recommended that staff alternated using the female shower room – Nott's declined this option)
- Reports have improved after continually complaining about monthly reports and data provided – are now starting to be more meaningful
- Reactive log – is now starting to be logged & reported accurately, and correct timescales assigned. Although this is still having to be robustly managed.
- KPIs started to be properly reviewed – not just signed off as 100% accurate by rote, and no review. Starting to see credit on invoices as KPIs are not met.
- Pario/Miven has accepted that they cannot just access the site without our authority or that they are vetted to our standards
- Equally Contractors cannot access the site without being vetted or being escorted by Nott's Police. Miven, Pario nor Accuro can escort. Previously contractors and non vetted personnel were freely given access to the site

A number of areas have been identified where potential savings may arise:

- The first benchmarking exercise which has just been undertaken in the 15 years of the contract history – this is to be reviewed to see what potential there is for savings.
- Lifecycle costs were not being spent to maintain the building. Miven has had to allocate over their budget this year to make good on various areas. Unlikely to be able to claim for 'lost' lifecycle expenditure, as the risk is with Miven.
- Terminate the contract negotiated with Miven to sublet to HMRC. Essentially Miven are taking 50% of the income generated. NP already paying for the accommodation so effectively paying twice. Approx £30k due in income by re letting the contract with HMRC. Contract is due to end shortly, Tim Wendels to confirm if we wish to

continue sub-letting and for a new negotiation to be undertaken.

- Consideration also needs to be taken on what the longer term plan for Riverside is. The contract will end 2025, and 12 months' notice needs to be served if we wish to buy the property for 50% of the market rate.

Work is about to begin with P2G to see if there are any opportunities for greater savings to be made, or what the implications would be around terminating the contract.

Both Venson and Miven are categorised as strategic suppliers and therefore are managed with an operational contract owner, OCO, for the day to day management and an identified strategic lead from the EMSCU Supplier Services team.

Ronnie Adams
Commercial Director

A number of areas have been identified where potential savings may arise:

- Confirming the benchmarking exercise which has not been undertaken in the 15 years of the contract history
- Amounts have been factored in for lifecycle replacement. Approx £87K for year 10 and £294K for year 15. On first inspection it would seem that no lifecycle replacement/upgrades have taken place. Now working with Eversheds/EMPLS to ensure missing documentation and contractual information is provided to challenge Miven about this.
- Termination of various services that Miven have implemented and charge NP for in the monthly amount
- Terminate the contract negotiated with Miven to sub let to HMRC. Essentially Miven are taking 50% of the income generated. NP already paying for the accommodation so effectively paying twice. Approx £30k due in income by re letting the contract with HMRC
- Retrospective credits for furniture purchased by NP as it should be part of the contract.

The short term plan, 2 – 4 weeks is to raise all of the concerns with Miven and give them 14 days to detail an action plan to address the poor state of the building. Alongside this is to estimate a value for potential compensation of the poor service provided. Further work with EMPLS is required to achieve this and estimated around six weeks to achieve a full understanding of exactly what can be challenged.

The medium term plan between October and December is to review the whole contract and reduce the monthly commitment/payments to Miven. However, it is likely we may have to engage expert support to achieve significant savings and a further report will be provided for decision once the exact amount is confirmed.

Both Venson and Miven are categorised as strategic suppliers and therefore are managed with an operational contract owner, OCO, for the day to day management and an identified strategic lead from Supplier Services, EMSCU.

Ronnie Adams
Commercial Director

For Information	
Public/Non Public	Public
Report to:	Joint Audit and Scrutiny Panel
Date of Meeting:	28 September 2017
Report of:	Julie Mair, Head of Corporate Development
Report Author:	Amanda Froggatt, Risk and Business Continuity Officer
E-mail:	amanda.froggatt@nottinghamshire.pnn.police.uk
Other Contacts:	mark.short11878@nottinghamshire.pnn.police.uk
Agenda Item:	11

Audit and Inspection Report, Quarter 2, 2017/18

1. Purpose of the Report

- 1.1 To provide the Joint Audit and Scrutiny Panel with an update on progress against recommendations arising from audits and inspections.
- 1.2 To inform the Panel of the schedule of planned audits and inspections.

2. Recommendations

- 2.1 That the Panel notes the progress made against audit and inspection recommendations and requests areas requiring further information for scrutiny at the next meeting.
- 2.2 That the Panel takes note of the forthcoming Audit and Inspections.

3. Reasons for Recommendations

- 3.1 To enable the Panel to fulfil its scrutiny obligations with regard to Nottinghamshire Police and its response to audits and inspections.

4. Summary of Key Points

Audit and Inspection Action Updates

- 4.1 The actions referred to in this report are the result of recommendations made by Nottinghamshire Police's internal auditors and external inspectorates, including Her Majesty's Inspectorate of Constabulary (HMIC)
- 4.2 Appendix 1 'Audit and Inspection Actions Update Report' provides the current status of all ongoing actions arising from audits and inspections.
- 4.3 There are currently 6 actions which have exceeded their target date. There are 21 actions showing as 'at risk' of being off target i.e. they will exceed their target date in the next month. The overdue action relating to Effectiveness is being dealt with through the Annual Departmental Assessment process and more detail is given on the additional Effectiveness Report. The Procurement Audit

recommendation has been raised with the Assistant Chief Officer (Finance and Resources). The two JESIP recommendations are awaiting agreement to transfer to EMCHRS, and the Welfare in Custody recommendations are awaiting authorisation for closure.

4.4 All 'at risk' action owners have been contacted and the Force has been assured work will be complete within the timescales set.

4.5 There are 53 actions which have been closed during this quarter.

Area Identified for further scrutiny – Effectiveness Inspection 2016

The area identified by the Chair of the Panel for further scrutiny this period is the Effectiveness Inspection which was completed in 2016. The key reason for this choice is to gain assurance of progress against key actions prior to the forthcoming re-inspection. Progress updates for the Effectiveness inspection can be seen in Appendix 2.

4.4 Recent and Forthcoming Inspections

Recent Inspection Activity

Date of Inspection	Inspection Area	Date Report Received	Final Grading	Status
May 2017	PEEL: Leadership, Efficiency and Legitimacy	-	TBC	Awaiting report
June 2017	PEEL: Effectiveness – Re-visit	-	N/A	Awaiting report
July 2017	Historical Recommendations	-	N/A	Awaiting publication on HMIC Website
July 2017	Crime File Review	-	TBC	Awaiting report

Forthcoming Inspections

Date of Inspection	Inspection Area	Status
18 th – 22 nd September	PEEL: Effectiveness	Document/Data submitted July 2017 Timetable in process of being finalised

4.5 Recent and Forthcoming Audits

Recent Audit Activity

Date of Audit	Auditable Area	Date Report Received	Final Grading	Status
March 2017	Data Quality	March 2017	Satisfactory Assurance	Actions being monitored on 4Action
March 2017	Risk Management	March 2017	Limited Assurance	Actions being monitored on 4Action
May 2017	Workforce Planning	June 2017	Satisfactory Assurance	Out for Management Comment
May 2017	Seized and Found Property	June 2017	Limited Assurance	Out for Management Comment

Date of Audit	Auditable Area	Date Report Received	Final Grading	Status
July 2017	Estates	July 2017	Satisfactory Assurance	Out for Management Comment
July 2017	Fleet	August 2017	Satisfactory Assurance	Out for Management Comment
July 2017	Effectiveness	August 2017	No grading	Out for Management Comment

Forthcoming Audits

Date of Audit	Auditable Area	Status
August 2017	EMCHRS	Scope confirmed
September 2017	Procurement Follow-Up	Scope confirmed
-	Safety Camera Partnership	Scope to be confirmed
-	Proceeds of Crime Act	Scope to be confirmed

4 Financial Implications and Budget Provision

5.1 If financial implications arise from recommendations raised from audits, inspections and reviews, these implications are considered accordingly. Where

an action cannot be delivered within budget provision, approval will be sought through the appropriate means.

5 Human Resources Implications

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

6 Equality Implications

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

7 Risk Management

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

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

- 8.1 Any policy implications will be subject to current policy development process.

9 Changes in Legislation or other Legal Considerations

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

10 Details of outcome of consultation

- 10.1 Following receipt of a final audit or inspection report a member of the Governance and Planning team consults with the appropriate Lead Officer and other stakeholders to plan appropriate actions in response to each relevant recommendation, or to agree a suitable closing comment where no action is deemed necessary.
- 10.2 All planned actions are added to the action planning system, 4Action, for management and review until completion.

12. Appendices

- 12.1 Appendix 1: Current Status of Audit and Inspection Actions

Appendix 2: HMIC PEEL Effectiveness Inspection Progress on Actions Update

Appendix 1

Current Status of Audits and Inspections Actions

Key

Overdue	Red	Recommendation Overdue
At Risk	Amber	Recommendation at Risk of going Overdue at end of August
On Target	Green	Recommendation on Target

MAZARS	Date of Audit	Status of Open Recommendations		
		Red	Amber	Green
Core Financials Follow up July 2016	February 2016			1
Core Financials Systems Assurance Dec 2016	December 2015			2
Data Protection Act Compliance Oct 2016	October 2016		2	2
Data Quality 2016/17	May 2016			4
HR Recruitment and Selection	January 2017			
Implementation of DMS June 2016	June 2016		1	2
Procurement Follow up Nov 2016	November 2016			1
Procurement January 2016	January 2016	1		
Risk Management	May 2017		7	
Savings Programme February 2016	October 2016			1
Social Value Impact	July 2016			

HMIC		Status of Open Recommendations		
		Red	Amber	Green
Effectiveness 2016	September 2016	1	6	3
Efficiency Nov 2016	November 2016			1
Efficiency Nov 2016 'Hot De-Brief'	November 2016		2	2
Efficiency, Legitimacy and Leadership Hot Debrief 2017	May 2017		3	4
Legitimacy 2016	December 2016			7
National Child Protection Inspection. Post Inspection Review 3-7th August 2015	August 2015			1

Nottinghamshire Police Approach to Tackling Domestic Abuse (Local Report)	May 2014			1
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OTHER		Status of Open Recommendations		
		Red	Amber	Green
The tri-service review of the Joint Emergency Services Interoperability Principles (JESIP)	April 2016	2		
Use of Force Report	October 2016			4
Welfare of Vulnerable People in Custody	April 2015	2		

HMIC PEEL Effectiveness Inspection 2016

Overdue	Red	Red represents a recommendation that is overdue
At Risk	Amber	Amber represents a recommendation that is at risk of going overdue by the end of August 2017
On Target	Green	Green represents a recommendation that is on target

4 Action Reference	Target Date	Action Owner	Recommendation	Action	Manager Responsible	Source Type	Source Originator	Source Title	Status	Action Detail
AF/f4be/29617	31/7/2017	Richard Fretwell	The force should ensure that its focus on crime prevention is not undermined by the redeployment of neighbourhood officers and staff to undertake reactive duties away from their assigned neighbourhood area.	Action - Force to undertake a comprehensive review of its operating model in the next financial year. This will include a review of the level of resources required in each part of the organisation.	Supt Richard Fretwell	Inspection	HMIC	Effectiveness 2016	Overdue	This was part of the Forces new ADA process. Decisions were communicated to the Force Executive Board on 7th August. DCC Barber requested once the timeliness of the plans have been decided, realistic timescales to be added.
AF/948e/29617	31/8/2017	Austin Fuller	In last year's report it was identified that, although the mapping process is carried out thoroughly by the regional team, it is sometimes unnecessarily lengthy. The time taken to complete this mapping process has not improved over the last twelve months and, while this does not impede the force in carrying out urgent activity against OCGs, it means that the full range of tactics available through regional arrangements may not be immediately used.	Action:- The force believes it can provide a more timely service and will be proposing in its ADA that EMOCGM staff that were given to the region in 2011 are returned to force, to allow this improved service to be provided.	Det Supt Austin Fuller	Inspection	HMIC	Effectiveness 2016	At Risk	Work is currently being undertaken through the Annual Departmental Assessment Process.
AF/a4a8/29617	31/8/2017	Austin Fuller/Mark Dean	The force should further develop its serious and organised crime local profile in conjunction with partner organisations to enhance its understanding of the threat posed by serious and organised crime	Action:- Principal Intelligence Analyst to further develop serious and organised local profile in conjunction with partner organisations, to enhance the force's understanding of the threats posed by serious and organised crime	Det Supt Austin Fuller	Inspection	HMIC	Effectiveness 2016	At Risk	<p>The new 2017/18 iteration of the Nottinghamshire SOC Profile will be completed by w/c 18th September and will be available for HMIC to view. The primary focus of this years' document has been to continue to enhance the partner input into the document. Finding partner resources that are able to commit to providing information for the profile continues to pose a challenge for the police analysts driving the process. However, the force now has potential contacts identified in over 30 partner agencies. Further to this we are engaged with the City Council and 7 District Councils across Nottinghamshire. All agencies have been invited to have an input into the profile. A suggestion has been made by the police to form a multi-agency analytical forum to help invigorate this work and provide peer support to analysts in partner agencies. However, a lack of resources across the vast majority of agencies means that this suggestion remains an aspiration for now.</p> <p>The 2017/18 document will feature a similar thematic assessment as seen in the 2016/17 document, however, the themes will be presented within a framework that replicates the 3 pillars utilised by the NCA in their 2017 national SOC Profile (i.e. Vulnerability, Prosperity; Commodity). The document will also feature 'mini' SOC profiles of the 4 core geographic areas. A supplementary 'deep dive' local SOC Profile on a specific area of concern (Aboretum) is also being undertaken and supported by CDP partners. If this proof of concept is successful in terms of driving change and adding value, then this local SOC profiling could potentially be extended to other problematic areas. However, this would be subject to available Intelligence Analyst capacity (the function is operating 2 below its establishment at present). The finalised SOC Profile last year was praised by both the Home Office and peers. The aim is for this years' profile to be the best in the country.</p>
AF/149c/4717	31/8/2017	Robert Griffin	The force should improve its approach to safeguarding victims of domestic abuse who are assessed as high risk. It should review the referral process to multi agency risk assessment conferences to ensure that victims of domestic abuse are not being placed at risk as a result.	Action - Review the referral process to multi agency risk assessment conferences to ensure that victims of domestic abuse are not being placed at risk as a result	Det Supt Robert Griffin	Inspection	HMIC	Effectiveness 2016	At Risk	There is some continued resistance and nervousness from partners in relation to being able to sustain additional MARAC's. Concerns are being specifically raised by CDP and the IDVA service, as stated above. The concern is with having to resource and having capacity to conduct further research required, and then to support additional survivors. That said, all agencies have agreed 'to give it a go' and the first two-day MARAC commences on 13th/14th September.

AF/e4b1/29617	30/4/2017	Richard Fretwell	The force should evaluate and share effective practice routinely, both internally and with other organisations, to continually improve its approach to the prevention of crime and anti-social behaviour.	Action - Problem solving approach to be rolled out by the end of April .	Supt Richard Fretwell	Inspection	HMIC	Effectiveness 2016	At Risk	Thirty plans on ECINS at present. C/Insp Woolley is dip sampling these. Also being tested is whether there is a way to evidence the plans have been shared with partners (where appropriate) and how easy it is to use ECINS to search for the plans as the idea was to also have this as a central library that teams can go to if they are dealing with a similar issue and need some creative ideas. It is also not just about what has worked, but what was tried that did not work. Problem solving, following a model when doing so and providing an audit trail for organisational learning is a cultural issue and therefore will not turn around overnight and with the help of Mr Prior as the new strategic lead and the plans to have specific awards then we have made a good start.
AF/04be/29617	31/7/2017	Richard Fretwell	The force should work with partner organisations to share information and improve its understanding of local communities.	Action - Phil Davies/James Woolley to work with Matt Etchells Jones to put community profiles, engagement, and problem solving plans on to ECINS.	Supt Richard Fretwell	Inspection	HMIC	Effectiveness 2016	At Risk	C/Insp Woolley is already completing the dip sampling to ensure that where relevant, there is an audit trail of the plans being shared with / worked on with partners
AF/3490/29617	31/10/2017	Richard Fretwell	The force does not evaluate operations consistently and does not always identify and share good practice across the force or with partner organisations; doing so would help it improve its approach to preventing crime and anti-social behaviour.	Action - Review Force wide meeting to improve sharing of best practice and enhance delivery of the core functions of Neighbourhoods.	Supt Richard Fretwell	Inspection	HMIC	Effectiveness 2016	On Target	Covered by action AF/e4b1/29617
AF/f49a/29617	31/10/2017	Richard Fretwell	The force's understanding of the communities it serves, the risks they face and their priorities is limited.	Action - Supt Fretwell to run a pilot on a Community Scrutiny Panel process whereby members of the community will review the engagement plans and assist in identifying any gaps to ensure engagement is effective.	Supt Richard Fretwell	Inspection	HMIC	Effectiveness 2016	On Target	Covered by action AF/e4b1/29618
AF/b4be/29617	31/10/2017	Richard Fretwell	Local teams still do not have sufficient information to enable them to improve their understanding of local communities	Action - NPIs to approach Local partners and share profiles with them and look at what data sets are held locally in order to grow the profiles and make them more informative at the local level.	Supt Richard Fretwell	Inspection	HMIC	Effectiveness 2016	On Target	Covered by action AF/e4b1/29619

For Information	
Public/Non Public*	Public
Report to:	Joint Audit and Scrutiny Panel
Date of Meeting:	28 September 2017
Report of:	Julie Mair, Head of Corporate Development
Report Author:	Amanda Froggatt, Risk and Business Continuity Officer
E-mail:	amanda.froggatt@nottinghamshire.pnn.police.uk
Other Contacts:	
Agenda Item:	12

Strategic Risk Management Report for Force and NOPCC, Quarter 2, 2017/18

1. Purpose of the Report

- 1.1 To provide the Joint Audit and Scrutiny Panel (JASP) with an up to date picture of strategic risk management across the Force and Nottinghamshire Office of the Police and Crime Commissioner (NOPCC).
- 1.2 To present proposals for revised reporting arrangements for strategic risk management.

2. Recommendations

- 2.1 JASP considers the assurance that this report provides as to the effectiveness of those arrangements within the Force.
- 2.2 JASP acknowledges the removal of Management of Sexual Offenders and Violent Offenders (MOSOVO), the three risks relating to the Bridewell Custody Suite, the excessive fuel spillage risk, and the risk relating to the telephony infrastructure. These risks are all now being managed at a departmental level.
- 2.3 JASP note the addition of five new risks namely, Multi Agency Risk Assessment Conference (MARAC), Automatic Number Plate Recognition (ANPR), Upload of Police National database (PND) Information, East Midlands Special Operations Unit (EMSOU) Penetration Test and the risk of presenting a balanced budget.
- 2.4 JASP review proposals and confirm future reporting of strategic risk management.

3. Reasons for Recommendations

- 3.1 A Strategic Risk Report is provided to the JASP bi-annually in order to keep the Panel informed as to the level of strategic risk within the Force and provide assurance as to the effectiveness of risk management arrangements.
- 3.2 Panel members requested that the current risk management reporting arrangements be reviewed. It was felt that currently there was too much information which didn't allow for effective scrutiny or allow for members to get the appropriate assurance they required.

4. Summary of Key Points

Risk management policy and process

- 4.1 A joint policy and procedure for the management of risk, in line with the Cabinet Office approved Management of Risk (M_o_R) approach is in place.

Future reporting arrangements

- 4.2 Panel members took part in an away day that was organised by the chair of the JASP. The purpose of the away day was to review effectiveness of the Panel and agree any areas for improvement. One of the areas discussed was around how more effective and targeted scrutiny could take place around risk management processes. It was agreed that the current reporting arrangements would be reviewed and that a more consistent but targeted approach could be adopted.
- 4.3 The current SRR and supporting processes are currently being reviewed and the updated version will be presented at the next JASP. The key updates will include:
- New style Strategic Risk Register (SRR) that will enable for effective targeted scrutiny. The new register will show direction of travel which will assist members to understand movement in risk which will help direct where assurance may be required.
 - Creation of a Potential New Risk Form that will formalise the process for risks being considered for the (SRR). This will include areas such as description of risk, current controls, proposed additional controls and an initial assessment of the potential risk.
 - The formalisation of quarterly risk reviews by appointed risk owners.
 - Members will review the SRR at each panel meeting and will identify areas where they require more detailed updates to provide assurance. The requested updates will then form part of the reports at the next meeting.

Interim Reporting arrangements

- 4.4 Whilst the new reporting arrangements are fully developed it was agreed to look at how the current report could be amended in the interim. This report is more concise in content provides an overview of all risks currently identified and the status of these risks.
- 4.5 The Chair of the JASP reviewed the current risks prior to the meeting and agreed that the MARAC risk required more detail to be provided as part of the report. The main reason for this was that Her Majesty's Inspectorate of Constabulary (HMIC) was due to inspect the force on Effectiveness in September, and this was a risk which would be looked at during this process. The JASP wished to be assured this risk was being adequately controlled and processes were in place to address any outstanding issues.

- 4.6 Future areas for further scrutiny will be agreed at each JASP meeting and updates will be provided at the next meeting.

Assurance Mapping

- 4.7 It been agreed that that assurance mapping will be used to help inform a programme of scrutiny and review for the Panel.
- 4.8 Assurance Mapping currently takes place each year to support the development of the Internal Audit Plan. The ongoing review of the SRR will include a refresh of the current risks and their status. Once this review is completed the new updated SRR will be used to create new Assurance Map.
- 4.9 The updated Assurance Map will be presented for discussion at the next Panel meeting so that areas of review and scrutiny to be agreed.
- 4.10 Where it is identified that assurance is required the Force's Ongoing Priority Plan Change Programme will be reviewed to identify any ongoing reviews that may require scrutiny to provide any future assurance.

5 Financial Implications and Budget Provision
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- 5.1 There are no direct financial implications as a result of this report. Financial implications as a result of each risk will be assessed and managed on an individual basis.

6 Human Resources Implications

- 6.1 Providing professional advice on risk management is the responsibility of the Corporate Governance and Business Planning team.
- 6.2 General responsibility for managing risk 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 Risk Management Policy.
- 7.2 Where a particular risk is identified that could have an impact on the Force's equality objectives that risk will be assessed and managed in line with the Risk Management Policy.

8 Risk Management

- 8.1 One of the main aims of the Risk Management Policy is to achieve consistent application of risk management principles and techniques across all areas of the Force and NOPCC.
- 8.2 If the Force and NOPCC do not practice effective risk management within their decision making there is a risk of non-compliance with the principles set out in the Joint Code of Corporate Governance.

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

- 9.1 An understanding and appreciation of strategic risk is important in determining the priorities in the Police and Crime Plan, and subsequently informing the development of effective strategies, policies and plans to address those priorities. It is expected that the implementation of the Risk Management Policy will lead to improved understanding of strategic risk and therefore impact positively on the achievement of Police and Crime Plan objectives.

10 Changes in Legislation or other Legal Considerations

- 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 Risk Management Policy.

11 Details of outcome of consultation

- 11.1 Each Strategic Risk has been assessed with the relevant risk owner and the DCC/NOPCC.

12. Appendices


Appendix 1 – Force Strategic Risk Register, 2017/18 Quarter 2

Appendix 2 – NOPCC Strategic Risk Register, 2017/18 Quarter 2




Force Strategic Risk Register


Business area	Force
Responsible officer	Deputy Chief Constable (DCC)
Period	Quarter 2, 2017/18




URN	Category	Risk description	Risk Owner(s)	Proximity	Probability	Impact	Rating	Trend	Response plan	Risk rating confidence
NPF0025	Operational efficiency and effectiveness	<p>MARAC</p> <ul style="list-style-type: none"> • SafeLives Charity (formerly CAADA) are the leading light on MARAC and say that EVERY high risk case should go to MARAC. • They have developed a complicated formula which indicates that 21 is the recommended maximum number for per MARAC. • Nottinghamshire currently hold 3 MARAC's per fortnight: 2 in the County, 1 in the City. • The number of High risk cases that are submitted to the MARAC far exceeds the 21 per MARAC number, and the number is (inexplicably) far higher than others in the region. • This is particularly so in the City. At the vast majority of County MARAC's – every high case goes in. • The only real option to resolve this issue is to have more MARAC's • There is neither the will nor the resource within the partner agencies to invest in more MARAC's and this is agreed with both DVSA Executive groups. • As such, we have agreed, with the partnership, a pre MARAC process, which has been referred to by many unhelpful names in the past ("picking" "triage" etc.) 	Head of Public Protection	Daily	Very high (4)	Very high (4)	Very high (16)		<p>"The pre-MARAC review process" is not unique to Nottingham.</p> <ul style="list-style-type: none"> • Present during the Pre MARAC meeting are Police (DA Detective Sergeant), IDVA Services (who are leading lights trained) and a third partner (sometimes Health sometimes CSC.) • A thorough assessment of threat and risk is made in EVERY case. • Few cases do not progress to the full MARAC. • In fact, the only cases not sent include those where immediate safeguarding issues have already been addressed and negated. (Survivors moved out of the resulting in MARAC to MARAC transfers, offenders already arrested and imprisoned etc.) • With immediate threats negated, all measures implemented and rationale for those that do not proceed to MARAC are fully documented. • If the risk cannot be negated during this stage, EVERY case goes to MARAC. • No HR DV survivors identified are left at risk. • We are NOT confined by the mystical 21 figure: In fact last Thursday's City MARAC was hearing 26 cases for example, which is not unusual. • There is categorically NO quota system in play – as is repeatedly suggested by the HMIC. 	Substantial

		Update - There is some continued resistance and nervousness from partners in relation to being able to sustain additional MARAC's. Concerns are being specifically raised by CDP and the IDVA service, as stated above. The concern is with having to resource and having capacity to conduct further research required, and then to support additional survivors. That said, all agencies have agreed 'to give it a go' and the first two-day MARAC commences on 13th/14th September.								
NPF0029	Operational efficiency and effectiveness	ANPR	Chief Inspector Bassetlaw, Newark and Sherwood	Daily	Very high (4)	Very high (4)	Very high (16)	↔	In order to mitigate and reduce risk in the medium and long term a dedicated full-time resource (Officer or Staff) is required to support and assist the delivery of the proposed working strategy (agreed by ACC Prior) contained within the attached	Substantial
NPF0022	Operational efficiency and effectiveness	RESOURCING OF INCIDENTS The force is struggling to resource incidents, grade 2 and 3, relating to vulnerability, with potentially some incidents having to wait longer than they should.	ACC Operations	Daily	Very high (4)	Very high (4)	Very high (16)	↔	Short Term – Domestic Abuse team within Public Protection reviewed the domestic jobs and all other jobs were looked at by the CRIM team and actioned appropriately. Long Term – Business Improvement Team are looking at demand and resourcing of jobs	Substantial
NPF0024	Operational efficiency and effectiveness	DATA QUALITY Issues around the quality of data input into Force systems leads to incorrect assessment of crime and inherent threat/risk leads to members of the public becoming exposed to harm.	DCC Barber/Head of Corporate Development	Daily	Very high (4)	Very high (4)	Very high (16)	↔	Data Quality Working Group set up	Substantial
NPF0028	Performance / Service Delivery	PND UPLOAD OF INFORMATION	Niche Regional Programme	Daily	High (4)	High (3)	High (12)	↕	<ul style="list-style-type: none"> All regional forces need to ensure that communications have been provided to their intelligence units that their forces PND data is not current and that any 	Reasonable

		<ul style="list-style-type: none"> To provide an update on the current position of PND within the East Midlands region The current position for Northamptonshire, Nottinghamshire and Derbyshire is that no data is being uploaded to PND. For Nottinghamshire this has been in place from the 03/02/16, for Northamptonshire 03/03/16 and for Derbyshire the 22/06/16. now running a pilot of the records that were extracted from the October 2016 cut which will have all 5 forces data extracted. Once this pilot is completed then this extract will begin to be loaded onto PND. It is likely to take 4 months to load this data onto PND. We have re-configured the extract to pull out all the missing data that the original Oct extract did not pull out – mainly PPU occurrences. This is awaiting business and home office sign off before it goes into production of extracting the data from live. This will need to go through the pilot process and then load to PND. Hoping for all force PND data to be up to date by close of October 2017. 	Lincolnshire Police						<p>enquiries that are received on behalf of another force needs to be processed. It is vital that intelligence units do not direct the enquiring force to look at PND.</p> <ul style="list-style-type: none"> All regional forces need to ensure they have published nationally that their PND data is not up to date and that any requests for information will be positively processed. 	
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NPF0023	Operational efficiency and effectiveness	EMERGENCY SERVICES NETWORK The Emergency Services network which uses cutting edge technology, is a replacement for the current system used by the emergency services. Public safety and reliable communications for our emergency service users is paramount and we will not take risks in deploying any service which is not ready. This must also include allowing the emergency services sufficient time to test and trial devices on the new network.	Project Lead Chief Supt Helen Chamberlain	2017/18	High (3)	High (3)	High (9)		Working with the regional coordination manager and national Home Office Liaison team in understanding what the slippages mean practically (Ch Supt Chamberlain) Ensuring that we lobby HO to ensure the correct coverage by EE (CI Neil Dorothy) That all control rooms are PSN compliant and Transition 'ready' (Stuart Kelly) Appropriate contracts are renewed within timescales (Airwave spocs and CO Neil Dorothy)	Reasonable
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NPF0026	Performance / Service Delivery	EMSOU PENETRATION TEST 2016 EMSOU Penetration Test identified the following: <ul style="list-style-type: none"> • Issues with individuals holding doors open and not checking/challenging for ID • Individuals allowed to walk round buildings and take photos without challenge • Individuals able to stand outside room and could overhear briefing that was taking place – victim care based briefing • Tailgated through Mansfield Gate into car park (slow closure is already known) 	SIRO to identify who owns Physical security of sites	Daily	Medium (4)	High (2)	Medium (8)		<ul style="list-style-type: none"> • Reinforce messages on checking ID and tailgating • Check and assess venue weaknesses when sensitive issues being discussed 	Substantial
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NPF0014	Crime and community safety	TRAINED TAC ADVISORS Due to a shortage of trained pursuit TAC advisors, and inability to provide training through EMOpsSS to increase capacity, a vehicle pursuit has to be abandoned when it would have been beneficial to continue.	Ch Insp, Contact Management	Daily	Low (1)	Very high (4)	Low (4)		Decision to prioritise TAC advisor training is being pursued. Timing of shifts to ensure cover Regional training coordinated by EMOpsSS and EMCHRS Removal of standard initial phase pursuit to be explored in meeting with DCC Gary Knighton	Reasonable
NPF0026	Finances	BALANCED BUDGET The risk of not presenting a balanced budget for 2017/18	Head of Finance	Daily	Low (1)	Very high (4)	Low (4)		Appointment of Head of Finance Improved budget monitoring Force Executive Board's agreement to Action Plan Completion of Medium Term Financial Plan	Reasonable
NPF0021	Operational efficiency and effectiveness	CRIME RECORDING Reduction in crime recording compliance impacting on crime levels, which may lead to a negative Impact on Force reputation and public confidence.	ACC Prior/Supt Corporate Development	Daily	Low (1)	Very high (4)			Force level rescue plan – Short term – review all violent, sexual offences and rape incidents closed without a crime number from 1 st April to 31 st July this year. Take remedial action as appropriate Long term – Introduce an initial crime recording team (10 people) in line with the new crime input wizard.	Reasonable

New risks

URN	Category	Risk description	Risk Owner(s)	Proximity	Probability	Impact	Rating	Response plan	Risk rating confidence
NPF0025	Operational efficiency and effectiveness	MARAC	Head of Public Protection	Daily	Very high (4)	Very high (4)	Very high (16)	Detailed above	Substantial
NPF0029	Operational efficiency and effectiveness	ANPR	Chief Inspector Bassetlaw, Newark and Sherwood	Daily	Very high (4)	Very high (4)	Very high (16)	Detailed above	Substantial
NPF0028	Performance / Service Delivery	PND UPLOAD OF HE INFORMATION	Niche Regional Programme Lincolnshire Police	Daily	High (4)	High (3)	High (12)	Detailed above	Substantial
NPF0026	Performance / Service Delivery	EMSOU Penetration Test	SIRO to identify who owns Physical security of sites	Daily	Medium (4)	High (2)	Medium (8)	Detailed above	Substantial
NPF0026	Finances	Balanced budget for 2017/18	Head of Finance	Daily	Low (1)	Very high (4)	Low (4)	Detailed above	Reasonable

Transferred risks

URN	Category	Risk description	Risk Owner(s)	Proximity	Probability	Impact	Rating	Response plan	Risk rating confidence
NPF0017	Operational efficiency and effectiveness	MOSOVO Reduction of MOSOVO and increase in the number of RSOs following Operation Hera resulting in failure to comply with offender management via MAPPA controls and inability to meet CSOD disclosure requests and ARMS assessments.	Head of Public Protection	Daily	Very high (4)	Very high (4)	Very high (16)	<p>Work commenced and agreed by ACPO under Op Kalends ensure other agencies can assist and have an impact on RSO management.</p> <p>Ensure effective intelligence structure to ensure on-going support for management of archived offenders under Op Kalends</p> <p>Recruitment process or change management process to select / backfill into identified vacancies within MOSOVO</p>	Substantial
NPF0011	Compliance	Design of custody cell basins, water dispensers and air vent grilles does not meet requirements of APP as they create a potential ligature point, which may result in a detained person being placed in a non-compliant cell and may endanger life of a detained person.	Head of EMCJS / Head of Custody (North)	Daily	Very high (4)	Medium (2)	Medium (8)	<p>Prepare business case for replacement works (Assets dept)</p> <p>Complete installation of replacement fixtures (Assets dept)</p> <p>Feasibility study being progressed and examining what other forces do</p> <p>Wash basins at Bridewell and Mansfield have been replaced with Home Office approved basin.</p>	Substantial
NPF0006	Operational efficiency and effectiveness	Closure of Bridewell custody following mechanical or electrical failure, resulting in significantly reduced custody provision	Head of EMCJS / Head of Custody (North)	Next 2 years	Medium (2)	High (3)	Medium (6)	<p>Prepare business case to replace ageing equipment (Assets department)</p> <p>Custody business continuity plan to divert to other forces (EMCJS)</p>	Substantial

NPF0007	Life and safety	Clogging of air ducting at the Bridewell impedes fire detection and containment measures, resulting in a fire safety incident which endangers the lives of officers, staff, detained persons and visitors.	Head of EMCJS / Head of Custody (North)	Next 2 years	Low (1)	Very high (4)	Low (3)	Prepare business case for replacement fixtures or cleaning existing ducting (Assets dept)	Reasonable
NPF0010	Environment	Excessive fuel spillage at one of the Force's underground storage tank sites that does not have a fuel interceptor (Ollerton, Hucknall, Oxclose Lane & Sutton in Ashfield) results in pollution of the local watercourse	Head of Assets / Building Surveyor	Next 12 months	High (3)	Low (1)	Low (3)	Review long term options for bunkered fuel sites (Assets dept) Spillage response measures in place - spill kits, notices (Assets dept)	Reasonable
NPF0013	Life & safety	The design of stainless steel WC pans in custody (70+ cells) enables a detained person to secure a ligature under the rim, resulting in an incident which endangers their life	Head of EMCJS / Head of Custody (North)	Daily	Low (1)	Very high(4)	Low (4)	Review the facilities and recommend whether the risk should be accepted or avoided (Health & safety, Assets and Custody)	Substantial
NPF0001	Operational efficiency and effectiveness	Force telephony infrastructure is nearing the end of its operational life, increasing the probability of critical failure resulting in temporary loss of internal & external communications capability.	Head of Information Services/ Infrastructure & Service Delivery Manager	2016/17	Low (1)	Medium (2)	Low (3)	Replace Force-wide & control room telephony (IS dept) Control room telephony has been replaced and force wide partially replaced. Telephone handsets have been purchased for force wide. Technical staff have been trained and we are developing a deployment plan.	Reasonable

Closed risks

URN	Risk description	Reason for closure	Date closed	Closed by
NPF 0015	Financial forecasting indicates higher spending than income. The Force currently anticipates that £7.7m of reserves will have to be utilised to balance the budget for the year end 2015/16. Reduction in resources spending will impact upon current and future activities and service delivery.	£9.3m was taken from the reserves to balance the budget for the year end 2015/16. This will create a greater risk in relation to future spending for the force Closure recommended due to budget end.	29.06.2016	DCC/ Temporary Head of Finance
NPF0018	There is currently a backlog of Annex D and CRIMS checks dating back from January 2016 and September 2015, respectively. Due to staff sickness, retirements and resignations the organisation is unable to comply with its statutory requirements in relation to information sharing through the MASH or to civil courts. The result is that the Force is not aware of the risks that present themselves to the most vulnerable sections of society, including children.	As of 2 nd September there are 14 Annex D's outstanding and 38 CRIMS checks. Det Supt Rob Griffin has agreed to the secondment of one member of his staff to continue to address the above. Going forward the backlog will be zero by the end of the week and the two permanent full-time staff will deal with the workload as and when it occurs.	06.09.2016	DCC/ Information Management Lead/ Head of Public Protection
NPF0016	DIEU has suffered equipment failure of its CCTV video identification recording facility. The provision of this equipment is a requirement of PACE/case-law. Equipment was supplied by an external contractor so it is unsupported by Information Services and contents are not managed in accordance with Force requirements. Lack of a robust equipment/IT solution may render prosecutions ineffective where conduct of an ID parade is a key evidential requirement.	The installation and health check were completed at the beginning of October. The equipment is now fully operational.	05.11.2016	DCC/ Head of Information Services/ Head of Crime Support

Closed risks

URN	Risk description	Reason for closure	Date closed	Closed by
NPF 0003	The Force's appeal against the employment tribunal ruling on use of Reg A19 fails, resulting in the award of compensation to c100 former officers.	The Forces appeal against the adverse finding was successful, but the officers appealed against the decision of the Employment Tribunal. The cases were heard by the Court of Appeal on 31 st January 2017. Confirmation received that the cases at the Court of Appeal were not successful. The Force acted lawfully in its use of Reg A19.	03.02.2017	DCC/ Head of East Midlands Police Legal Services
NPF 0020	<p>Due to the significant £7.7m overspend the Force has less reserves to rely on. Contributory factors to the risk are –</p> <ul style="list-style-type: none"> - The Force didn't deliver £3.5m efficiencies. - The Force encountered £3.6m budgeting errors. - The Force had general overspend in specific areas such as overtime. <p>This may impact upon current and future activity.</p>	In 2016/17 the underspend was confirmed as £1.01m.	19.04.2017	DCC/ Head of Finance

OPCC Strategic Risk Register


Business Area	OPCC
Responsible Officer	Chief Executive
Period	Quarter 2, 2017/18

Identifier	Category	Risk Description	Owner/ Manager	Proximity	Probability	Impact	Rating	Trend	Response Plan	Risk Confidence Rating
OPCC 001	Financial	<p>Force unable to achieve £12 million efficiency savings and balance budget, requiring further use of reserves and negative impact on recruitment of officers.</p> <p>Update – On-going budget monitoring shows that the force are likely to exceed this target this year</p>	Charlie Radford, CFO, OPCC	2016/17	Low (1)	Very High (4)	Low (4)	↔	<ul style="list-style-type: none"> Letter to Chief Constable setting out budget requirements and parameters Business cases to be actively reviewed by Force/OPCC Monthly budget meetings with Force Escalation process to weekly PCC/CC briefings Base budget reviews to be completed in autumn 2020 workforce plan aligned to MTFP 	Reasonable

Identifier	Category	Risk Description	Owner/Manager	Proximity	Probability	Impact	Rating	Trend	Response Plan	Risk Confidence Rating
OPCC 002	Reputation	<p>Increase in recorded crime from greater compliance with NCRS, which may lead to a negative Impact on Force reputation and public confidence</p> <p>Update - At the end of quarter 1 (2017-18) crime increased +35.3% largely due to increased compliance with the National Crime Recording System (NCRS). The Force has put in place a daily process to maintain compliance with the national standards. This means that recorded crime volume remains at a higher level and this is expected to continue as the accepted new 'normal' level. This is a national issue as many other forces are recording much higher levels of crime.</p>	Phil Gilbert, Head of Assurance and Performance, OPCC	2017/18	Low (1)	Very High (4)	Low (4)	↔	<ul style="list-style-type: none"> Proactive stakeholder and media briefings and news stories. NOPCC staff represented on Crime and Incident data Quality Board. Compliance with NCRS is a measure in the Commissioner's Police and Crime Plan (Theme 7 measure 4) and reported in the Performance and Insight reports. Monitor crime levels through Residents Community Safety Survey in Q3. 	Reasonable

Identifier	Category	Risk Description	Owner/ Manager	Proximity	Probability	Impact	Rating	Trend	Response Plan	Risk Confidence Rating
		<p>Clearly, the local drive to be compliant with NCRS has led to many more incidents being converted to crimes. For example, in 2016-17, there was only a 4.5% increase in incidents reported but a 13.7% increase in crime, providing further evidence of the increase being attributed to NCRS compliance. Currently local audits undertaken by the Force Crime Registrar shows a 97% NCRS compliance rate.</p> <p>So whilst significantly more incidents reported to the Police continue to be recorded as crimes, reputational concerns have not yet materialised despite a number of reports being submitted to the Police and Crime Panel and reported in the media. I quanta data to March 2017 identifies that 71.8% of people surveyed remain confident with the Force although it's lower than the March 2016 figure when it was 75.3% (a fall of 3.5%).</p>								

Identifier	Category	Risk Description	Owner/ Manager	Proximity	Probability	Impact	Rating	Trend	Response Plan	Risk Confidence Rating
		In contrast to recorded crime, the same survey identifies that the 'Risk of crime (personal excluding computer misuse and fraud)' has fallen from 6.8% as of March 2016 to 3.7% in March 2017 placing the Force third best in its MSG (Most Similar Group of forces) indicating that people's experience of crime is in stark contrast to recording crime.								

Identifier	Category	Risk Description	Owner/Manager	Proximity	Probability	Impact	Rating	Trend	Response Plan	Risk Confidence Rating
OPCC 003	Compliance/Operational Efficiency and Effectiveness	<p>Inconsistent funding to co-commission specialist sexual abuse services in the county. Potential reduction in service from 1st April</p> <p>Update - The OPCC is driving forward discussions with the County Council and county clinical commissioning groups. A task and finish group has been set up which will explore different delivery models, better understand take up of mainstream mental health services by survivors and identify the pathways between specialist sexual violence therapeutic support and mainstream mental health services. The work will feed into the recommissioning of Immediate Access to Psychotherapy (IAPT) in the county. In the interim the PCC will continue to fund current levels of service as well as seek to influence other funders to do the same. In addition the PCC will commission a new Independent Sexual Violence Adviser service in 2017 which will ensure that more survivors have access to practical and non-therapeutic emotional support.</p>	Nicola Wade	Immediate	3 (Med)	2 (Med)	6 (Low)		<ul style="list-style-type: none"> • Consultation and research with survivors and victims. • Discussion and negotiation with co-funders, Notts County Council and County Clinical Commissioning Groups. • Better pathways between County mental health services and specialist sexual abuse services • Plan 'B' grant aid specialist services at existing funding levels. 	Reasonable

Identifier	Category	Risk Description	Owner/ Manager	Proximity	Probability	Impact	Rating	Trend	Response Plan	Risk Confidence Rating
OPCC 004	Crime and Community Safety / Compliance	<p>Work with Equinox Strategic Management Group to implement and monitor risk register relating to victims. Survivors support/ resources and information sharing data.</p> <p>Update -</p> <p>OPCC Chief Executive continues to attend meetings of Equinox Strategic Management Group. Additional funding from PCC and partner has been made available to appoint a sexual violence engagement manager to work at a strategic level with survivors and public organisations, provide a dedicated support service to provide practical help to rebuild lives and additional investment in counselling.</p>	Kevin Dennis. Chief Executive, OPCC	2017/18	Low (1)	Very High (4)	Low (4)	↔	<ul style="list-style-type: none"> • Active attendance at SMG Strategic Management Meeting • Reviewing and monitoring risk register at each meeting • Mitigations/response plans to be actively implemented by lead agency. • Active engagement and research with survivors. 	Reasonable

Identifier	Category	Risk Description	Owner/ Manager	Proximity	Probability	Impact	Rating	Trend	Response Plan	Risk Confidence Rating
OPCC 005	Financial	<p>Funding Formula Review on hold due to general election and impact of Brexit. Less funding available in real terms to support local policing.</p> <p>Update - This is likely to be delayed further and not implemented for 2018/19. No financial plans to include uplift for this.</p>	Charlie Radford, CFO, OPCC	2017/18	High (3)	High (3)	High (9)	↔	<ul style="list-style-type: none"> PCC and other regional officers represented on the National Technical and Oversight boards. PCC to represent Nottinghamshire Police interests on National APCC/Home Office working groups. Evidence to be provided to potential CSR to ensure Nottinghamshire Police receives a fair deal. 	Reasonable
OPC C006	Financial	<p>Low Level of Reserves</p> <p>Update – Improving picture with force making additional savings that will result in reserves increasing.</p>	Charlie Radford, CFO, OPCC		Low/ Med (2)	High (3)	Med (6)	↔	<ul style="list-style-type: none"> PCC monitoring of reserves. Repayment of reserves by Nottinghamshire Police to MTFP. 	Reasonable

Proposed new risks

URN	Category	Risk description	Risk Owner(s)	Proximity	Probability	Impact	Rating	Response plan	Risk rating confidence
	Financial	<p>Change of External Auditor. Impact on relationship and understanding challenges.</p> <p>Update - Current external auditor has failed to win any of the contracts. Therefore, we will have a change in external audit in 2018.</p>	Charlie Radford, CFO, OPCC	2017/18	High (3)	High (3)	High (9)	<ul style="list-style-type: none"> • Monitor national procurement process. • Single point of contact with new auditor (relationship manage). • Early meetings with OPCC/Force CFOS. • Handover briefing between new auditor, existing auditor (KPMG) and CFOS (OPCC/Force). 	Reasonable

For Information / Consideration	
Public/Non Public*	Public
Report to:	Joint Audit and Scrutiny Panel
Date of Meeting:	28 September 2017
Report of:	Chief Finance Officer
Report Author:	Charlotte Radford
Other Contacts:	
Agenda Item:	13

APPOINTMENT OF EXTERNAL AUDITORS 2018

1. Purpose of the Report

- 1.1 To update members on the appointment process for External Auditors 2018.

2. Recommendations

- 2.1 Members are recommended to consider the appointment of Ernst & Young LLP and identify if there are any unconsidered reasons for not supporting this appointment.

3. Reasons for Recommendations

- 3.1 This complies with good governance and meets regulatory requirements.

4. Summary of Key Points

- 4.1 The PSAA has consulted us on the appointment of Ernst & Young LLP as our External Auditors from 1 April 2018.
- 4.2 Ernst & Young LLP (EY) is a multinational professional services firm with 231,000 employees based in over 150 countries worldwide. They provide assurance, tax, consulting and advisory services, and are one of the "Big Four" accounting firms. EY employs around 13,000 people in the UK. There are 240 staff including 14 Key Audit Partners who currently work full-time in the Government and Public Sector assurance service team, who are also able to draw from an extensive pool of specialists.
- 4.3 In developing this appointment proposal, the following principles have been applied by the PSAA, balancing competing demands as much as possible, based on the information provided to them by audited bodies and audit firms:
- ensuring auditor independence, as required by the Regulations;
 - meeting commitments to the firms under the audit contracts;
 - accommodating joint/shared working arrangements where these are relevant to the auditor's responsibilities;
 - ensuring a balanced mix of authority types for each firm;
 - taking account of each firm's principal locations; and

- providing continuity of audit firm if possible, but avoiding long appointments.

4.4 If there are reasons for objection they must meet the following definitions:

- there is an independence issue in relation to the firm proposed as the auditor, which had not previously been notified to PSAA;
- there are formal and joint working arrangements relevant to the auditor's responsibilities, which had not previously been notified to PSAA; or
- there is another valid reason, for example you can demonstrate a history of inadequate service from the proposed firm.

4.5 Objections will be considered by the PSAA and will be responded to by 16 October 2017. If accepted there will be a further consultation on an alternative auditor appointment.

4.6 We do not consider there to be any reason for objection.

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 This is part of the consultation process.

12. Appendices

None

For Information / Consideration	
Public/Non Public*	Public
Report to:	Joint Audit and Scrutiny Panel
Date of Meeting:	28 September 2017
Report of:	Chief Finance Officer
Report Author:	Charlotte Radford
Other Contacts:	Brian Welch
Agenda Item:	14

INTERNAL AUDIT PROGRESS REPORT

1. Purpose of the Report

- 1.1 To provide members with an update on progress against the Internal Audit Annual Plan for 2017-18 and the findings from audits completed to date.

2. Recommendations

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

3. Reasons for Recommendations

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

4. Summary of Key Points

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

5. Financial Implications and Budget Provision

- 5.1 None as a direct result of this report.

6. Human Resources Implications

- 6.1 None as a direct result of this report.

7. Equality Implications

- 7.1 None as a direct result of this report.

8. Risk Management

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

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

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

10. Changes in Legislation or other Legal Considerations

- 10.1 None

11. Details of outcome of consultation

- 11.1 Not applicable

12. Appendices

- 12.1 Appendix A – Internal Audit Progress Report 2017-18



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

Internal Audit Progress Report 2017/18

August 2017

Presented to the Joint Audit & Scrutiny Panel meeting of: 12th September 2017

Contents

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

Appendices

- A1 Summary of Reports 2017/18
- A2 Internal Audit Plan 2017/18
- A3 Definition of Assurances and Priorities
- A4 Contact Details
- A5 Statement of Responsibility

01 Introduction

- 1.1 The purpose of this report is to update the Joint Audit & Scrutiny Panel (JASP) as to the progress in respect of the 2017/18 Internal Audit Plan which was considered and approved by the JASP at its meeting on 9th March 2017.
- 1.2 The Police and Crime Commissioner and Chief Constable are responsible for ensuring that the organisations have proper internal control and management systems in place. In order to do this, they must obtain assurance on the effectiveness of those systems throughout the year, and are required to make a statement on the effectiveness of internal control within their annual report and financial statements.
- 1.3 Internal audit provides the Police and Crime Commissioner and Chief Constable with an independent and objective opinion on governance, risk management and internal control and their effectiveness in achieving the organisation's agreed objectives. Internal audit also has an independent and objective advisory role to help line managers improve governance, risk management and internal control. The work of internal audit, culminating in our annual opinion, forms a part of the OPCC and Force's overall assurance framework and assists in preparing an informed statement on internal control.
- 1.4 Responsibility for a sound system of internal control rests with the Police and Crime Commissioner and Chief Constable and work performed by internal audit should not be relied upon to identify all weaknesses which exist or all improvements which may be made. Effective implementation of our recommendations makes an important contribution to the maintenance of reliable systems of internal control and governance.
- 1.5 Internal audit should not be relied upon to identify fraud or irregularity, although our procedures are designed so that any material irregularity has a reasonable probability of discovery. Even sound systems of internal control will not necessarily be an effective safeguard against collusive fraud.
- 1.6 Our work is delivered in accordance with the Public Sector Internal Audit Standards (PSIAS).

02 Summary of internal audit work to date

- 2.1 We have issued two final reports in respect of the 2017/18 plan since the last progress report to the JASP, these being in respect of Estates Management and Fleet Management. Additionally, we have issued a final memo in respect of the PEEL Review Action Plan, this being an additional request for work on behalf of the Police & Crime Commissioner. We have also issued draft reports in respect of Seized Property and Workforce Planning where we await management's responses and the final reports will be issued shortly. Further details are provided in Appendix 1.

Nottinghamshire 2017/18 Audits	Report Status	Assurance Opinion	Priority 1 (Fundamental)	Priority 2 (Significant)	Priority 3 (Housekeeping)	Total
Seized Property	Draft					
Workforce Planning	Draft					
Estates Management	Final	Satisfactory	-	-	3	3
Fleet Management	Final	Satisfactory	-	5	1	6
PEEL Review Action Plan	Final	N/A ¹	-	-	-	-
Total			-	5	4	9

¹ PEEL Review Action Plan – this was carried out as an addition to the approved Internal Audit Plan for 2017/18, upon request of the Police & Crime Commissioner. The audit review focused on Force responses and actions taken to address the issues in the Monitoring Assurance Framework that was produced by the OPCC following the publication of the HMIC PEEL: Police Effectiveness Report in March 2017 and not to provide an opinion on the adequacy and effectiveness of controls.

- 2.2 Fieldwork in respect of Procurement is in progress, whilst we are in the process of agreeing the scope of a number of audits that will be carried out over the coming months. These include Core Financial Systems, IT Strategy and Counter Fraud. Further details are provided within Appendix A2.

2.3 Similarly to 2016/17, five specific areas have been identified in terms of the collaborative audits for 2017/18 and a lead officer (OPCC CFO) has been identified as a single point of contact. Four of the audits will adopt a similar scope to that of the 2016/17 audits and will look at the business plan and S22 agreement in terms of whether it is being delivered and is fit for purpose going forward; the scope will also include value for money considerations and arrangements for managing risk. The four areas of collaboration that will form the focus of these initial reviews are:

- EMCHRS Learning & Development
- EMCHRS Occupational Health
- EMSOU Forensic Services
- Criminal Justice (EMCJS)

The fifth audit within the Collaboration plan relates to the Proceeds of Crime Act (POCA) and will review the arrangements in place across the region to manage cash and property seizures.

2.4 At the time of writing, we have issued the draft report in respect of EMCHRS Learning & Development and await management's response. A summary of the final report will be reported within our next progress report to the JASP.

03 Performance

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

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

Appendix A1 – Summary of Reports 2017/18

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

Estates Management

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

Our audit considered the following area objectives:

- There is a comprehensive and approved Estates Strategy in place which is aligned with strategic and medium / long term objectives of the OPCC and Force.
- The Estates Strategy is in line with the approved budget and is aligned with a fully costed and approved stock condition survey.
- Delivery of the Estates Strategy is supported by an agreed implementation plan / programme of work.
- Capital works are carried out in accordance with the implementation plan / programme of work.
- Non-delivery of the capital programme is flagged at the earliest opportunity and actions put in place to address the issues.
- Effective processes have been put in place for the delivery of day-to-day / reactive maintenance work.
- Budget control processes ensure that actual spend is in accordance with the approved budget.
- Management information is available to enable effective monitoring of performance against the capital programme and delivery the reactive maintenance service.

We raised three priority 3 recommendations of a more housekeeping nature. These related to the following:

- Process notes should be developed for the administration and management of the MFSS system. This should include guidance in relation to reviewing outstanding service requests to ensure timely completion and closure.

Open service requests should be reviewed and followed up to ensure timely closure in line with the KPI target of 24 hours for urgent requests, and 28 days for no-urgent requests.

- The Head of Estates & Facilities should report key issues relating to the capital programme to the Estates Management Board. This should include the reason for non-delivery, potential impact on non-delivery and where the budget has now been assigned.

Consideration should also be given to include the Head of Estates & Facilities in the distribution list for the Capital Programme Report for transparency and clarity.

- The Estates Management Department should develop a benchmarking level to which performance can be measured against.

Performance information should also be separated to show the service line performance against each target; for example, Urgent and Non-Urgent Maintenance Requests.

Whilst management have decided to take no further action in respect of the latter recommendation, they have confirmed that agreed actions in respect of the first two recommendations will be implemented by the end of October 2017.

Fleet Management

Assurance Opinion	Satisfactory
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Recommendation Priorities	
Priority 1 (Fundamental)	-
Priority 2 (Significant)	5
Priority 3 (Housekeeping)	1

Our audit considered the following area objectives:

- There is a comprehensive and approved Fleet Management Strategy in place which is aligned with the strategic and medium / long term objectives of the OPCC and Force.
- Delivery of the Fleet Management Strategy is supported by an agreed implementation plan and there are robust monitoring arrangements in place.
- An effective maintenance programme is in place that supports the objective that fleet vehicles are available when and where required.
- The maintenance programme is supported by an effective schedule of inspections and services.
- The Force utilises a robust fleet management system upon which a complete and up to date record of vehicles is maintained.
- Procurement arrangements in respect of the Force's vehicle fleet demonstrate the principles of best value.
- Budget control processes ensure that actual spend is in accordance with the approved budget.
- Management information is available to enable effective monitoring of performance against the Fleet Management Strategy and delivery the maintenance programme.

We raised five significant (priority 2) recommendations where felt that the control environment could be improved. These related to the following:

- The Transport Department should periodically monitor the servicing of vehicles through sample checks to ensure that services are carried out in accordance with guideline limits. Non-conformities should be raised with Venson.
- The Transport Department should consider utilising the same Fleet Management software system as Venson to ensure that they are able to access live information.

Alternatively, the Transport Department should consider loading access to Panos on additional workstations so more than one user has access to live fleet information.

- The Transport Department should establish a purchasing policy which defines the criteria for purchasing a new vehicle and ensure that the officer who has authority to purchase vehicles is clearly documented.
- The Transport Department should ensure that effective performance indicators are in place to ensure they provide relevant, useful information. The performance indicators should be monitored and reported to senior management on a periodic basis.
- The Transport Department should establish monthly meetings with Venson to discuss performance and service delivery. The meetings should have an agenda with corrective actions agreed where necessary. The meetings should be minuted.

We also raised one priority 3 recommendation of a more housekeeping nature in respect of review of the strategic business plan.

Management have confirmed that agreed actions have either been implemented or will be actioned by February 2018.

PEEL Review Action Plan

This audit was carried out as an addition to the approved Internal Audit Plan for 2017/18, upon request of the Police & Crime Commissioner.

The audit review focused on Force responses and actions taken to address the issues in the Monitoring Assurance Framework that was produced by the OPCC following the publication of the HMIC PEEL: Police Effectiveness Report in March 2017. The audit focused on whether:

- The Force has effective and robust plans in place to address the issues raised in the PEEL report.
- The action plans specifically address the issues raised in the PEEL report.
- The plans have been approved and communicated, and there are effective processes in place to monitor their delivery.

The Force were subject to a Her Majesty's Inspectorate of Constabulary ("HMIC" inspection in September 2016 as part of annual inspections of police effectiveness, efficiency and legitimacy (PEEL), HMIC assesses the effectiveness of police forces across England and Wales.

The outcome of the inspection was published in a HMIC report in March 2017. The report made a number of observations of how the Force could improve and, overall, it was rated as 'requires improvement'. The OPCC reviewed the report in full and created an Assurance Monitoring Framework, which includes 78 observations or comments in the HMIC report that the Force needed to action. Moreover, the Police & Crime Commissioner wrote an open letter in response to the report, and asked for the internal auditors to review the Force responses to ensure they were addressing HMIC concerns.

There were two specific areas of concern highlighted by the PCC; these were in respect of observations in relation to domestic abuse and the Force understanding of local communities. As a consequence, internal audit selected the observations in the Assurance Monitoring Framework that related to these two areas and carried out a review of the Force response.

Audit concluded that the Force have clearly made progress against implementing actions to directly address HMIC concerns and to prevent a repeat of previous issues.

However, in a number of the actions taken they remain on-going and the Force should consider re-iterating the need to complete the agreed actions in a timely manner, these being:

- Implementation of E-Cins for sharing information, including processes for managing the information stored on the system and keeping it up to date;
- The completion, and approval, of an Engagement Strategy for local communities; and
- Management Information for breakdown of Force response time to visit domestic abuse victims.

There were also a number of actions that could be further strengthened to ensure the processes are clearly embedded, these being:

- Documentation of responsibilities for NPI's in managing the community profiles and engagement plans;
- Regular updating of the community profiles and engagement plans; and
- Reconciliation of NICHE records to MARAC records to ensure all high risk cases recorded have been submitted for review.

Appendix A2 Internal Audit Plan 2017/18

Auditable Area	Planned Fieldwork Date	Draft Report Date	Final Report Date	Target JASP	Comments
Core Assurance					
Core Financial Systems	Oct 2017			Dec 2017	
Procurement Follow-up	Sept 2017			Dec 2017	Agreed start date 4 th Sept.
Strategic & Operational Risk					
Implementation of DMS	Feb 2018			Mar 2018	
Counter Fraud Review	Oct 2017			Dec 2017	
Workforce Planning	May 2017	June 2017		Sept 2017	Draft report issued.
Seized & Found Property	May 2017	June 2017		Sept 2017	Draft report issued.
Information Technology Strategy	Oct 2017			Dec 2017	
Estates Management	July 2017	July 2017	Aug 2017	Sept 2017	Final report issued.
Fleet Management	July 2017	July 2017	Aug 2017	Sept 2017	Final report issued.
Other					
PEEL Review Action Plan	July 2017	Aug 2017	Aug 2017	Sept 2017	Final report issued.
Road Safety Partnership	Sept 2017			Dec 2017	

Auditable Area	Planned Fieldwork Date	Draft Report Date	Final Report Date	Target JASP	Comments
Collaboration					
EMCHRS Learning & Development	Aug 2017	Aug 2017		Dec 2017	Draft report issued.
EMCHRS Occupational Health	Oct 2017			Dec 2017	
EMSOU Forensic Services	Sept 2017			Dec 2017	
Criminal Justice (EMCJS)	Dec 2017			Mar 2018	
POCA	Jan 2018			Mar 2018	

Appendix A3 – Definition of Assurances and Priorities

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

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

Appendix A4 - Contact Details

Contact Details

David Hoose

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A5 Statement of Responsibility

Status of our reports

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

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

Mazars LLP is the UK firm of Mazars, an international advisory and accountancy group. Mazars LLP is registered by the Institute of Chartered Accountants in England and Wales to carry out company audit work.

Consideration	
Public/Non Public	Public
Report to:	Audit and Scrutiny Panel
Date of Meeting:	28 September 2017
Report of:	Chief Executive
Report Author:	Paul Davies
E-mail:	paul.davies@nottsc.gov.uk
Other Contacts:	
Agenda Item:	15

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 2017/18

5 December 2017 (instead of 8 December)			
1	Force Governance monitoring, assurance and improvement outcomes for decision making report	6 monthly	
2	Treasury Update report to show compliance with the Treasury Management Strategy	Annually	Charlie Radford
3	Annual Audit letter – External Audit	Annually – could be Sept in future.	Charlie Radford
4	Report on insurance claims covering public liability, employer's liability, employment and motor liabilities including costing and lessons learned	Annually	Pam Taylor
5	Force compliance assurance mapping	Annually	
6	Summary of Accounts		Charlie Radford
	Every Meeting		
	Internal Audit Progress Reports		Charlie Radford & Brian Welch
	Internal Audit, Review and Inspection Monitoring, assurance and improvements outcomes		Julie Mair
	For information items		
	OPCC reports and information to support updates for monitoring the Police and Crime Plan		

March 2018

1	Report on Annual Internal Audit Strategy and Audit Plan	Annually	Charlie Radford & Brian Welch
2	Force report on Business Continuity compliance and assurance of testing and exercising plan lessons learned	Annually	
3	Force Publication Scheme monitoring, review and assurance report	Annually	
4	OPCC compliance with Specified Information Order and FOIs report	Annually	Lisa Gilmour
5	Force report on Information Management, FOI, DP audits and assurance reports	Annually	
6	Force and OPCC Risk report on monitoring and actions for mitigation	6 monthly	
7	Internal and External Audits, Review and Inspections	Annually	Julie Mair
8	External audit Plan	Annually	Charlie Radford & Andrew Cardoza
9	External Audit Progress Report – possibly		
10	Lessons learnt on Victims ITT		Ronnie Adams
	Every meeting		
	Internal Audit Progress Reports		
	Internal Audit, Review and Inspection Monitoring, assurance and improvements outcomes - Is this a duplication of item 7 above		Julie Mair
	For information only		
	OPCC reports and information to support updates for monitoring the Police and Crime Plan		Phil Gilbert
	OPCC Budget Report		Charlie Radford & Force
	OPCC Precept Report		Charlie Radford
	OPCC Report on the Medium Term Financial Plan		Charlie Radford
	4 year capital Plan including the Annual Capital Budget		Charlie Radford
	The Treasury Management Strategy		Charlie Radford
	Reserves Strategy		Charlie Radford