

JOINT AUDIT AND SCRUTINY PANEL

**WEDNESDAY 29 MAY 2019 at 10.00 AM
RUFFORD SUITE, COUNTY HALL, WEST BRIDGFORD,
NOTTINGHAMSHIRE NG2 7QP**

(pre-meeting for Panel Members at 9:30 am)

Membership

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

A G E N D A

1. Apologies for absence
2. Declarations of interest by Panel Members and Officers (see notes below)
3. To agree the minutes of the previous meeting held on 22 February 2019 (attached)
4. Progress against Action Tracker (attached)
5. Provisional Revenue Budget Out-turn (attached)
6. Provisional Capital Budget Out-turn (attached)
7. Treasury Management Year End Report (attached)
8. Internal Audit Annual Assurance Report (attached)

9. Draft Statement of Accounts and Annual Governance Statements for 2018-2019 (Report and Appendices C and D attached – Appendices A and B to follow)
10. External Audit Plan, Fees and Method Statement 2018-2019 (attached)
11. Strategic Risk Management Report for Force and Nottinghamshire Police and Crime Commissioner (NOPCC) Quarter 1 2019-2020 (attached)
12. Audit and Inspection Update – Incorporating Chair's Topic (Report and Appendix 1 attached – Appendix 2 Use of Force presentation- available at meeting)
13. Police and Crime Commissioner's Update report to January 2019 (Performance) (attached)
14. Complaint and Misconduct Investigations (attached)
15. Independent Office for Police Conduct (IOPC) Investigations, Recommendations and Actions (attached)
16. Professional Standards Confidential Reporting Procedure (Whistle blowing) (attached)
17. Business Continuity Report – Current Status and Future Plans (attached)
18. Joint Audit and Scrutiny Work Plan 2019-2020 (attached)
19. Summary of Actions (verbal)

MINUTES OF THE MEETING OF THE NOTTINGHAMSHIRE POLICE AND CRIME COMMISSIONER JOINT AUDIT AND SCRUTINY PANEL HELD ON FRIDAY 22nd FEBRUARY 2019 AT GEDLING BOROUGH COUNCIL CIVIC CENTRE, ARNOLD, NOTTINGHAMSHIRE COMMENCING AT 2PM

MEMBERSHIP

(A – denotes absent)

Mr Stephen Charnock (Chair)

Mr Leslie Ayoola **A**

Dr Phil Hodgson

Mr Peter McKay **A**

Vacancy

ALSO PRESENT

Paddy Tipping	Nottinghamshire Police and Crime Commissioner
Rachel Barber	Deputy Chief Constable, Notts Police
Austin Fuller	Inspector, Notts Police
Neil Harris	Ernst Young
Noel McMenamin	Democratic Services, Notts County Council
Charlie Radford	Chief Finance Officer, OPCC
Leona Scurr	Detective Superintendent, Notts Police
Brian Welch	Mazars

INVITEE

Luke Pulford	Leicestershire JARAP Chair
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1) APOLOGIES FOR ABSENCE

Apologies for absence were received from:
Councillor Leslie Ayoola;
Craig Guilford, Chief Constable Notts Police;
Peter McKay.

2) DECLARATIONS OF INTEREST BY MEMBERS AND OFFICERS

Dr Phil Hodgson declared an interest in item 5 'Audit and Inspection Update' as he was the Head of Law and Social Services, University of Derby who had the contract for apprenticeship training.

3) MINUTES OF THE PREVIOUS MEETING

The minutes of the last meeting held on 7 November 2018, having been circulated to all members, were taken as read and were confirmed and signed by the Chair.

4) PROGRESS AGAINST ACTION TRACKER

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

Action 014: HMIC invitation to a future meeting to be scheduled.

Action 016: The final PA Consulting report on shared services was not yet published and available to share with Panel members, and was to remain as an outstanding action.

Action 018: to be completed and closed following this meeting.

Action 019: to be marked as completed and closed.

5) AUDIT AND INSPECTION UPDATE

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

Deputy Chief Constable Rachel Barber introduced the report which provided an update progress against recommendations arising from the audits and inspections which had taken place during quarter 3 of 2018/19, a schedule of planned audits and inspections, and further information on Nottinghamshire Police's Approach to tackling modern slavery and human trafficking.

During discussion of the report, the following points were raised:

- The Panel commended the report format, and noted that MFSS Contract Management, GDPR and Health Safety remained ongoing concerns;
- With the new structure now agreed and more robust governance arrangements in place, the Force was working to a realistic improvement plan. However, there were no quick fixes to any of the areas of limited assurance;
- Work was being undertaken to tackle employee behaviour in respect of GDPR, with email retention in particular being targeted;
- It was agreed that the Chair should be invited to Information Management Board meetings.

Inspector Austin Fuller provided a presentation on the steps being taken to tackle modern slavery and human trafficking.

During discussion, the following points were raised:

- There had been 71 cases investigated in Nottinghamshire in 2018. While numbers were relatively small, the issues were very complex, and intelligence from the public was less strong than for other crime categories;
- Its prevalence was expected to increase albeit not exponentially, and the impact of Brexit was as yet unknown. It was important not to lose sight of the fact that UK citizens, particularly vulnerable citizens, were at risk of exploitation;
- The Panel was assured that appropriate measures were in place to address the issue, but remained concerned that a lack of feedback and intelligence information from the public meant that cases weren't being reported;
- It was suggested that local private and public services (Royal Mail, Refuse Collection operatives and similar) could act as 'eyes and ears' in communities to identify those who were at risk.

RESOLVED 2019/013

- 1) To note the status of audits and inspections carried out over quarter 3, 2018/19;
- 2) To request further detail on 'the use of force within Nottinghamshire Police' at its May 2019 meeting
- 3) To arrange a standing invitation for the Chair to attend the Information Management Board.

6) EXTERNAL AUDIT SUMMARY PLAN 2018-19

Neil Harris of Ernst and Young introduced the report, highlighting the a proposed External Audit Summary Plan covering the audit for 2018-2019. Mr Harris explained that a more detailed plan would be provided once interim work had been undertaken, but no new significant areas of risk had been identified to date.

During discussion, the following points were raised:

- Mr Harris advised that specialist expertise would be needed to consider in detail any PFI arrangements in place. It would also take some time to

understand in detail MFSS governance arrangements and their implications.

- The Panel welcomed having a fresh set of eyes to examine MFSS governance arrangements, and indicated that governance around collaborative projects in general was variable.

RESOLVED: 2019/014

To approve the External Audit Summary Plan at Appendix A to the report.

7) ASSURANCE MAPPING 2019-20

DCC Barber introduced a report and provided a presentation, providing a dashboard view of assurance levels against each business area of the Force. The report identified Information governance, Information Services Project/Programme Management and Emergency Planning/Business Continuity as the main areas of limited assurance, and proposed these area be included in the Internal Audit Plan for the forthcoming year.

During discussions the following points were raised:

- The Panel commended the approach being adopted, and welcomed the clarity of the mapping exercise in identifying areas of concern;
- There was consensus that future reports be considered twice yearly.

RESOLVED: 2019/015

To agree that Finance, Information Governance, Information Services, Performance Management, and Emergency Planning/Business Continuity are included in the Internal Audit Plan 2019-2020, as outlined at Appendix 1 to the report.

8) INTERNAL AUDIT ANNUAL PLAN 2019-20

Brian Welch of Mazars introduced the report, which highlighted proposed plan of internal audit work for 2019-2020. This reflected the findings and recommendations at agenda item 7 above. In the brief discussion which followed, the Panel welcomed the joined up approach being adopted to address areas of limited assurance

RESOLVED: 2019/016

To approve the audit plan for 2019-2020 attached at Appendix A to the report.

9) INTERNAL AUDIT PROGRESS REPORT

Brian Welch of Mazars introduced the report, updating members on progress against the Internal Audit Annual Plan for 2018-2019, including the findings from completed audits.

During discussions the following points were raised:

- GDPR was highlighted as a recurring theme, as was considering whether current information management arrangements delivered what the Force needed;
- The Chair was willing to attend future Information Management Board meetings if a standing invitation was made. The role of the Board was to support but also challenge cultures and processes, and the Chair was anxious that progress be made in 2019-2020;
- The point was made that previously the issues/problems were presented – now, solutions had been identified, and needed taking on board. Retention and disposal of information was a key longstanding issue to address – not disposing of information caused more problems for the Force in the long term.

RESOLVED: 2019/017

That the report, and Panel members' comments on it, be noted.

10) PRECEPT AND BUDGET REPORTS 2019-20

RESOLVED: 2019/018

To note the report without substantive discussion.

11) FORCE ASSURANCE REPORT COMPLIANCE WITH FREEDOM OF INFORMATION AND DATA PROTECTION REQUESTS

DCC Barber introduced the report, which provided monitoring statistics for 2018 in respect of information requests processed by Nottinghamshire Police.

During discussion, the following points were raised:

- DCC Barber expressed the view that the arrival of a dedicated additional resource would improve performance and clear the backlog, albeit gradually
- Freedom of Information requests were often driven by students and journalists doing projects and who used the legislation to conduct research by proxy. This was a national issue.

RESOLVED: 2019/019

- 1) To note the progress made against the Business Continuity testing timetable, noting also forthcoming scheduled testing;
- 2) To receive an update on the correlation between individual risk registers and 'identified critical enablers' at its February 2019 meeting.

12) OPCC PUBLICATION SCHEME MONITORING, REVIEW AND ASSURANCE

Charlie Radford introduced the report, which provided an update on compliance with the Freedom of Information Act 2000 and the Elected Local Policing Bodies (Specified Information) Order 2011 in respect of published information.

During discussion, the following points were made:

- 95% of requests had been met in line with legislation;
- It was a challenge being open and transparent, but there was a need to identify new ways of working to minimise requests, for example through having links on the website directing citizens to further information.

RESOLVED: 2019/020

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

13) FORCE REPORT ON MONITORING, REVIEW AND ASSURANCE OF THE PUBLICATION SCHEME

RESOLVED: 2019/021

To note the report without substantive discussion.

14) INDEPENDENT CUSTODY VISITOR REPORT

DCC Barber introduced the report, proposing changes to the current Independent Custody Visitor ICV scheme. The proposals arose from HMICFRS inspection visit to police custody suites, which resulted in a draft report recommending a number of recommendations to improve detainee rights and welfare.

During discussions the following point was raised:

- While the Panel recognised that Nottinghamshire had one of the better records in custody visit reporting, it was supportive of the proposal that the role of ICV scheme be expanded to review custody records;

- The Panel also supported setting up a pilot scheme similar to that in Derbyshire, as long as reporting maintained the ability to capture qualitative as well as quantitative data.

RESOLVED: 2019/022

To agree to implement an additional scheme of reporting, in line with the pilot ICV scheme developed by Derbyshire Office of the Police and Crime Commissioner.

15) JOINT AUDIT AND SCRUTINY PANEL PROPOSED WORK PLAN 2019-20

RESOLVED 2019/023

To note and agree the proposed work plan for 2019-2020.

16) SUMMARY OF ACTIONS

RESOLVED 2019/012

To include the following on the action tracker:

Action 020: Chair's Topic -Use of Force by Nottinghamshire Police to May 2019 meeting

Action 021: External Audit – Interim Visit Outcomes to May 2019 meeting

Action 22: Chair to be invited to attend Information Management Board meetings.

The meeting closed at 04.04pm

CHAIR

AUDIT & SCRUTINY PANEL MEETING

Actions arising from previous meetings an progress against action tracker

	ACTION	ALLOCATED TO	TIMESCALES FOR UPDATES	UPDATE
012	Panel members to meet officers who are appointed as lead officers on risks within risk register	DCC Barber / Stephen Charnock	Meetings to start from Autumn 2018	Proposal is that for each VERY HIGH RISK the force lead will be invited to JASP to brief the Panel on the current status. This is to commence at the July meeting when Tim Chesworth will give an overview of MFSS transition to Fusion. He will also give an update on this risk. Going forward the following 2 risks will be GDPR and the new custody suite.

014	HMIC to be invited to attend a Panel meeting to present on their views of the current landscape in Policing	DCC Barber	To a future meeting	Complete – Ali Davies attending July JASP.
016	PCC to circulate PA Consulting report on shared services with panel members when available	PCC Tipping	When available – expected Oct 2018	Various iterations but not yet published
018	Stolen Freedom: the policing response to modern slavery and human trafficking - update	DCC Barber	February 2019 meeting	Update received at February 2019 meeting Complete and Close
020	Use of Force by Nottinghamshire Police	DCC Barber	May 2019	Complete – included on May 2019 agenda
021	External Audit – Interim Visit Outcomes	Neil Harris EY	May 2019	
022	Chair to be invited to attend/ become member of Information Management Board	DCC Barber/Stephen Charnock	May 2019	Complete – Stephen Charnock invited to attend Force IM Boards and attended the meeting on 26 th March 2019.

For Information / Consideration / Comment / Decision (delete as appropriate)	
Public/Non Public*	
Report to:	Audit and Scrutiny Panel
Date of Meeting:	29th May 2019
Report of:	Mark Kimberley
Report Author:	David Machin
E-mail:	David.Machin10991@Nottinghamshire.pnn.police.uk
Other Contacts:	
Agenda Item:	5

Provisional Revenue Outturn Report 2018/19

1. Purpose of the Report

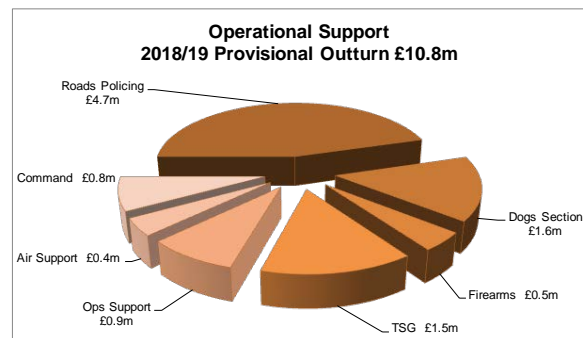
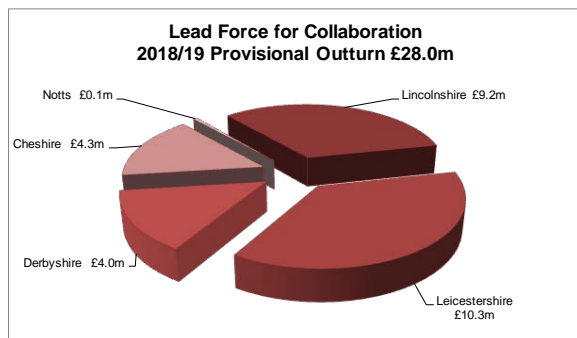
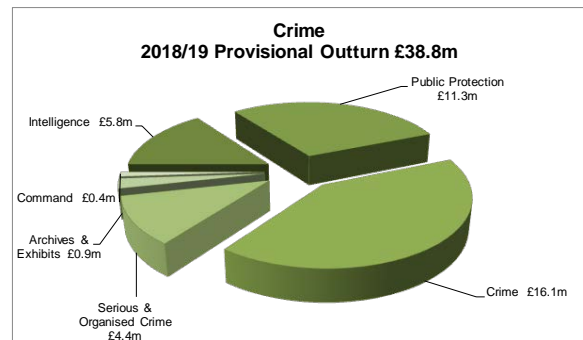
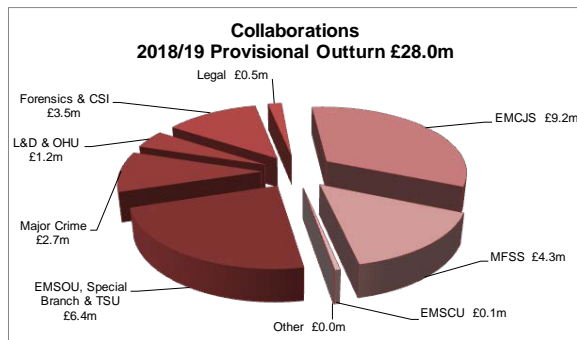
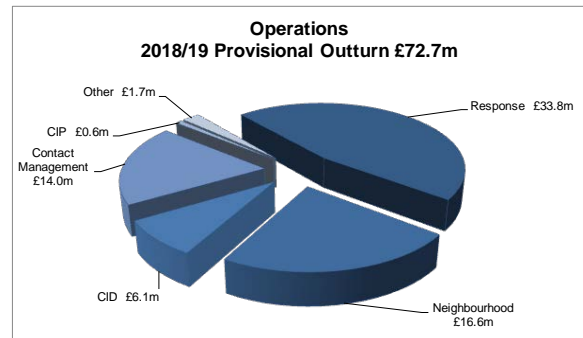
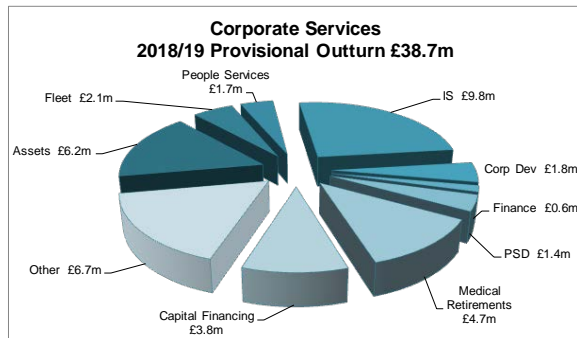
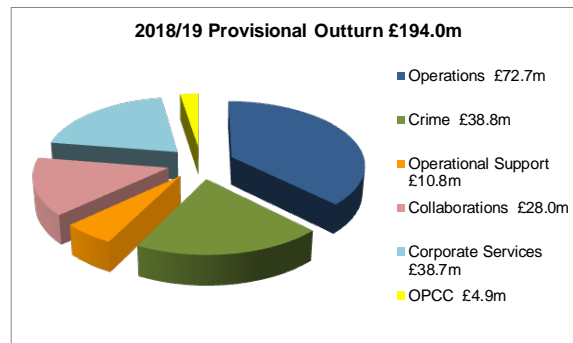
- 1.1 The purpose of this report is to provide an update on the provisional financial outturn position against the original budget for Nottinghamshire Police as at 31st March 2019.

2. Recommendations

- 2.1 It is recommended that the outturn position for each legal entity and the net position for the Group is noted:

Entity	Budget £'000	Actual £'000	Variance to Budget £'000
Force	188,189	189,043	854
OPCC	4,911	4,911	
	193,100	193,954	854

- 2.2 It is recommended that the Commissioner approves the transfer from the Medium Term Financial Plan (MTFP) reserve to meet the above overspend.



3. Reasons for Recommendations

- 3.1 To update the Chief Officer Team and the Office of the PCC on the Force's outturn position for 2018/19 in line with good financial management and Financial Regulation requirements.

4. Summary of Key Points

The Force

- 4.1 The provisional outturn for the Force is £189,043k which is an overspend of £854k against the revised budget. Year on year the Force expenditure has increased by £6,123k or 3.3% from £182,920k.

It is recommended that this overspend is met from reserves. Appendix A provides a more detailed position.

The provisional outturn for the OPCC is £4,911k. This balances to the actual budget, after accounting for a post transferred from the Force to the OPCc during the year (£20k) and a transfer to reserves of underspends by partners in relation to grants and commissioning of £780k, with a small underspend on the OPCC office budget of £27k.

The figures in this report are subject to external audit by EY during June and will therefore remain provisional until the satisfactory conclusion of that audit.

**Nottinghamshire Police Group Provisional Total
2018/19 Budget Variance Analysis**

	Original Budget £k	Allocation of Efficiencies £k	Revised Budget £k	Actual £k	Variance £k	Note
Pay & allowances						4.2
Officer	100,864	-	100,864	101,245	380	
Staff	40,561	-	40,561	40,615	54	
PCSO	6,635	-	6,635	6,042	(593)	
	148,061	-	148,061	147,902	(159)	
Overtime						4.3
Officer	3,418	-	3,418	4,938	1,520	
Staff	642	-	642	632	(10)	
PCSO	51	-	51	40	(11)	
Police staff overtime	4,111	-	4,111	5,610	1,499	
Other employee expenses	2,049	-	2,049	2,390	341	4.4
Medical retirements	4,695	-	4,695	4,735	40	
	158,916	-	158,916	160,637	1,721	
Other operating expenses						
Premises costs	5,873	-	5,873	6,462	589	4.5
Transport costs	5,308	-	5,308	5,650	341	4.6
Comms & computing	8,265	-	8,265	7,536	(729)	4.7
Clothing, uniform & laundry	612	-	612	609	(3)	
Other supplies & services	4,878	(250)	4,628	5,404	776	4.8
Custody costs & police doctor	1,437	-	1,437	1,513	76	4.9
Forensic & investigative costs	2,135	(50)	2,085	1,931	(154)	4.10
Partnership payments	6,569	-	6,569	6,520	(49)	
Collaboration contributions	9,622	-	9,622	11,386	1,764	4.11
Capital financing	4,139	-	4,139	3,801	(339)	4.12
Total expenditure	207,754	(300)	207,454	211,448	3,995	
Income						4.13
Seconded officers & staff income	(3,119)	-	(3,119)	(2,752)	367	
Externally funded projects income	(4,270)	-	(4,270)	(4,600)	(330)	
PFI grant	(1,858)	-	(1,858)	(1,858)	(0)	
OPCC	(1,320)	-	(1,320)	(987)	334	
EMSCU	(855)	-	(855)	(920)	(65)	
Investment interest	(64)	-	(64)	(249)	(185)	
Other	(2,868)	-	(2,868)	(6,130)	(3,262)	
	(14,354)	-	(14,354)	(17,495)	(3,141)	
Efficiencies						
Procurement	(250)	250	-	-	-	
Forensics	(50)	50	-	-	-	
	(300)	300	-	-	-	
	193,100	-	193,100	193,954	854	

4.2 Pay & allowances

Police officer pay was £101,245k for the year which was an overspend of £380k against the budget and a year on year increase of £2,640k or 2.7%, partially reflecting the increased number of Police Officers employed in year.

This position results from an early decision to bring cohorts in early compared to the original budget phasing as a result of higher attrition rates in the latter part of the previous year, and the additional cost of transferees compared to new recruits.

In year attrition rates then reduced significantly which prompted a decision to delay recruitment in the remaining part of the year. Although this action ensured final numbers were in line with the budgeted, the fewer number of new recruits and corresponding higher number of experienced officers has a higher pay cost.

The budget assumed a closing position at the end of March 2019 of 1,940 FTE's (including 61 externally funded or seconded FTE's), whereas at actual closing position was 1,941 FTE's (including 45 externally funded or seconded FTE's) which was 1 FTE above the original budget. The reduced number of externally funded/seconed posts results in lower income and is reflected in the net income outturn.

Police staff pay was £40,615k for the year, which was an overspend of £54k against the budget; but a reduction year on year of £593k or 1.4%.

The outturn reflects a reduction in externally funded and seconded staff of £22k which has been reflected by reduced income.

PCSO pay was £6,042k for the year, which was an under spend of £593k against the budget; but an increase year on year of £57k or 1.0%. During the year 10 new PCSO's were recruited, and at the end of March 2019 there were 177 FTE's which was 30 FTE's less than budgeted.

Police staff at the end of March 2019 was 1,159 FTE's (including 70 externally funded and seconded FTE's) which was 59 FTE's below budget.

4.3 Overtime

Overtime was £5,610k for the year, which was an overspend of £1,499k against the budget; and an increase of £82k or 1.5% on last year. The main drivers of the overspend were:

- Op Palmitate at £250k
- Increased number of firearms discharged resulting in officers being called in at short notice.
- OS at £338k which is partly offset within income from the ARV uplift fund
- Seconded and externally funded officers/staff of £109k which has been offset by income.
- City, County & SOC at £604k driven costs within CID
- Higher summer demand within response
- Higher levels of custody overtime, £136k, however there are now firm plans in place to get the sergeant numbers up to establishment so this will prevent this excessive overtime from continuing in 2019-20.

4.4 Other employee costs

Other employee costs were £2,390k for the year, which was an overspend of £341k against the budget. The overspend was due to additional training needs in OS, (off-set by funding from the ARV uplift grant and from the Border Agency), and redundancy payments for EMSOU indexers and control room managers.

Pension strain costs are also higher than anticipated £91k.

4.5 Premises costs

Premises costs were £6,462k for the year, which was an overspend of £589k against the budget. The over spend is largely due to a backlog of historic utility invoices being processed and actual costs being greater than reserves. In addition inflation in year was higher than expected, reflecting a volatile market subject to national and international influences.

Maintenance costs have also shown an increase as buildings are reconfigured/age.

4.6 Transport costs

Transport costs were £5,650k for the year, which was an overspend of £341k against the budget. This was largely due to vehicle repairs £124k, increase in fuel costs £143k, and an increase in vehicle insurance £48k. Some increases in repair costs were off-set by increased income from insurance claims.

4.7 Comms & Computing

Comms & computing was £7,536k for the year, which was an underspend of £729k against the budget. This reflects savings as a result of rationalising systems that are no longer required.

The Home Office have also revised their charges during 2018/19 resulting in a saving.

Capital funded refreshes/replacements have reduced the need for ad hoc replacement expenditure.

4.8 Other Supplies & Services

Other supplies & services was £5,404k for the year, which was an overspend of £776k against the budget.

Costs shared with Northamptonshire Police in respect of MFSS Fusion developments were £198k higher than expected due to a delayed implementation date.

Costs of vehicle recovery have also increased, but this will be off-set with £199k of additional income.

4.9 Custody costs & police doctor

Custody costs and police doctor costs were £1,513k for the year, which was an overspend of £76k against the budget. Main reasons are higher than budgeted clothing and consumable costs and the re-alignment of police surgeon costs between SARC and Custody.

4.10 Forensics & Investigative Costs

Forensics & investigative costs was £1,931k for the year, which was an underspend of £154k against the budget. This was largely due to savings on translators.

4.11 Collaboration Contributions

Collaboration contribution costs was £11,386k for the year, which was an overspend of £1,764k against the budget.

This is largely due to increased costs of implementing Oracle Fusion of £1.700k and this has been partially funded from a reserve contribution in year of £1.400k, shows as income from the OPCC.

4.12 Capital financing

Capital financing was £3,801k for the year, which was an underspend of £339k against the budget. This saving is due to lower interest charges of £153k as a result of reduced borrowing; and a reduction in the Minimum Revenue Provision (MRP) of £186k as a result of the actual 2017/18 capital spend being lower than budgeted assumption.

4.13 Income

Income for the year was £17,495k, which was £3,141k above budget. This is broken down as follows approximately:

The £3,141k of additional earned income was largely due to:

- £1,400k contribution from reserves to off-set Oracle Fusion costs
- £199k Vehicle recovery
- £149k Apprentice officer training
- £94k Insurance monies received
- £185k Investment interest
- £228k Mutual Aid
- £450k ARV income (off-set by costs within overtime and training)
- £108k Border agency training
- £132k BWV Income

4.14 Efficiencies

The 2018/19 efficiency target in order to achieve a balanced budget is £300k as per the table below:

Efficiencies Target for 2018/19	Target	Actual
	£'000	£'000
Procurement	250	295
Forensics	50	35

The procurement savings was included within other supplies & services for budget purposes and has been reversed out in the June forecast on the basis that the savings will be delivered across numerous lines of expenditure.

5. Financial Implications and Budget Provision

5.1 The financial information relating to this item is contained within Appendix A.

6. Human Resources Implications

6.1 There are no immediate Human Resource implications arising from this report.

7. Equality Implications

7.1 There are no equality implications arising from this report.

8. Risk Management

8.1 Please see attached Appendix A.

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

9.1 There are no policy implications arising from this report.

10. Changes in Legislation or other Legal Considerations

10.1 There are no changes in legislation or other legal considerations that are relevant to this report.

11. Details of outcome of consultation

11.1 The figures included in this report are presented to the Force Executive Board on a monthly basis.

12. Appendices

12.1 Appendix A – Revenue Report to March 2019
Appendix A (ii) – Analysis of the 2018/19 Estimated Outturn

Appendix A

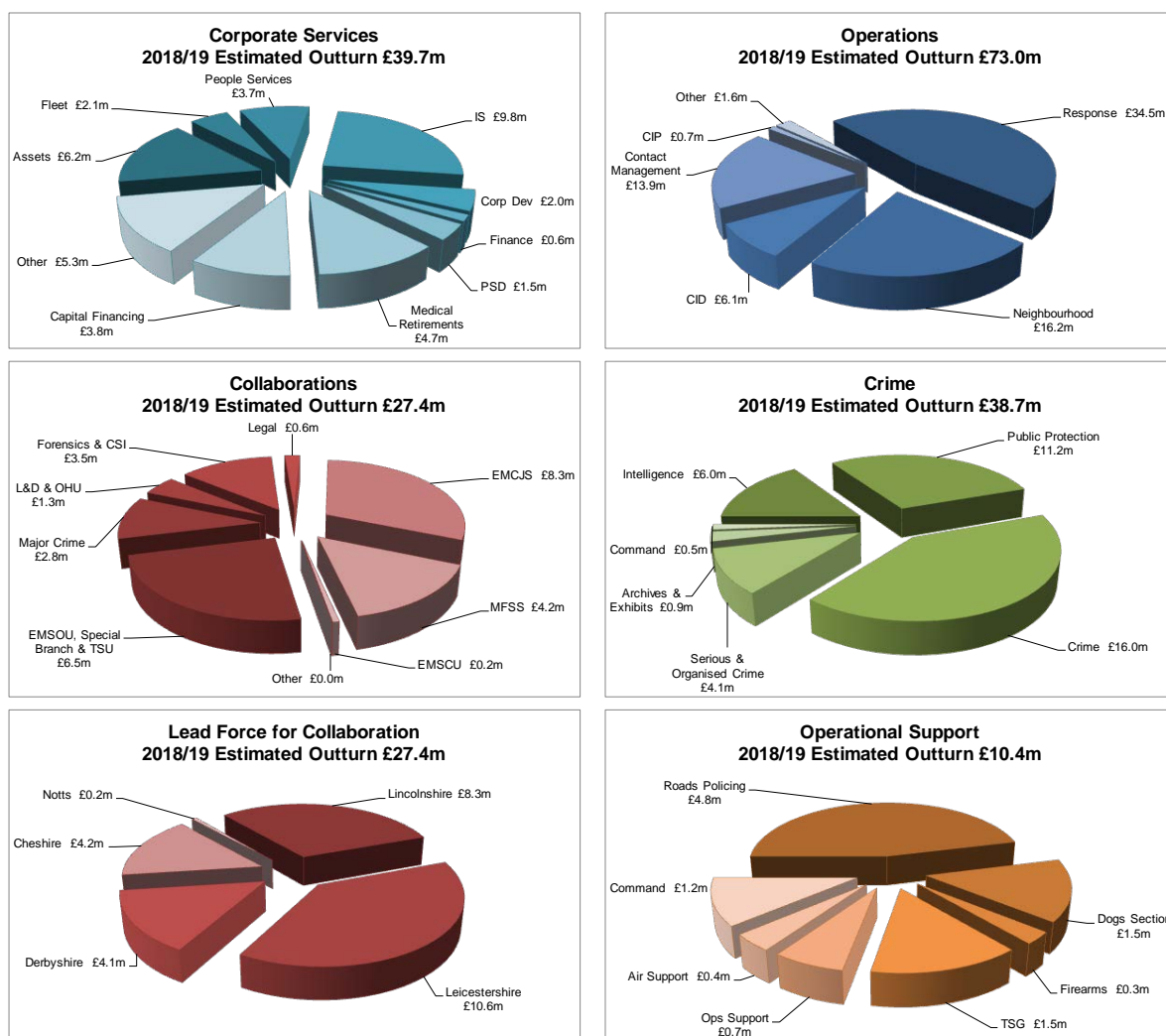
Nottinghamshire Police Revenue Budget Monitoring as at March 2019



	2018/19 Approved Budget £'000	2018/19 Expenditure £'000	Variance £'000
Local Policing			
Uniformed Operations	56,635	58,077	1,442
Contact Management	14,132	14,009	(123)
Citizens in Policing	242	610	368
	71,009	72,696	1,687
Crime & Operational Support			
Crime	38,698	38,837	139
Operational Support	10,165	10,812	647
	48,863	49,649	786
Collaboration - Operational			
EMCJS	8,974	9,163	189
Forensics	2,336	2,296	(40)
CSI	1,249	1,215	(34)
Special Branch	867	709	(159)
Major Crime	2,715	2,709	(6)
EMSOU CID	2,918	2,984	66
TSU	612	616	4
EMSOU SOCU	2,412	2,113	(299)
	22,083	21,804	(279)
Corporate Services			
Assets	5,684	6,170	486
Fleet	1,902	2,095	193
Finance	642	563	79
People Services	3,813	1,685	(2,128)
Information Services	10,039	9,754	(285)
Corporate Development	2,177	1,806	(371)
Corporate Communications	821	671	(150)
Command	1,025	1,141	116
PSD	1,626	1,445	(181)
Procurement	737	647	(90)
Central Codes	12,581	10,794	(1,787)
Other	993	1,939	946
	42,043	38,710	(3,332)
Collaboration - Corporate Services			
MFSS	2,155	4,303	2,148
Learning & Development	788	716	(72)
EMSCU	150	147	(3)
Force Collaboration	-	-	-
Collaboration Contributions	-	-	-
IS Transformation	-	2	2
Legal	606	510	(95)
OHU	492	503	10
	4,192	6,181	1,989
Externally Funded	-	-	-
Seconded Officers	-	-	-
Force total	188,189	189,040	852
OPCC	4,911	4,911	(0)
Group position total	193,100	193,951	851

Appendix A (ii)

Analysis of the 2018/19 Estimated Outturn



A year to date over spend of £3,791k against the cash flow forecast is shown in detail in Appendix A. These differences represent timing differences between the agreed estimated spend profile and latest provisions. Overall this difference has no impact in outturn over and above that reported in the above table.

The cash flow forecast is split £4,860k for the Force and £(1,070)k for the OPCC. The cash flow over spend is largely due to timing of collaboration payments £4,192k; contribution from reserves of £1,400k towards the Fusion project; and the timing of contract payments within Comms & Computing; and overtime. This is partly offset by income which is mainly due to the reversal of a year end accrual and timing of seconded/externally funded projects income partnership payments; reduction in the 2018/19 charge for the Minimum Revenue Provision (MRP); and outstanding charges from Vensons.

The year to date reduction in cash flow forecasting within the OPCC of £(1,070)k is due to the phasing of payments relating to the community safety grant, which is expected to reverse over the remainder of the financial year.

For Information / Consideration / Comment / Decision (delete as appropriate)	
Public/Non Public*	
Report to:	Audit and Scrutiny Panel
Date of Meeting:	29 th May 2019
Report of:	Mark Kimberley – CFO
Report Author:	Tracey Morris
E-mail:	Tracey.morris@nottinghamshire.pnn.police.uk
Other Contacts:	Charlotte Radford
Agenda Item:	6

Provisional Capital Outturn Report 2018-19

1. Purpose of the Report

- 1.1 The purpose of this report is to provide an update on the financial outturn position for capital as at 31st March 2019 (Period 12, Quarter 4).

2. Recommendations

- 2.1 Recommendation 1 Outturn Position
That the Police and Crime Commissioner notes the final outturn position as set out in Appendix A.

Recommendation 2 Slippage

That the Police and Crime Commission approved the green & amber slippage requests as set out in Appendix B.

2.2 Background

The original capital budget for 2018/19 is £18,067k. This is calculated as slippage from 2017/18 £6,915k; new allocations in 2018/19 of £10,652k and an additional OPCC budget of £500k.

The OPCC have approved a transfer of funds from the IT Investment Reserve to support the purchase of devices for CID of £250k as part of the IT Tech Refresh Budget, there is therefore an increase in the budget figure to the total of £18,317k.

Finance in conjunction with the project leads and budget holders have continued to review the financial position. At the end of P12 2018/19 the outturn position is as follows:

Capital Projects Period 12 2018/19

Area	Budget £'000	Out-Turn £'000	Underspend £'000	Planned c/f £'000
Assets	8,990	4,608	613	3,770
Information Services	7,945	4,611	2,799	535
Other	882	447	267	168
OPCC	500	0	500	0
Total	18,317	9,666	4,178	4,472

Actual spend to 31st March is £9,666k an increase of £1,185k from the previous month.

- 2.3 Finance have reviewed the slippage and this has been categorised into green, where there is evidence to support the carry forward and finance recommend that slippage is approved, amber where there are some grounds for recommending slippage and red where finance would raise caution in supporting slippage requests either because plans are under developed or sufficient resources exist within the 2019/20 capital budget already.

	Red £'000	Amber £'000	Green £'000	Total £'000
Assets	80	128	3,562	3,770
Information Services	47	106	381	535
Other	0	0	168	168
OPCC	0	0	0	0
	127	234	4,112	4,472

FEB are asked to confirm/refuse the requests for consideration by the OPCC.

3. Reasons for Recommendations

- 3.1 To update the Chief Officer Team and the Office of the PCC on the Force's outturn position for 2018/19 and also to comply with good financial management and Financial Regulations.

4. Summary of Key Points

- 4.1 Overall 29 projects have reported an under spend totalling £4,178k. £770k was due to procurement efficiency savings, mostly due to the command and control replacement whereby approaching the procurement a different way achieved a saving of £742k against the original budget, some of this has since been identified as a contingency against unexpected costs that occur within a project of this magnitude. £1,376k is a result of over programming, which needs to be addressed through better planning and scoping of achievable timescales. £2,029k is out of our control and the result of either national or partner programmes for example ESN.

4.2 Assets

There were 19 separate Assets capital schemes during 2018/19, 12 of which were complete or closed by the end of the financial year, 7 projects are not complete and slippage has been requested against each of these projects.

Green

Nottm Custody Suite – Delays in the purchase of the land have caused knock on delays throughout the year for this project, the balance remaining is £2,665k, future year budget allocations are already in place see Appendix C, it would therefore seem feasible to expect the project to complete slightly later than expected. The recommendation is to carry forward the slippage of £2,665k to 2021/22.

Hucknall EMAS – There have been a few delays during the year with delays in EMAS signing off our requirements followed by contractor issues with NFRS, a contract meeting was held recently and the signs are that work will start on 29th April. The recommendation is to carry forward the slippage of £637k to 2019/20.

Custody Improvements – Due to resourcing issues in Assets it was not possible to start the work earlier in the year, orders have been placed with Lindems and Perfect Circle to complete cell improvement works at both sites during Q1. The recommendation is to carry forward the slippage of £260k to 2019/20 for this work to be completed.

Amber

Automatic Gates/Barriers – This project was slipped from 2017/18 into 2018/19 during which time no expenditure has been incurred. There has been a delay in a consultant survey being completed, tender work is currently in progress, once a suitable contractor has been appointed vetting will need to take place before the project can start, Assets expect works to complete by the end of July 2019. The recommendation is to carry forward the slippage of £52k to 2019/20 to complete this work.

Bunkered Fuel Tank Works – This project was slipped from 2017/18 into 2018/19 although there has been a shift from the original plan to reline and decommission the forces existing tanks to enter into a joint arrangement with NFRS and also decommission some of the forces existing tanks. The tender for the decommissioning is in place, but final sign off by NFRS is required before the force can start this work. The recommendation is to carry forward the slippage of £76k to 2019/20 to complete both the decommissioning work and to complete changes to NFRS pumps.

Red

Building Management System – This work has completed with a total underspend of £101k, however as a result of the work being undertaken it has

been identified that some repairs to the heating equipment are required at an estimated cost of £40k. The recommendation is to carry forward £40k of the under spend as slippage into 2019/20 to cover this additional work.

Building Condition Investment – This project has an annual reoccurring capital budget to ensure buildings are kept in optimum condition in regards to high value maintenance requirements, see Appendix C, revenue budgets are in place to cover planned maintenance costs such as decorating and low value repairs. This project was slow to get off the ground this year due to resourcing issues in Assets, as such the project has not achieved all targets resulting in an underspend of £136k. Separately it has been identified that there is a drainage issue with the kennels that requires attention, it is estimated that £40k will be required to complete this work. The recommendation is to carry forward £40k of the under spend as slippage into 2019/20 to cover this additional work.

4.3 Information Services

There were 20 separate Information Services capital schemes during 2018/19, 13 of which were complete or closed by the end of the financial year, 7 projects are not complete and slippage has been requested against each of these projects.

Green

Local Perimeter Security Enhancements – 3 firewalls have been ordered, 1 was received towards the end of 2018/19 with the remaining two expected during Q1 2019/20. Recommendation to carry forward slippage of £27k to 2019/20 to cover the cost of orders placed.

Upgrade control room SICCS – Orders have been placed for screens for the control room, these were not delivered during 2018/19. Recommendation to carry forward slippage of £59k to 2019/20 to cover the cost of orders placed.

System Centre Operation Manager – This project has been delayed due to national developments on NEP. Recommendation to carry forward slippage of £60k to support the approved NEP Business Case.

Confidential Network Hardware – This project has been delayed due to national developments on NEP. Recommendation to carry forward slippage of £25k to support the approved NEP Business Case.

ESN – This project already slipped from 2017/18, due to national delays there has been no progress during 2018/19. The review of the capital programme for 2019 – 2024 has provided for this spend, therefore there is no requirement to carry forward this amount.

Tech Refresh – This project has underspent by £210k. The recommendation is to carry forward slippage of £210k to support the approved BWV business case. Recommendation to carry forward slippage of £210k into 2021/22 to support the third year costs of the project.

Amber

ANPR Project – Cameras have been purchased and installed and the system is up and operational, overall the project has underspent by £106k due to procurement savings on the contract. Recommendation to carry forward the underspend as slippage to cover the cost of MDT in vehicles during 2019/20

Red

Upgrade SQL platform – Delays in meetings with suppliers have caused slippage throughout the year, a list of equipment has now been identified and it is anticipated that procurement will start during Q1. The original budget allocation was £60k, it is anticipated that only £47k will now be required. Recommendation to carry forward £47k to 2019/20.

4.4 Other Projects

There were 3 separate Other capital schemes during 2018/19, 2 of which were complete or closed by the end of the financial year, 1 project is not complete and slippage has been requested against this project.

Green

Northern property store –work has been completed on lighting, wall building and receipt of crates, orders have been placed for the racking, which is due to be installed directly after the fire suppression work has been completed, this work will be ready to start during April 2019, with the racking being completed shortly after. Recommendation to carry forward slippage of £168k to complete the works during Q1 2019.

5. Financial Implications and Budget Provision

- 5.1 The financial information relating to the outturn position is contained within Appendix A.
- 5.2 The financial information relating to slippage recommendations is contained within Appendix B.
- 5.3 A reminder of the 5 year capital programme including slippage recommendations is contained with Appendix C.

6. Human Resources Implications

- 6.1 There are no immediate Human Resource implications arising from this report.

7. Equality Implications

7.1 There are no equality implications arising from this report.

8. Risk Management

8.1 Please see attached Appendix B.

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

9.1 There are no policy implications arising from this report.

10. Changes in Legislation or other Legal Considerations

10.1 There are no changes in legislation or other legal considerations that are relevant to this report.

11. Details of outcome of consultation

11.1 The figures included in this report are presented to the Force Executive Board on a monthly basis.

12. Appendices

12.1 Appendix A – Capital Report for Quarter 4 P12 2018/19.

12.2 Appendix B – Slippage Recommendation Summary.

12.3 Appendix C – 5 Year Capital Programme with slippage recommendations.

2018/19 Capital Projects

APPENDIX A

	2017/18 Slippage	2018/19 New Budget	2018/19 Approved Budget	2018/19 Virements	2018/19 Revised Budget	2018/19 Outturn	2018/19 Requested Slippage	2018/19 Under/Over spend
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Estates Projects								
CB - Building Management System (BMS)	312	2,300	2,612	- 183	2,429	2,328	40	61
CB - Bridewell New Build	1,285	2,167	3,452	-	3,452	786	2,665	-
CB - Automatic Gates/Barriers Various	200	-	200	-	200	5	52	143
CB - Bunkered Fuel Tank Works	125	-	125	-	125	49	76	-
CB - Mansfield Lift Replacement	73	-	73	- 23	50	50	-	0
CB - Mansfield Create open plan space	130	-	130	217	347	325	-	22
CB - Replacement Control Room	115	-	115	160	275	214	-	61
CB - FHQ New perimeter fence - Enhanced metal	160	-	160	- 160	-	-	-	-
CB - Hucknall EMAS - Extension	205	500	705	- 30	675	39	637	-
CB - Mansfield replace tea points and showers on all floors	146	-	146	- 146	-	-	-	-
CB - Oxclose Lane Lift Replacement	-	60	60	3	63	63	-	0
CB - Various Building Condition Investments	-	200	200	57	257	121	40	96
CB - Fire Alarm panel replacements	45	-	45	-	45	35	-	10
CB - Fixed Electrical Works	30	-	30	18	48	47	-	1
CB - Workshop New Collaboration	-	250	250	37	287	286	-	1
CB - Custody Improvements - Mansfield	-	550	550	- 90	460	42	260	158
CB - Jubilee House	28	-	28	116	143	101	-	42
CB - Lift Replacement	-	60	60	43	103	103	-	0
CB - RAF Newton Improvements	-	50	50	- 20	30	15	-	16
	2,853	6,137	8,990	-	8,990	4,608	3,770	613

	2017/18 Slippage	2018/19 New Budget	2018/19 Approved Budget	2018/19 Virements	2018/19 Revised Budget	2018/19 Outturn	2018/19 Requested Slippage	2018/19 Under/Over spend
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Information Services Projects								
CIT - Telephony Project	134	-	134	- 134	-	0	-	-
CIT - Regional Lan Desk Merger	100	-	100	- 100	-	0	-	-
CIT - Local Perimeter Security Enhance	39	-	39	-	39	12	27	-
CIT - Mobile Data Platform	239	-	239	-	239	0	-	239
CIT - virtual desktop infrastructure	50	-	50	- 4	47	43	-	3
CIT - Upgrade audio visual equipment	41	-	41	6	47	46	-	1
CIT - upgrade control room SICCS workstations	312	-	312	- 230	82	23	59	-
CIT - System Centre Operation Manager (SCOM)	60	-	60	-	60	0	60	-
CIT - Sharepoint Portal (intranet)	160	-	160	-	160	87	-	73
CIT - ANPR Project	401	300	701	-	701	595	106	-
CIT - Confidential Network Hardware Refresh	160	-	160	-	160	70	25	65
CIT - ESN	750	742	1,492	-	1,492	(37)	-	1,529
CIT - Juniper gateway replacement	75	-	75	-	75	0	-	75
CIT - Storage	575	-	575	100	675	662	-	13
CIT - Technology Services Refresh and Upgrades *	710	450	1,160	128	1,288	1,078	210	-
CIT - Command & Control	-	2,500	2,500	180	2,680	1,989	-	691
CIT - Upgrading Direct Access to 2016	-	40	40	4	44	44	-	-
CIT - Upgrade SQL 2008 R2 Platform	-	60	60	-	60	0	47	13
CIT - Chorus Networked - Server	-	27	27	-	27	0	-	27
CIT - Firearms / Case Management	-	70	70	-	70	0	-	70
	3,806	4,189	7,995	- 50	7,945	4,611	535	2,799

	2017/18 Slippage	2018/19 New Budget	2018/19 Approved Budget	2018/19 Virements	2018/19 Revised Budget	2018/19 Outturn	2018/19 Requested Slippage	2018/19 Under/Over spend
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Other Projects								
CO - Non-Slot Vehicle Replacement	5	327	332	50	382	382	-	1
CO - Tri-Force	300	-	300	-	300	34	-	266
CO - Northern Property Store Increased Storage	200	-	200	-	200	32	168	-
	505	327	832	50	882	447	168	267

	2017/18 Slippage	2018/19 New Budget	2018/19 Approved Budget	2018/19 Virements	2018/19 Revised Budget	2018/19 Outturn	2018/19 Requested Slippage	2018/19 Under/Over spend
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
OPCC Projects								
CB - SARC Relocation	-	500	500	-	500	-	-	500

Total	7,165	11,152	18,317	-	0	18,317	9,666	4,472	4,178
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*tech refresh, includes £250k as part of 2017/18 slippage as a result of revenue items slipped to capital at the end of 2017/18 and funded from reserves, see 2.2 above.

2018/19 Slippage Requests								APPENDIX B	
	17/18 Slippage	18/19 New budget	In Year Virements & Transfer from IS Reserve	18/19 Budget Available	18/19 Actual spend	18/19 Outturn	Under Spend	Requested slippage	
	£'000	£'000	£'000	£'000	£'000		£'000	£'000	
Assets									
Nottm Custody Suite	1,285	2,167	0	3,452	786	786	0	2,665	
Hucknall EMAS	205	500	(30)	675	39	39	0	637	
Custody Improvements	-	550	(90)	460	42	42	158	260	
Automatic Gates/Barriers	200	-	0	200	5	5	143	52	
Bunkered Fuel Tank Works	125	-	0	125	49	49	0	76	
Building Management Systems	312	2,300	(183)	2,429	2,328	2,328	61	40	
Building Condition Investment	-	200	57	257	121	121	96	40	
	2,127	5,717	(246)	7,598	3,371	3,371	458	3,770	
IS				-			0		
Local Perimeter Security Enhancement	39	-	0	39	12	12	0	27	
Upgrade control room SICCS	312	-	(230)	82	23	23	0	59	
System Centre Operation Manager	60	-	0	60	0	0	0	60	
Confidential Network Hardware	160	-	0	160	70	70	65	25	
Tech Refresh	460	450	378	1,288	1,078	1,078	0	210	
ANPR Project	401	300	0	701	595	595	0	106	
Upgrade SQL 2008 platform	-	60	0	60	0	0	13	47	
	1,432	810	148	2,391	1,778	1,778	78	535	
Other									
Northern Property Store	200	-	0	200	32	32	0	168	
Total	3,759	6,527	- 97	10,189	5,181	5,181	536	4,472	

PRIORITY SCHEMES INCLUDED IN THE MEDIUM TERM PLAN

Project Name	Department	18/19 Slippage £k	Budget 19/20 £k	Revised 19/20 Budget	Budget 20/21 £k	18/19 Slippage £k	Budget 21/22 £k	Revised 21/22 Budget	Budget 22/23 £k	Budget 23/24 £k
CB - Nottm Custody Suite	Assets		6,430	6,430	6,430	2,665	750	3,415		
CB - Custody Improvements	Assets	260	100	360	100		100	100	100	100
CB - Joint HQ Redevelopment	Assets		352	352	15,150		2,567	2,567	257	
CB - Various Building Improvement, Renovation & Conversion works	Assets	40	1,250	1,290	2,950		2,200	2,200	2,500	2,500
Building Management System	Assets	40	-	40				-		
Hucknall EMAS	Assets	637	-	637				-		
Automatic Gates & Barriers	Assets	52	-	52				-		
Bunkered Fuel Tank Works	Assets	76	-	76				-		
		1105	8132	9237	24,630	2,665	5,617	8,282	2857	2600

Project Name	Department	18/19 Slippage £k	Budget 19/20 £k	Revised 19/20 Budget	Budget 20/21 £k	18/19 Slippage £k	Budget 21/22 £k	Revised 21/22 Budget	Budget 22/23 £k	Budget 23/24 £k
CIT - ANPR Camera Project	Information Services	106	20	126	20		-	-	-	-
CIT - ESN (Essential Services Network - Airwave Replacement)	Information Services		-	-	700		700	700	-	-
CIT - Command & Control System	Information Services		2,000	2,000	-			-	-	-
CIT - Technology Services Refresh and Upgrades	Information Services		1,090	1,090	1,450	210	-	210	-	-
Local Perimeter Security Enhancement	Information Services	27		27				-	-	-
Upgrade control room SICCS	Information Services	59		59				-	-	-
NEP	Information Services	85		85				-	-	-
Upgrade SQL Platform	Information Services	47		47				-	-	-
		324	3,110	3,434	2,170	210	700	910	-	-

Project Name	Department	18/19 Slippage £k	Budget 19/20 £k	Revised 19/20 Budget	Budget 20/21 £k	18/19 Slippage £k	Budget 21/22 £k	Revised 21/22 Budget	Budget 22/23 £k	Budget 23/24 £k
Northern Property Store	Assets	168	-	168				-		
CO - Vehicle & Equipment Replacement Programme	Other		60	60	95		200	200	240	285
		168	60	228	95	0	200	200	240	285

Project Name	Department	18/19 Slippage £k	Budget 19/20 £k	Revised 19/20 Budget	Budget 20/21 £k	18/19 Slippage £k	Budget 21/22 £k	Revised 21/22 Budget	Budget 22/23 £k	Budget 23/24 £k
CB - SARC Redevelopment	OPCC		-	-	1,000		500	500	-	-
CB - Community Rehabilitation Companies Renovations	OPCC		25	25	-			-	-	-
		0	25	25	1000	0	500	500	0	0

TOTAL		1,597	11,327	12,924	27,895	2,875	7,017	9,892	3,097	2,885
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For Information / Consideration	
Public/Non Public*	Public
Report to:	Joint Audit and Scrutiny Panel
Date of Meeting:	29th May 2019
Report of:	Chief Finance Officer
Report Author:	Charlotte Radford
Other Contacts:	Amanda Harlow
Agenda Item:	7

TREASURY MANAGEMENT YEAR END REPORT

1. Purpose of the Report

- 1.1 To provide members with details of compliance with the Treasury Management Strategy and prudential indicators for 2018-19.

2. Recommendations

- 2.1 Members are recommended to consider the report and the assurance it provides.

3. Reasons for Recommendations

- 3.1 This complies with good governance.

4. Summary of Key Points

- 4.1 The attached report details the Treasury Management activity for 2018-19 and how this compares with the approved treasury and prudential code indicators for the year.
- 4.2 Treasury Management is a significant activity within the finance function of the OPCC. It ensures that there are sufficient funds available to meet day to day expenditure such as paying creditors and salaries. It is also responsible for investing income from grants and precept to meet future expenditure requirements.
- 4.3 The Treasury Management Strategy is approved annually by the Police & Crime Commissioner and sets out the parameters within which the activity performs. The essential element of this is to protect the assets of the OPCC, with the ability to generate additional income secondary to this.
- 4.4 A key element to the performance of this activity is the completion of the capital programme. Unfortunately, capital projects by their nature are large and take time to complete as various factors can affect them (e.g. other partners involved in the project, planning permission, availability of staff). Any delay in capital

projects can impact on when payments are made and when borrowing is actually needed.

- 4.5 Income from investments in the money markets has remained static and low for quite some time. This will continue as austerity continues and market returns remain low. However, compared to market averages the returns made from investments are relatively high. And investments have only been made with those organisations with an approved rating.

5. Financial Implications and Budget Provision

- 5.1 None as a direct result of this report.

6. Human Resources Implications

- 6.1 None as a direct result of this report.

7. Equality Implications

- 7.1 None as a direct result of this report.

8. Risk Management

- 8.1 None as a direct result of this report.

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

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

10. Changes in Legislation or other Legal Considerations

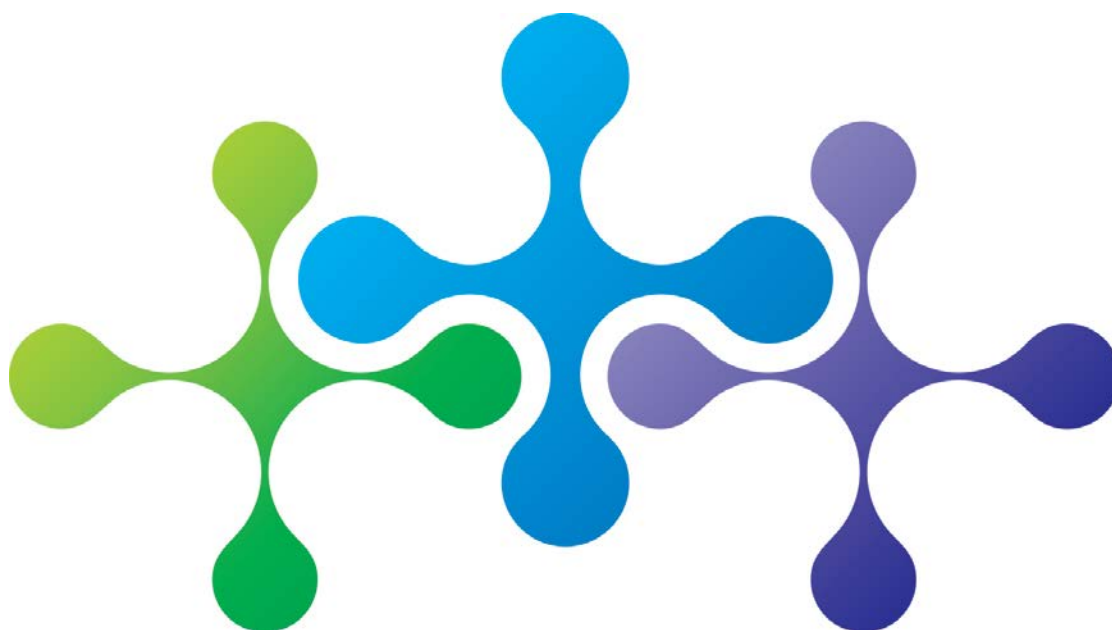
- 10.1 None

11. Details of outcome of consultation

- 11.1 Not applicable

12. Appendices

- 12.1 Appendix A – Treasury Management Report 2018-19



The Nottinghamshire Office of the Police & Crime Commissioner

Treasury Management

Annual Review

2018-19

1. Introduction

The Nottinghamshire Office of the Police and Crime Commissioner is required by regulation issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for the year. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities.

During 2018-19 the minimum reporting requirements were that the Commissioner should receive the following reports:

- an Annual Treasury Strategy in advance of the year (February 2018)
- a Mid-year Treasury Update report (November 2018)
- an annual review following the end of the year describing the activity compared to the strategy (this report)

There is a continued requirement for scrutiny within the regulatory framework and this report is an important aspect including adherence to policies and performance against previously set indicators.

The Chief Financial Officer to the Commissioner also confirms that they have complied with the requirement under the Code to give prior scrutiny to all of the above treasury management reports prior to presentation. The Prudential Indicators for the year are attached as an addendum to this report.

2. Economic Background

After weak **economic growth** of only 0.2% in quarter one of 2018, growth picked up to 0.4% in quarter 2 and to a particularly strong 0.7% in quarter 3, before cooling off to 0.2% in the final quarter. Given all the uncertainties over Brexit, this weak growth in the final quarter was as to be expected. However, some recovery in the rate of growth is expected going forward.

After the Monetary Policy Committee raised **Bank Rate** from 0.5% to 0.75% in August 2018, it is little surprise that they have abstained from any further increases since then. We are unlikely to see any further action from the MPC until the uncertainties over Brexit clear. If there were a disorderly exit, it is likely that Bank Rate would be cut to support growth. Nevertheless, the MPC does have concerns over the trend in **wage inflation**, which peaked at a new post financial crisis high of 3.5%, (excluding bonuses), in the three months to December before falling marginally to 3.4% in the three months to January.

Brexit. The Conservative minority government has so far (1.4.19), been unable to muster a majority in the Commons over its Brexit deal. The EU has set a deadline of April 12 for the House of Commons to propose what form of Brexit it would support. If another form of Brexit, other than the current deal, does get a majority by April 12, then it is likely there will need to be a long delay to Brexit to allow time for negotiations with the EU. It appears unlikely that there would be a Commons majority which would support a disorderly Brexit or revoking article 50, (cancelling Brexit). There would also need to be a long delay if there is no majority for any form of Brexit. If that were to happen, then it increases the chances of a general election in 2019; this could result in a potential loosening of monetary policy and therefore medium to longer dated gilt yields could rise on the expectation of a weak pound and concerns around inflation picking up.

USA. President Trump's massive easing of fiscal policy in 2018 fuelled a (temporary) boost in consumption in 2018, which generated an upturn in the strong rate of growth. The annual rate came in at 2.9% for 2018, just below President Trump's aim for 3% growth.

EUROZONE. The annual rate of growth for 2018 was 1.8%, but is expected to fall to possibly around half that rate in 2019. The European Central Bank (ECB) ended its programme of quantitative easing purchases of debt in December 2018, which means that the central banks in the US, UK and EU have all ended the phase of post financial crisis expansion of liquidity supporting world financial markets by purchases of debt.

WORLD GROWTH. Equity markets are currently concerned about the synchronised general weakening of growth in the major economies of the world: they fear there could even be a recession looming up in the US, although this fear is probably overblown. If there were a major worldwide downturn in growth, central banks in most of the major economies will have limited ammunition available, in terms of monetary policy measures, when rates are already very low in most countries, (apart from the US), and there are concerns about how much distortion of financial markets has already occurred with the current levels of quantitative easing purchases of debt by central banks.

3. Overall Treasury Position as at 31 March 2019

Commissioner's treasury position in comparison to the previous financial year:

	<u>31 March</u> <u>2018</u> £m	<u>31 March</u> <u>2019</u> £m
Total Debt	37.1	51.3
Capital Financing Requirement	62.8	66.3
Over/-Under borrowing	-25.7	-15.0
Total Investments	10.3	23.9
Net Debt	26.8	27.4

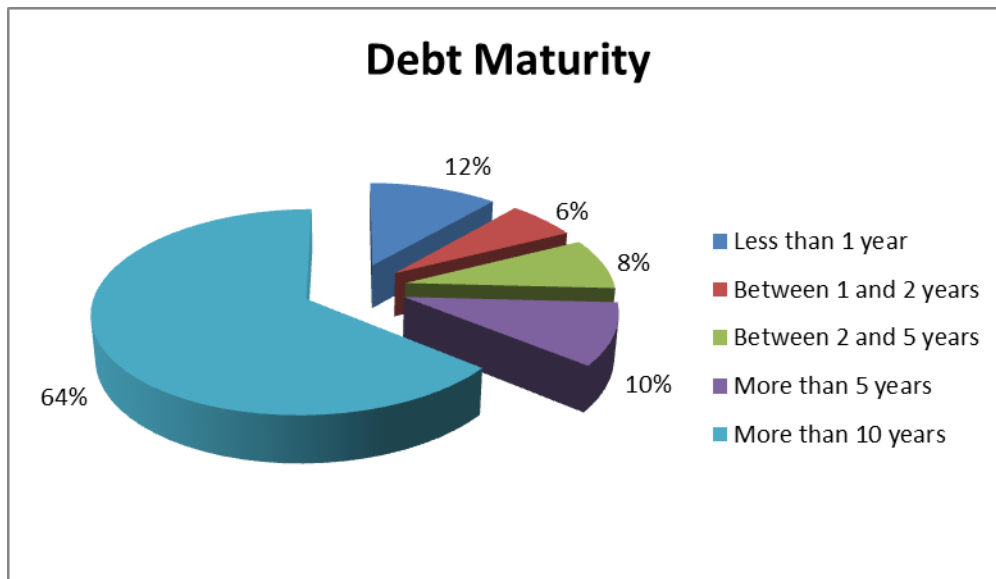
4. Strategy - 2018-19

The Commissioner has maintained an under borrowed position; meaning that the capital borrowing need (the Capital Financing Requirement) has not been fully funded through external borrowing, with reserve balances being utilised to finance the capital spend. This is a pragmatic and cautious approach at a time of high risk coupled with low return on investments. The CFO to the Commissioner has carefully monitored this situation, whereby investments continue to receive low returns compared to borrowing rates. The primary focus for investments continues to be security and liquidity over return.

The strategy was to undertake borrowing at an opportune time prior to decisions around Brexit which could have affected the market. Interest rates on borrowing were carefully monitored to ensure that advantage of relatively low interest rates could be taken if it was apparent that rates were going to increase to historical norms.

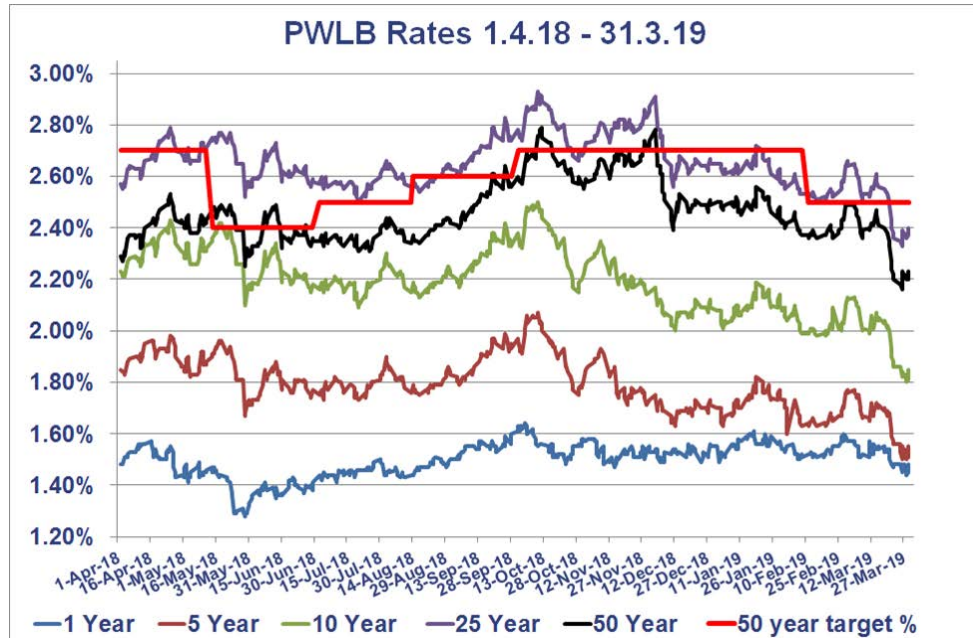
PWLB rates although fluctuating, were still at historically low levels and long term borrowing was undertaken during the year to finance capital expenditure. Short term borrowing from local authorities was utilised to maintain cash flow liquidity.

The borrowing maturity at the end of the year is illustrated below:



5. Borrowing Rates - 2018-19

The graph below shows how PWLB certainty rates have remained at historically low levels during the year, reaching their lowest point at the end of March.



6. Borrowing Activity - 2018-19

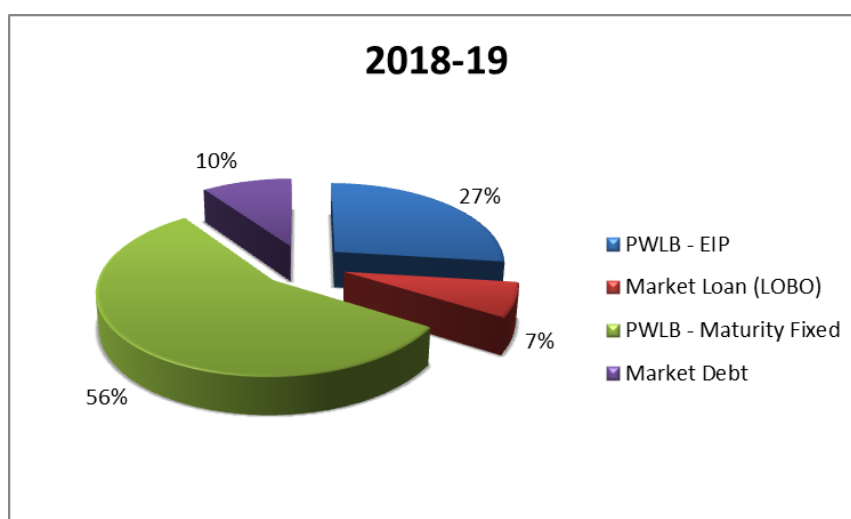
As per the Treasury Management Strategy up to £7.844m borrowing was authorised for the year. Mid-year it was decided to also borrow a further £6.156m to smooth out the cashflow and eliminate the repetitive cost of short term borrowing each year

The budget for interest was £1.538m and savings of £0.153m were possible due to borrowing being available at a lower rate than initially estimated. There has been no opportunity for rescheduling debt for more advantageous rates during the year, although this has been considered on a regular basis.

The summary of borrowing activity is as follows:

	Position @ 01-04-18 £	Loans taken £	Loans repaid £	Position @ 31-03-19 £
<u>Long Term Borrowing</u>				
PWLB	29,668,919	14,000,000	(819,959)	42,848,960
LOBO	3,500,000	0	0	3,500,000
Local Authorities	4,000,000	0	(4,000,000)	0
Total Long Term Borrowing	37,168,919	14,000,000	(4,819,959)	46,348,960
<u>Temporary Borrowing</u>				
Local Authorities	0	5,000,000		5,000,000
Banks & Other Institutions	0	0	0	0
Total Temporary Borrowing	0	5,000,000	0	5,000,000
Total Borrowing	37,168,919	19,000,000	(4,819,959)	51,348,960

The borrowing (by loan type) at the end of the year is illustrated in the following pie chart:

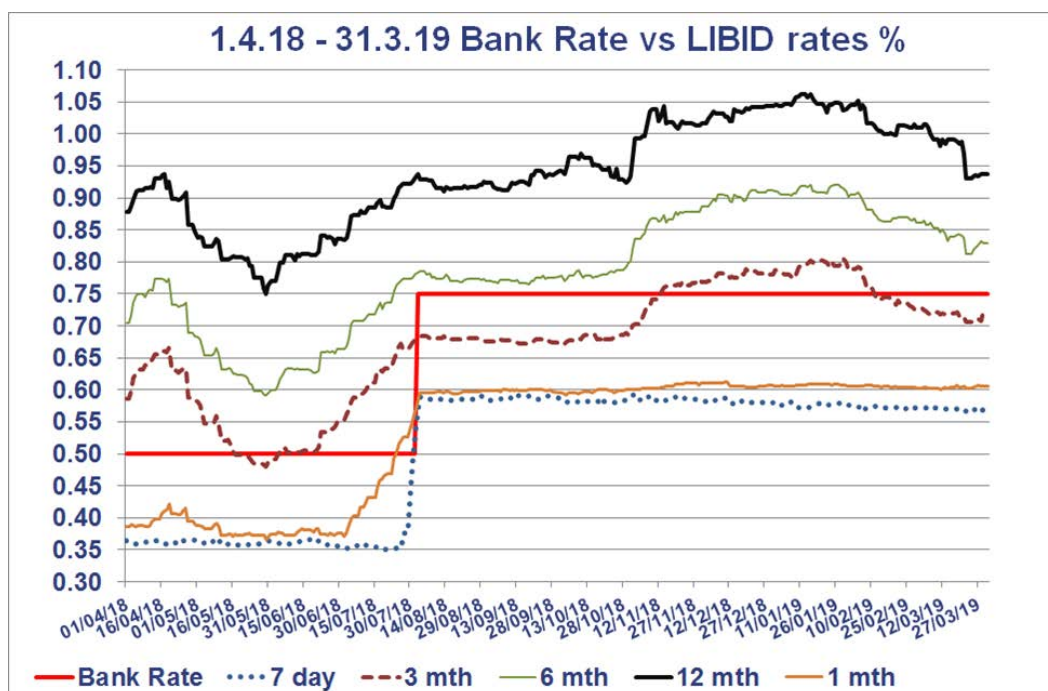


7. Minimum Revenue Provision (MRP) - 2018-19

The MRP policy has remained unchanged. There has been no additional revenue provision this year therefore the accumulated balance remains at £1m.

8. Investment Rates - 2018-19

Investment rates remain low but have increased slightly following the rise in the base rate to 0.75% on 2 August 2018.



9. Investment Outturn - 2018-19

The Authority's investment policy is governed by the annual investment strategy incorporated within the Treasury Management Strategy. This policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies supplemented by additional market data (such as rating outlooks, credit default swaps, bank share prices etc.).

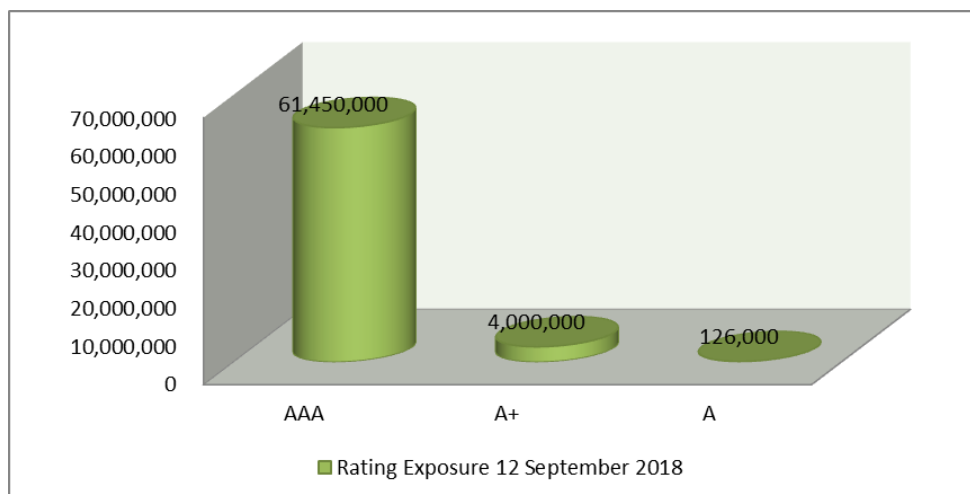
The investment activity during the year conformed to the approved strategy. There were no liquidity difficulties. The strategy has two levels of maximum investment allowable in Low Volatility Net Asset Values (LVNAVs)- successor of Money Market Funds - the general ceiling of £12m and an increased ceiling of £15m, which requires the authority of the CFO to the Commissioner to utilise. During the year there were 22 days which fell into the latter category. For clarity this is days per fund. Additionally there were 15 days when the £15m limit was breached (max £18m) while waiting for other investments to start, this was done with the consent of the PCC. The average invested balance was £37.644m and earned 0.66% (£0.249m). This compares favourably to the average 7 day LIBID rate of 0.36%.

The following table gives information on the investments held at the start and end of the year:

	Position @ 01-04-18 £	Investments made £	Investments withdrawn £	Position @ 31-03-19 £
<u>Temporary Investment</u>				
Banks	(558,000)	(6,000,000)	4,413,000	(2,145,000)
Building Societies	0	(4,000,000)	4,000,000	0
Local Authorities	0	(76,000,000)	59,000,000	(17,000,000)
MMF	(9,800,000)	(269,780,000)	274,820,000	(4,760,000)
Total Investment	(10,358,000)	(355,780,000)	342,233,000	(23,905,000)
<u>Investment:</u>				
	Position @ 01-04-18 £	Investments made £	Investments withdrawn £	Position @ 31-03-19 £
Fixed Term Investment	0	(86,000,000)	67,000,000	(19,000,000)
Variable Term Investment	(10,358,000)	(269,780,000)	275,233,000	(4,905,000)
	(10,358,000)	(355,780,000)	342,233,000	(23,905,000)
Proportion of Fixed Term Investment held	79.48%			
Proportion of Variable Term Investment held	20.52%			

10. Security of Investment

The quality of counterparties for investment is governed by the approved Treasury Management Strategy. This is monitored on a daily basis and an important part of this is the credit agency ratings. The maximum investment held during the year was £65.576m held on 12/09/18, when pension top up grant and other grants had been received. The following graph shows the rating exposure on that day.



The majority of investments are made in LVNAVs which all carry an AAA rating, being the most secure available. The three being used by The Commissioner are as follows and show how they are ranked for performance (judged by net 1 day yield) out of the 61 available funds. LVNAVs operate by spreading risk across a wide variety of counterparties many of which are not available to smaller investors. The impact of any counterparty failure is therefore minimised. It is also important that the Commissioner forms a minor part of the fund. At all times the PCC has formed less than 0.1 % of any fund.

	Max. Investment exposure 06-07-18 £m	Ranking out of 61 10-04-19	Interest (Net 1 year yield) 10-04-19 %
LVNAVs			
Aberdeen Liquidity	17.00	5th	0.60
Federated Investors	18.00	3rd	0.62
Black Rock	15.00	13th	0.60

11. Prudential and Treasury Indicators

During 2018-19 all legislative and regulatory requirements have been complied with.

The net borrowing and the Capital Financing Requirement (CFR) indicator ensures that borrowing levels are prudent over the medium term and that external borrowing, net of investments, must only be for a capital purpose. This essentially means that the borrowing cannot support revenue expenditure. In order to ensure this, the following key indicator of prudence is in place. External borrowing does not (except in the short term) exceed the total of CFR in the preceding year plus the estimates of any increases in CFR in the current and next two financial years.

The authorised limit is the “affordable borrowing limit” required by s3 of the Local Government Act 2003. It reflects a level of borrowing which, while not desired, could be afforded but may not be sustainable. The table below demonstrates that gross borrowing has remained within the authorised limit.

The operational boundary is based on expectations of the maximum external debt according to probable – not simply possible – events and is consist with the maximum level of external debt projected by the estimates. Periods where the actual position is either below or over the boundary is acceptable subject to the authorised limit not being breached.

Actual financing costs as a proportion of net revenue stream - this indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

Prudential Indicator Monitoring 2018-19

	2016-17 Authority Approved Indicator	2016-17 Outturn @ 31 Mar 17	2017-18 Authority Approved Indicator	2017-18 Outturn @ 31 Mar 18	2018-19 Authority Approved Indicator	2018-19 Outturn @ 31 Mar 19
<u>Section 1 - Indicators Based on Expected Outcomes</u>						
<u>Affordability:</u>						
Ratio of Financing Costs to Net Revenue Stream	2.4%	2.2%	2.8%	2.1%	2.1%	1.8%
Incremental Impact of Capital Investment Decisions	£2.83	-	£3.82	-	£1.20	-
Capital Expenditure	-	£8.043m	-	£4.037m	-	£9.653m
Capital Financing Requirement	£64.261m	£59.473m	£60.899m	£62.829m	£68.851m	£66.350m
<u>Section 2 - Indicators Based on Limits</u>						
<u>Affordability:</u>						
Actual External Debt	-	£40.704m	-	£37.105m	-	£51.349m
Authorised Limit for External Debt	£80.000m	-	£80.000m	-	£80.000m	-
Operational Boundary for External Debt	£70.000m	-	£70.000m	-	£70.000m	-
<u>Prudence:</u>						
Gross Debt & CFR	£64.941m	£70.164m	£61.579m	£74.797m	£72.227m	£75.748m

For Information / Consideration	
Public/Non Public*	Public
Report to:	Audit and Scrutiny Panel
Date of Meeting:	29 May 2019
Report of:	Chief Finance Officer
Report Author:	Charlotte Radford
Other Contacts:	Brian Welch
Agenda Item:	8

INTERNAL AUDIT ANNUAL ASSURANCE REPORT

1. Purpose of the Report

- 1.1 To provide members with the Annual Assurance Report of the Internal Audit Manager for work undertaken in 2018-19.
- 1.2 To also provide detail of work in 2018-19 against the Audit Plan.

2. Recommendations

- 2.1 Members are recommended to consider the reports and their implication for the draft Annual Governance Statements also on today's agenda.

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 reports detail the work undertaken during 2018-19. The report summarises the audits undertaken and the findings of these audits.
- 4.2 The report also provides the assurance that members can obtain from the work undertaken. This is considered to be generally adequate with effective controls, processes and governance in place in both the OPCC and Force.
- 4.3 Significant areas of concern were identified in audits during 2018-19 and these will be followed-up in 2019-20.

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 Annual Assurance Report 2018-19
Appendix B – Internal Audit Progress Report 2018-19



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

Internal Audit Annual Report 2018/19

May 2019

This report has been prepared on the basis of the limitations set out on page 13.

Contents

- 01 Introduction
- 02 Head of Internal Audit Opinion
- 03 Performance

Appendices

- A1 Audit Opinions and Recommendations 2018/19
- A2 Audit Projects with Limited and Nil Assurance 2018/19
- A3 Definition of Assurances and Priorities
- A4 Contact Details
- A5 Statement of Responsibility

01 Introduction

Purpose of this Report

This report summarises the work that Internal Audit has undertaken and the key control environment themes identified across Office of the Police and Crime Commissioner for Nottinghamshire and Nottinghamshire Police during the 2018/19 financial year, the service for which is provided by Mazars LLP.

The purpose of the Annual Internal Audit Report is to meet the Head of Internal Audit annual reporting requirements set out in the Public Sector Internal Audit Standards (PSIAS) and the Accounts and Audit Regulations 2011. The PSIAS requirements are that the report must include:

- An annual internal audit opinion on the overall adequacy and effectiveness of the organisation's governance, risk and control framework (the control environment);
- A summary of the audit work from which the opinion is derived (including reliance placed on the work by other assurance bodies); and
- A statement on conformation with the PSIAS and the results of the internal audit quality assurance and improvement programme (QAIP), if applicable.

The report should also include:

- The disclosure of any qualifications to that opinion, together with reasons for the qualification;
- The disclosure of any impairments or restriction in scope;
- A comparison of the work actually undertaken with the work that was planned and a summary of the performance of the internal audit function against its performance measures and targets;
- Any issues judged to be particularly relevant to the preparation of the annual governance statement; and
- Progress against any improvement plans resulting from QAIP external assessment.

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.

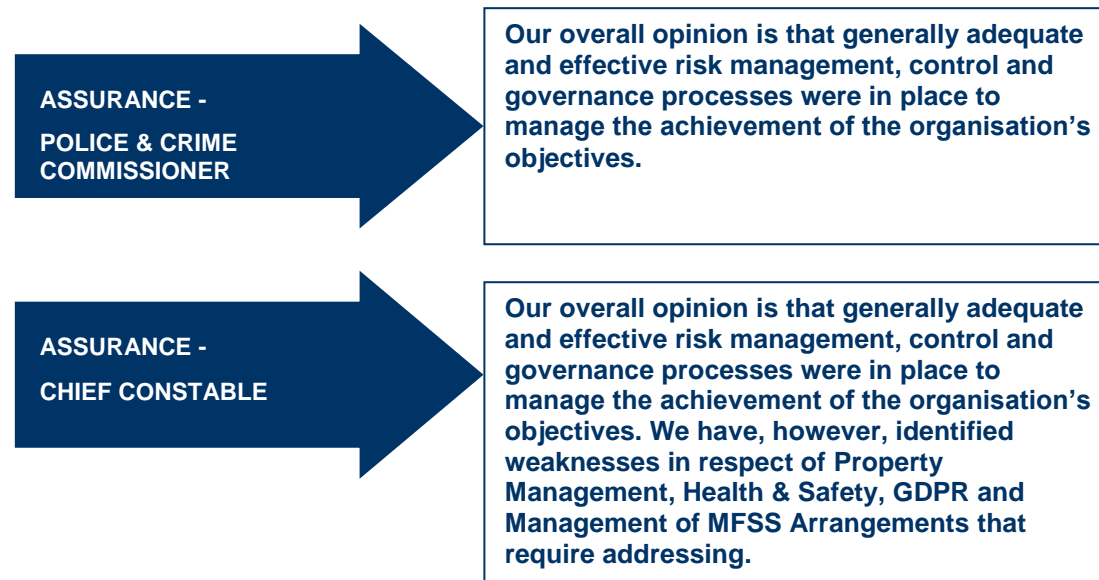
Internal audit provides the Police and Crime Commissioner and Chief Constable, through the Joint Audit & Scrutiny Panel (JASP), with an independent and objective opinion on governance, risk management and internal control and their effectiveness in achieving the organisation's agreed objectives. Internal 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.

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.

02 Head of Internal Audit Opinion

Opinions

From the Internal Audit work undertaken in compliance with the Public Sector Internal Audit Standards (PSIAS) for the year ending 31st March 2019, we can provide the following opinions:



Basis of the Opinion

Internal Audit applies a risk-based approach and our audits assess the governance framework, the risk management process, as well as the effectiveness of controls across a number of areas. Our findings on these themes are set out below. Overall, we can provide assurance that management have in place a generally effective control environment and, whilst further remedial actions are needed in some areas, we are assured that management have in place effective processes for the implementation of identified areas of weakness.

Corporate Governance

As part of the 2018/19 Internal Audit plan we undertook an audit of the Code of Corporate Governance. The specific areas that formed part of this review included: governance framework, policies and procedures, roles and responsibilities and decision making. We concluded that there is a basically sound system of internal control, although there are weaknesses which put some of the Organisation's objectives at risk.

Through the delivery of the internal audit plan and attendance at JASP meetings, we are satisfied that the governance framework for the Office of the Police and Crime Commissioner for Nottinghamshire and Nottinghamshire Police has been effective for the year ended 31st March 2019.

Risk Management

Whilst a specific audit of risk management was not carried during 2018/19, risk management at an operational level is considered during each of our audit assignments. During the course of delivering the 2018/19 audit programme, a key element of each audit scope was to evaluate the control environment and, in particular, how key risks were being managed. As summarised in the 'Internal Control' section below, we were able to place reliance on the systems of internal control and the manner in which risks were being managed by the Force and OPCC.

Internal Control

In summarising the opinions provided as part of the 2018/19 audit programme, as illustrated in the tables below, we have carried out nine audits of which two were of an advisory nature, one of which related to an additional request for audit, and no opinion was provided.

The Office of the Police and Crime Commissioner for Nottinghamshire and Nottinghamshire Police have a generally sound control environment, although we have noted areas where improvements are required. During the 2018/19 year, five (55.5%) internal audits received "satisfactory assurance", whilst four (44.5%) internal audits were rated 'limited assurance'. In addition, the three collaborative audits covering the East Midlands policing region all were rated 'satisfactory assurance'.

The following tables provide a brief overview of the assurance gradings given as a consequence of audits carried out during 2018/19, split between those specific to Nottinghamshire and those undertaken as part of East Midlands regional collaborative audits. More details of the audit opinions and the priority of recommendations for all 2018/19 Internal Audit assignments is provided in Appendix A1 – Audit Opinions and Recommendations. In addition, further analysis of those areas where systems improvement are required are set out in Appendix A2 – Audit Projects with Limited and Nil Assurance 2018/19.

Nottinghamshire Only

Assurance Gradings	2018/19	
Significant	0	0%
Satisfactory	5	55.5%
Limited	4	44.4%
Nil	0	0%
Sub-Total	9	
No opinion	2	
Total	11	

Collaboration Audits

Assurance Gradings	2018/19	
Significant	0	0%
Satisfactory	3	100%
Limited	0	0%
Nil	0	0%
Total	3	

In arriving at our overall audit opinion, and whilst acknowledging that further remedial actions are needed in some areas, we have been assured by management that processes have been put in place for the implementation of recommendations to address identified areas of weakness.

Issues relevant to Annual Governance Statement

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. Internal Audit, through its annual programme of activity, has a duty to bring to your attention any areas of weakness we believe should be considered when producing the Annual Governance Statement. As part of this responsibility, we have highlighted any limited or nil assurance reports within Appendix A2.

Restriction placed on the work of Internal Audit

As set out in the Audit Charter, we can confirm that Internal Audit had unrestricted right of access to all OPCC and Force records and information, both manual and computerised, cash, stores and other property or assets it considered necessary to fulfil its responsibilities.

03 Performance

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	Achieved
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% (11/11)
5	Issue of final report	Within 5 working days of agreement of responses.	100% (10/10)
6	Follow-up of priority one recommendations	90% within four months. 100% within six months.	Achieved
7	Follow-up of other recommendations	100% within 12 months of date of final report.	N/A
8	Audit Brief to auditee	At least 10 working days prior to commencement of fieldwork.	100% (11/11)
9	Customer satisfaction (measured by survey)	85% average satisfactory or above	100% (3/3)

Quality and Conformance with the Public Sector Internal Audit Standards

In addition to the firm's overall policy and procedures, our internal audit manual and working papers are designed to ensure compliance with the Firm's quality requirements. Furthermore, our internal audit manual and approach are based on professional internal auditing standards issued by the Global Institute of Internal Auditors, as well as sector specific codes such as the Public Sector Internal Audit Standards.

Our methodology and work has been subject to review as part of our internal Quality Assurance Reviews undertaken by our Standards and Risk Management team as well as external scrutiny by the likes of external auditors, as well as other regulatory bodies. No adverse comments have been raised around our compliance with professional standards or our work not being able to be relied upon.

Appendix A1 - Audit Opinions and Recommendations 2018/19

Nottinghamshire 2018/19 Audits	Report Status	Assurance Opinion	Priority 1 (Fundamental)	Priority 2 (Significant)	Priority 3 (Housekeeping)	Total
Force Management of MFSS Arrangements	Final	Limited	2	2		4
Code of Governance	Final	Satisfactory		4		4
Health & Safety	Final	Limited	1	3	1	5
Commissioning	Final	Satisfactory		2	1	3
Follow-up of Limited Assurance Recommendations	Final	N/A				
Core Financial Systems	Final	Satisfactory		6	3	9
IT Strategy	Final	N/A	2	2	2	6
GDPR	Final	Limited	2	1	4	7
Firearms Licensing	Final	Satisfactory		3	1	4
Property Management	Draft	Limited	4	4		8
Partnership Working	Final	Satisfactory		2	1	3
Total			11	29	13	53

Collaboration Audits 2018/19	Status	Assurance Opinion	Priority 1 (Fundamental)	Priority 2 (Significant)	Priority 3 (Housekeeping)	Total
Strategic Financial Planning	Final	Satisfactory		4		4
Risk Management	Final	Satisfactory		3	3	6
Business Planning	Final	Satisfactory		2	1	3
Projected Underspend	Draft					
Total				9	4	13

Appendix A2 - Audit Projects with Limited and Nil Assurance 2018/19

Project	Grading	Summary of Key Findings
Force Management of MFSS Arrangements	Limited	<p>We raised two priority 1 / fundamental recommendations and a further two priority 2 / significant recommendations that require addressing where we believe there is scope for improvement within the control environment. These are set out below:</p> <ul style="list-style-type: none"> • The Force should raise the lack of budget setting procedures with the appropriate governance forum to ensure an effective budget setting process can be embedded and is aligned with their own budget setting process. The Force should ensure that the Chief Finance Officers are clearly included in any budget setting process and should be members of the appropriate governance forum where this is scrutinised as part of the budget setting process. The Force should ensure the late delivery of budget monitoring information from MFSS is escalated as soon as possible and actions taken to address are put in place. (Priority 1) • The current lack of formally approved SLA's and KPI's should be escalated to the relevant governance forum and a timetable put in place for the delivery and approval of effective performance indicators. The Force should review the performance information that would be most relevant at each of the governance forums, then work with MFSS to ensure they receive this information. The number of individual complaints raised and managed by MFSS should be centrally co-ordinated by the Force and form part of the service review meeting to ensure effective performance management. (Priority 1) • The Improvement Plan should be updated to include target completion dates for activities to ensure MFSS and Partners are held to account for non-delivery of activities, the Force should raise this at the Optimisation Board. (Priority 2) • The Force should put in place appropriate co-ordination and communication internally between the Forces' attendees at the MFSS governance forums to ensure the key information is shared. The Force should seek clarity from MFSS and partners to confirm the roles of each governance forum, as well as ensuring the BPT's are operating as intended. The role of the HR Business Partner should be clearly defined and communicated across the Force. (Priority 2)

Health & Safety	Limited	<p>We raised one priority 1 / fundamental recommendation and a further three priority 2 / significant recommendations that require addressing where we believe there is scope for improvement within the control environment. We also raised a priority 3 / housekeeping recommendation in respect of best practice. The priority 1 and 2 recommendations are set out below:</p> <ul style="list-style-type: none"> • The Force should formalise what mandatory H&S training is required by staff, including any additional training for Supervisors, Managers and the Chief Officer team and whether annual refresher training is required. <p>The Force should investigate whether the “Required” mark within NCALT allows for the ability to set deadlines for training courses and automatically send emails to the relevant individual and their line manager if deadlines are missed.</p> <p>The Force needs to designate whose responsibility it is to have overall oversight of training, including monitoring of completion and production of performance information around training. It then needs to be ensured that this individual has the resources in place to effectively monitor this. (Priority 1)</p> <ul style="list-style-type: none"> • The Force should update the Health and Safety Policy, ensuring that all information contained within is accurate. <p>The Policy should also be amended to include the additional information not currently included as detailed.</p> <p>The Policy should be reviewed on a regular basis or when there are significant changes to operations or legislation. (Priority 2)</p> <ul style="list-style-type: none"> • The Force should produce a formal Accident/Incident reporting procedure. <p>The procedure should provide guidance on what should be reported and how this should be reported by staff.</p> <p>The procedure should be clearly communicated to staff via the intranet. (Priority 2)</p> <ul style="list-style-type: none"> • The Force should develop an appropriate Performance Information Framework that provides the Departmental Health & Safety Committees with the relevant detailed information. An overall summary of performance across each Department should be available for the main Health & Safety Committee to have an overall view of key data. (Priority 2)
General Data Protection Regulations (GDPR)	Limited	<p>We raised two priority 1 / fundamental recommendations and a further priority 2 / significant recommendation that require addressing where we believe there is scope for improvement within the control environment. We also raised four priority 3 / housekeeping recommendations in respect of best practice. The priority 1 and 2 recommendations are set out below:</p> <ul style="list-style-type: none"> • Responsibility for the gap analysis should be assigned and it should be updated into an action plan. <p>The action plan would then provide a clear means of moving towards compliance and in general we support its aims. It will require management commitment and adequate resource to implement fully and the oversight of management through the proposed new governance structure currently being discussed. (Priority 1)</p> <ul style="list-style-type: none"> • The organisation should consider its resourcing levels in this area and in particular look to reduce its backlog of requests. (Priority 1)

		<ul style="list-style-type: none"> We support the approach being taken to complete the Information Asset Register and this should look to be completed as soon as is practical. Additional resource may also be required in this area of business as it is currently being led by a single member of staff. (Priority 2)
Property Management	Limited	<p>We raised four priority 1 / fundamental recommendations and a further four priority 2 / significant recommendations that require addressing where we believe there is scope for improvement within the control environment. These are set out below:</p> <ul style="list-style-type: none"> Officers should be reminded to ensure property is checked in and out correctly whenever property has been moved from the temporary locations. (Priority 1) Access to the Temporary Stores should be restricted to only police officers or the Archive & Exhibit Team who require access. Those who do not have a job related purpose should have their access to these areas removed. (Priority 1) The Main Vault in the main stores should be subject to an audit on a periodic basis, every 6-12 months. This audit should be completed to ensure that all valuables and cash stated to be held in the vault is accounted for. (Priority 1) Temporary locations should be reviewed and audited during the collection and delivery runs. Where discrepancies are identified, these should be raised with the Officer in Case to verify the location of property. (Priority 1) Property should be logged onto Niche at the point of seizure, or earliest opportunity, prior to being placed in a temporary store. Items held within the temporary store that have not been appropriately logged should be raised with the responsible officer. (Priority 2) Officers within the Force should be provided with further Niche training in relation to the continuity of property management, including the checking in and out of property from temporary storage. (Priority 2) Policies and Procedures in relation to seized property should be updated to reflect the current adopted process since implementation of Niche in February 2016. (Priority 2) It should be ensured that in all instances where cash is disposed or destroyed, that this is appropriately reflected on the property management systems. (Priority 2)

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

07552 007708

David.Hoose@Mazars.co.uk

Brian Welch

07780 970200

Brian.Welch@Mazars.co.uk

Appendix 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.



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

Internal Audit Progress Report 2018/19

May 2019

Presented to the Joint Audit & Scrutiny Panel meeting of: 29th May 2019

Contents

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

Appendices

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

01 Introduction

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

02 Summary of internal audit work to date

- 2.1 Since the last progress report to the JASP we have issued two final reports, these being in respect of the Core Financial Systems and IT Strategy. Additionally, we have issued draft reports in respect of Property Management and Partnership Working where we await management's responses. Further details are provided in Appendix 1.

Nottinghamshire 2018/19 Audits	Report Status	Assurance Opinion	Priority 1 (Fundamental)	Priority 2 (Significant)	Priority 3 (Housekeeping)	Total
Force Management of MFSS Arrangements	Final	Limited	2	2		4
Code of Governance	Final	Satisfactory		4		4
Health & Safety	Final	Limited	1	3	1	5
Commissioning	Final	Satisfactory		2	1	3
Follow-up of Limited Assurance Recommendations	Final	N/A				
Core Financial Systems	Final	Satisfactory		6	3	9
IT Strategy	Final	N/A	2	2	2	6
GDPR	Final	Limited	2	1	4	7
Firearms Licensing	Final	Satisfactory		3	1	4
Property Management	Draft					
Partnership Working	Draft					
Total			7	23	12	42

- 2.2 The 2018/19 Collaboration Internal Audit Plan is largely complete. Since the last progress report to the JASP we have issued three final reports, these being in respect of Strategic Financial Planning, Risk Management and Business Planning. Additionally, we were asked to undertake an additional audit in respect of Projected Underspends and the draft report has recently having been issued. Further details are provided in Appendices 1 and 2.

Collaboration Audits 2018/19	Status	Assurance Opinion	Priority 1 (Fundamental)	Priority 2 (Significant)	Priority 3 (Housekeeping)	Total
Strategic Financial Planning	Final	Satisfactory		4		4
Risk Management	Final	Satisfactory		3	3	6
Business Planning	Final	Satisfactory		2	1	3
Projected Underspend	Draft					
Total			-	9	4	13

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% (11/11)
5	Issue of final report	Within 5 working days of agreement of responses.	100% (9/9)
6	Follow-up of priority one recommendations	90% within four months. 100% within six months.	Achieved
7	Follow-up of other recommendations	100% within 12 months of date of final report.	N/A
8	Audit Brief to auditee	At least 10 working days prior to commencement of fieldwork.	100% (11/11)
9	Customer satisfaction (measured by survey)	85% average satisfactory or above	100% (3/3)

Appendix A1 – Summary of Reports

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

Nottinghamshire

Core Financial Systems

Assurance Opinion	Satisfactory
-------------------	--------------

Area Assurance on adequacy and effectiveness of internal controls	
General Ledger	Satisfactory
Cash, Bank & Treasury Management	Satisfactory
Payments & Creditors	Limited
Income & Debtors	Satisfactory
Payroll	Limited

Recommendation Priorities	
Priority 1 (Fundamental)	-
Priority 2 (Significant)	6
Priority 3 (Housekeeping)	3

Our audit considered the following risks relating to the area under review:

- Clearly defined policies and/or procedures are not in place resulting in ineffective and inefficient working practices.
- Systems and data entry restrictions are not in place which could lead to inappropriate access to the systems and data.
- There are errors in accounting transactions posted on the General Ledger resulting in inaccurate financial information.
- Inaccurate cash flow information regarding investments and borrowings is produced which could result in inappropriate levels of cash held within the Force.
- The purchasing process is not complied with by staff which could lead to fraudulent transactions that may go undetected.
- An ineffective debt management process is in place which could lead to irrecoverable income and inappropriate write off of debt.
- Payments to staff are inaccurate resulting in financial losses for the Force, administrative burdens and, where the employee loses out, loss of reputation.

In reviewing the above risks, our audit considered the following areas:

- General Ledger
- Cash, Bank and Treasury Management
- Payments and Creditors
- Income and Debtors
- Payroll

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

- MFSS should ensure that policies and procedures are reviewed and updated in a timely manner.
- The Force should liaise with MFSS to ensure that appropriate performance data is provided with regards payroll processing.
- MFSS should carry out an independent phone call to verify that the correct details have been provided on all amendments to bank details, whether they are requested or not.
- The Force should ensure that correct PO's are raised and MFSS should ensure that correct PO's are processed.
- Controls should be put in place to prevent self-approval of purchase orders above £250.
- The Force should ensure that the approval spreadsheet is updated on a more frequent basis. MFSS should ensure that they are sending invoices to the approver with the correct authorisation level.

We also raised three housekeeping issues with regards control account reconciliation balance, retention of documents and credit note service requests.

Management confirmed that all agreed actions have either been implemented or will be actioned by September 2019.

IT Strategy

Assurance Opinion	N/A
-------------------	-----

Recommendation Priorities	
Priority 1 (Fundamental)	2
Priority 2 (Significant)	2
Priority 3 (Housekeeping)	2

The audit objectives were to provide an advisory review of the arrangements in place to support the development and establishment of IT Strategy. Consideration will also be given to the governance of the IT Strategy. This included:

- Current position of IT strategic planning and governance structures.
- An IT Strategy has been developed, documented, formally approved, and is up to date.
- The IT Strategy supports both the delivery of the IT team's departmental objectives and Force's corporate objectives.
- The IT Strategy clearly defines Force's IT priorities over the lifetime of the business plan, and how these will be achieved. The IT Strategy should address the following areas:
 - The level and skill set of current resources.
 - The needs of Force's customers (both internal and external).
 - Whether the current needs of customers are being met with the current level of resources.
 - Force's medium and long-term objectives.
 - The continuing and future needs of the Force's customers.
 - The solutions possible to meet those needs given the technology available and are in line with Market/Sector trends and technologies.
 - The Force's priorities.
 - Potential constraints to the delivery of the service and risks are effectively identified, managed or mitigated.
 - What the critical success factors are in assessing delivery against the IT Strategy's objectives.
- The IT Strategy has been effectively communicated to key colleagues at all levels throughout the organisation.
- Senior management across the organisation are fully committed to the implementation of the IT Strategy.
- There are effective governance, management structures and performance reporting structures in place to manage and monitor the implementation of IT Strategy projects. This should include: (i) A project management office/IT Strategy Group to oversee implementation and delivery, (ii) terms of reference for the group (s), (iii) post implementation reviews of IT projects undertaken within agreed timescales.

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

Recommendation 1	The IT Strategy should be completed without further delay ensuring key stakeholders and IT management are fully engaged in the development process.
Finding	<p>The Force's IT Strategy has been under development for some time led by the DCC and by an external consultant from Towers Holt who has also previously undertaken an independent review of the Force's IT Department.</p> <p>The draft IT Strategy has not progressed as well as initially expected, the main reason being a lack of engagement with the wider organisation including IT Departmental leadership. This is now being addressed with changes in personnel and responsibilities that should reinvigorate the process, allow for a wider level of involvement and engagement. During the audit, advice was provided with regards to areas of focus, a number of those areas are also included in this report.</p>
Response	Accepted. IT Strategy to be written, ensuring engagement with key stakeholders.
Timescale / Responsibility	Chief Supt Vicki White / April 2019

Recommendation 2	Once completed the strategy should be formally approved by senior force leadership.
Finding	Whilst the IT Strategy is currently in draft and not yet formally approved, through inquiry with key staff we noted that once the IT Strategy has been finalised it will be subject to the Force's formal approval processes through the leadership team and Futures Board.
Response	Accepted. IT Strategy to be taken to FEB and signed off by COT.
Timescale / Responsibility	Chief Supt Vicki White / April 2019

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

- The IT Strategy should include consideration of the current and future resources required to deliver the strategy.
Key risks and limitations to achieving the key objectives of the IT strategy should also be recognised, including resource, finance, and changes in leadership.
- The IT Strategy needs further development around initiatives, core IT projects and future developments at a local level, for example, infrastructure related developments that do not fall under business as usual (BAU).
We would also recommend the Force list IT projects as an appendix to the IT Strategy highlighting project lead, approximate costs, potential benefits, resource requirements and timescales.
This would also allow for performance monitoring, progress tracking and annual review to be built in to the ongoing IT Strategy management following its approval.
Risk levels can then be managed through project teams and reported if significant.

Finally, we raised two priority 3 recommendations of a more housekeeping nature. These were promotion of the Strategy and Terms of Reference for the Futures Group.

Management confirmed that actions would be addressed by May 2019.

Regional Collaboration Units

Strategic Financial Planning

Assurance Opinion	Satisfactory
-------------------	--------------

Recommendation Priorities	
Priority 1 (Fundamental)	-
Priority 2 (Significant)	4
Priority 3 (Housekeeping)	-

Our audit considered the risks relating to the following control objectives:

Development of financial plans

- An effective and informed medium term financial plan (MTFP) is in place to ensure that a comprehensive review of the unit's financial position for the current and future years is undertaken and reviewed on a regular basis.
- The MTFP and financial planning process is aligned with key objectives, priorities and strategies set out in the unit's Business Plan.
- Appropriate assumptions are made as part of the planning process.
- Responsibility for creation, review and sign off of the MTFP is defined and controls are in place to ensure these responsibilities are discharged effectively.
- The financial planning process takes into account the requirements of the individual regional forces.

Delivery of Efficiency Savings

- Efficiency savings are incorporated into the MTFP and these savings are monitored on a regular basis.
- There is evidence of stakeholder engagement in evaluating the proposed savings and they take into account the impact on the wider Force and region.
- The Regional Efficiency Board has a key role in reviewing and challenging financial plans and savings assumptions.
- Procedures and guidance are available to support the effective delivery of the savings programme, including the methodology / rationale for calculating and justifying the proposed savings.
- Responsibilities for the delivery of individual savings targets are agreed and understood.
- There is a rigorous process for challenging the proposed savings targets, including their subsequent approval.
- Processes exist to enable management to highlight potential failure to deliver efficiency savings and action taken accordingly.

Budget Management and Monitoring

- MTFP is regularly monitored to ensure financial performance is aligned with ongoing budget management and monitoring procedures.
- Regular monitoring is undertaken to enable timely management information to be produced to assess performance and accuracy of the MTFP.
- Reports on financial performance are submitted in a timely manner to the relevant forum, including the relevant regional forces.

Budget Shortfall/ variances to budget projections

- Budget shortfalls/ variances to budget projections are recognised as part of the MTFP process.
- Shortfalls and variances are monitored and the MTFP updated accordingly as these occur through the financial year, with future impact on deliver of the overall plan assessed.

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

- We concur with attempts to establish a longer term financial plan. These should follow a clearly defined MTFP Process that is agreed and applied across the regions collaboration units.

This should include a clear timetable for the preparation of plans and the appropriate levels of scrutiny through to final approval.

- The Collaboration budget setting process should be aligned with local Forces to ensure budgets are sufficient to meet service requirements. When collaboration budgets include elements that are held with the local Force (such as Officers in Kind), these are correctly stated across the Force budget and the collaboration budget.
- To ensure consistency and clarity for financial planning, clear reporting lines should be established so that individual(s) who have responsibilities for delivering budgets are clearly held to account.
- The Resource Board should determine a consistent approach to budget underspends and efficiency savings to ensure each collaboration unit is engaged and incentivised to deliver efficiency savings.

Moreover, there should be clarity when savings are being prepared and proposed so that it is understood what type of saving are being proposed and the impact for all stakeholders.

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

Risk Management

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

Our audit considered the risks relating to the following areas under review:

- Procedures are in place to ensure that risks relating to the unit are identified, assessed, recorded, and appropriate risk owners are assigned.
- Responsibility for risk, both in terms of supporting the overall risk management process across the unit and individual risk owners, is delegated and understood.
- Risks are managed, where appropriate, at all levels of service delivery:
 - Strategic
 - Operational
 - Contracts
 - Programme
 - Partnership

- Risk registers are in place and are adequate and reasonable in terms of risk scoring, documented mitigation and action plans.
- The risk register is subject to regular review and is updated in a timely and consistent manner.
- Risk mitigation actions are in place and there is evidence they are monitored to ensure tasks are completed within agreed timescales.
- Appropriate oversight and reporting arrangements are in place and are working effectively.
- Collaboration unit risk registers are aligned with individual force registers, including how risks are escalated and reviewed, ensuring that duplication is minimised.
- Risk registers are routinely shared with force risk managers in order to ensure there is awareness across the region of the risks collectively being faced and how those risks are being mitigated.

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

- The EMSOU unit should establish a Risk Management Policy or Strategy to formally document their existing system for managing risk.
 - The Collaboration Units should ensure that their Risk Registers are fully completed.
 - The collaboration units should review their risk mitigation actions to confirm they clearly align to the risks.
- The collaboration units need to ensure that the risk registers are regularly reviewed and updated.

Updates need to be specific to the risks and agreed mitigating actions

When the risk registers are reviewed by management within the collaboration units, the lack of updates on risks should be challenged and actions set to ensure risks are being actively managed.

We also raised three priority 3 recommendations of a more housekeeping nature with regards responsibilities, the format of risk registers and risk scoring, and the alignment of force risk.

Management confirmed that actions will be completed by June 2019.

Business Planning

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

Our audit considered the risks relating to the following areas under review:

- There is a Section 22 agreement in place which sets out how the unit will operate and which underpins how the business plan is constructed.

- There is a clearly defined business plan in place that sets out, amongst other elements, the statutory duties and aims / objectives of unit and the key performance measures against which the service will be monitored.
- There is a clear link between strategic planning and service delivery such that:
 - Business Plan – how the unit will deliver its objectives;
 - Service Plans – operational plans for each area of activity; and
 - Individual Work Plans – how individuals will contribute towards the objectives and priorities of the unit.
- There is a robust business planning process in place that covers both the current year but also includes future year considerations.
- The business planning process includes the assessment of resources to achieve the stated objectives / priorities.
- The reliance on partners / suppliers to deliver the business plan is considered.
- The business plan is kept under review to ensure that it remains 'fit for purpose' and meets the requirements of each regional Force.
- The business plan is aligned with the Section 22 agreement and sets out the key deliverables of the service.
- Supporting each deliverable, there are clear, measurable performance measures against which the service will be measured.
- Performance management / reporting arrangements are in place to support the effective delivery of the service.
- Effective reporting routines are in place which provide up to date and accurate information to each regional force on the delivery of the service.
- Plans are in place and are appropriately reported in respect of agreed actions to address identified issues.
- There are clear policies and procedures in place supporting delivery of the service which are aligned to the delivery of the business plan.

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

- The EMSOU collaboration unit should progress plans to adopt business plans for the four main areas of operation – Serious Organised Crime, Major Crime, Forensic Services and Special Branch. A timetable should be established to ensure these business plans are put in place in a timely manner.

The EMOpSS collaboration unit should ensure an appropriate business plan is adopted once the new format of the unit has been established.

- The Collaboration Units should ensure that there is an agreed business planning process that is scheduled annually.

The planning process should include

- Coverage of both the current year but also includes future year considerations.
- The assessment of resources to achieve the stated objectives / priorities.

We also raised a priority 3 recommendation of a more housekeeping nature with regards the format of business plans.

Management confirmed that actions will be completed by May 2019.

Appendix A2 Internal Audit Plan 2018/19

Auditable Area	Planned Fieldwork Date	Draft Report Date	Final Report Date	Target JASP	Comments
Core Assurance					
Core Financial Systems	Nov 2018	Dec 2018	Feb 2019	May 2019	Final report issued.
Code of Governance	Sept 2018	Aug 2018	Oct 2018	Nov 2018	Final report issued.
Strategic & Operational Risk					
Partnership Working	Mar 2019	Apr 2019		June 2019	Draft report issued.
Commissioning	Sept 2018	Oct 2018	Nov 2018	Feb 2018	Final report issued.
Force Management of MFSS Arrangements	June 2018	June 2018	July 2018	Nov 2018	Final report issued.
IT Strategy	Nov 2018	Feb 2019	Apr 2019	June 2019	Final report issued.
Property Management	Mar 2019	Apr 2019		June 2019	Draft report issued.
GDPR	Nov 2018	Dec 2018	Feb 2019	Feb 2019	Final report issued.
Health & Safety	Sept 2018	Oct 2018	Feb 2019	Feb 2019	Final report issued.
Firearms Licensing	Oct 2018	Oct 2018	Nov 2018	Feb 2019	Final report issued.
Follow-up of Limited Assurance Recommendations	July 2018	July 2018	July 2018	Nov 2018	Final report issued.

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

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.

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07552 007708

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Status of our reports

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For Decision	
Public/Non Public*	Public
Report to:	Joint Audit and Scrutiny Panel
Date of Meeting:	29th May 2019
Report of:	Chief Finance Officer
Report Author:	Charlotte Radford
Other Contacts:	Mark Kimberley and Amanda Froggatt
Agenda Item:	9

DRAFT STATEMENT OF ACCOUNTS AND ANNUAL GOVERNANCE STATEMENTS FOR 2018-19

1. Purpose of the Report

- 1.1 To provide members with a copy of the unaudited statement of accounts and annual governance statements for 2018-19.

2. Recommendations

- 2.1 Members are requested to:
- Review the tabled draft documents and provide any feedback on items which should be amended or included in the Statements of accounts for the Chief Constable and the Commissioner
 - Review the draft Annual Governance Statements provided and provide any feedback for the Chief Constable and the Commissioner

This feedback should be provided before the final statements are made available to the July meeting.

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.

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 Constables Statement of Accounts 2018-19

B – The Group Statement of Accounts 2018-19

C - The Chief Constables Annual Governance Statement 2018-19

D – The PCC's Annual Governance Statement 2018-19



DRAFT Statement of Accounts 2018-19

The Chief Constable of Nottinghamshire



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INDEPENDENT AUDITORS REPORT Page 17	MOVEMENT IN RESERVES STATEMENT Page 40		
STATEMENT OF RESPONSIBILITIES Page 21	BALANCE SHEET Page 42		
ANNUAL GOVERNANCE STATEMENT Page 22	CASH FLOW STATEMENT Page 43		



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.

The amount received from Central Government is reducing in real terms year on year, this creates the need for the Commissioner to raise Council Tax by the maximum amount available to ensure real term spending power is not reduced.

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

GOVERNANCE

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

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

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

Our Priorities

Engage our
Communities

Create a Service that
Works for Local People

Become a
Employer of Choice

Our Mission Statement

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

PERFORMANCE

The Force has a dedicated workforce of around 3,600 Officers and Staff, who are supported by a growing army of hundreds of special constables, cadets and volunteers.

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

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

Achievements 2018-19

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

We are an early adopter of an Apprenticeship entry scheme for police officers. This has enabled us to recruit to a wider audience of candidates which has resulted in apprentice cohorts being far more representative of the local community.

Deployment of a specialist digital forensic examiner & equipment enabling early identification and proportionate seizure of exhibits.

The Knife Crime Team (KCT) was created in 2016. The first and only one outside of the Metropolitan Police. Whilst nationally knife crime has seen an increase of 14% the Nottinghamshire increase of 11% is below the national average.

We have also processed more hate crime offences for finalisation through to the CPS than any other East Midlands Police Force.

The Digital Investigations Unit has established four Force networked kiosks at strategic locations around the Force. This places an operational capability to review digital data held on devices in the hands of frontline operators, and significantly increases the volume and speed of such investigations.

Work on Operation Equinox, the review and investigation of historic sexual abuse cases, saw the local review by the Independent Inquiry into Child Sexual Abuse (IICSA) take place. This work however continues and has been further developed to meet current and future needs.

The control room has increased staffing levels, moved to predictive workload shift patterns, added Interactive Voice Response, and widened the pool of 101 call handlers to include front counter staff. This investment has seen answering times half to 30 seconds and call abandonment rate dropping from over 12% to less than 2% (January 2019).

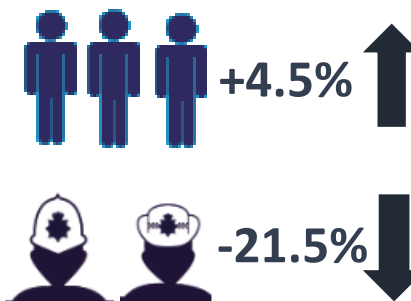
A typical day in Nottinghamshire Police



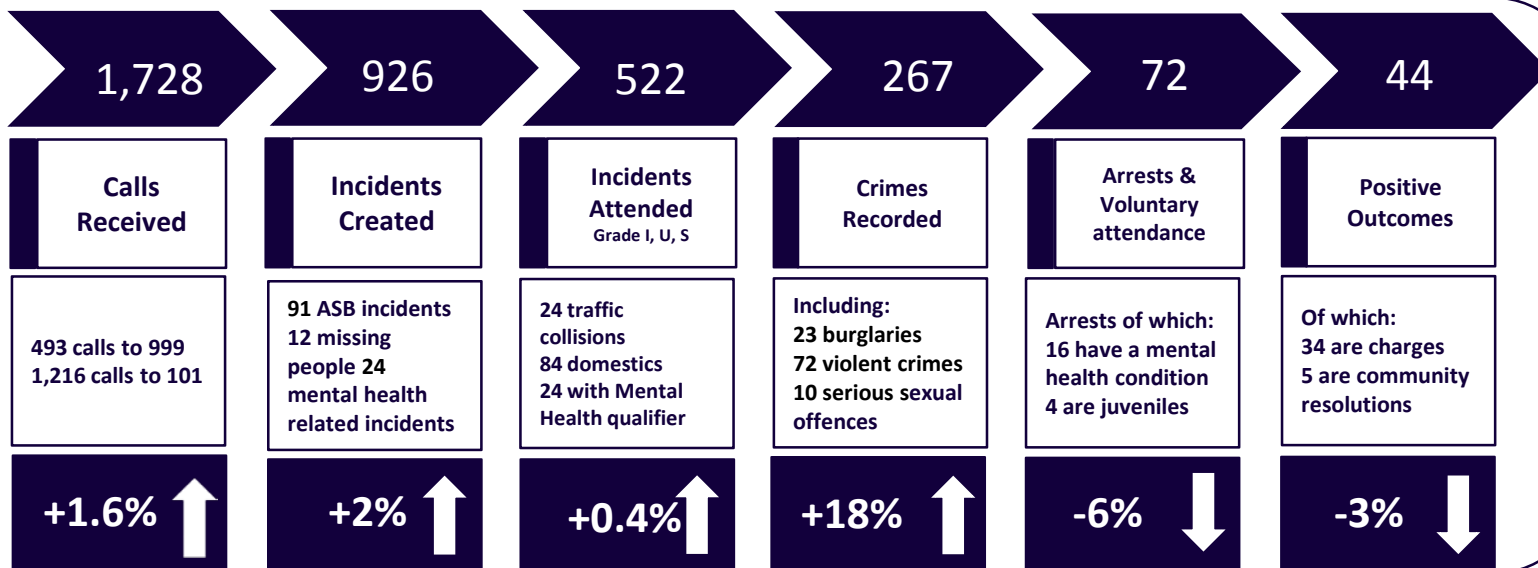
NOTTINGHAMSHIRE
POLICE
PROUD TO SERVE



- The population of Nottinghamshire is 1,135,992 people
- Nottinghamshire Police has 1,941 FTE officers
- Across Nottinghamshire there is approximately one police officer for every 585 members of the public at any one time
- Since 2010, officer numbers have fallen while the population of Nottinghamshire has risen



Incoming daily demand



On-going demand

As well as responding to the public, proactive work is taking place to safeguard the public, including:

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

FINANCIAL PERFORMANCE

The provisional outturn for the Force is £189,043k which is an overspend of £834k against the original budget. Year on year the Force expenditure has increased by £6,123k or 3.3% from £182,920k.

A transfer from reserves of £1.4m was made by the Police & Crime Commissioner to support the additional cost incurred as a result of the delay in implementing the system upgrade to Oracle Cloud Applications. The total cost to the Force of the delay was over £2m. Without this the overspend would have been higher.

Overall this has resulted in the Forces repayment to reserves being less than expected. This will require adjustment in future budgets.

Improvements to monitoring processes continue to develop and actual outturn was in line with previous monthly monitoring.

Overtime spend continues to be an issue and with effect from April 2019 new approval processes will be implemented in order to ensure greater control in future years.

2018-19 Expenditure v Budget Analysis

Employee Costs

Police officer pay

This was £101,245k for the year which was an overspend of £380k against the budget and a year on year increase of £2,640k or 2.7%, partially reflecting the increased number of Police Officers employed in year.

This position results from a decision to bring cohorts in earlier than the original budget phasing.

However in-year attrition rates reduced significantly which prompted a decision to delay recruitment in the remaining part of the year.

Although this action ensured final numbers were in line with the budgeted number, the fewer number of new recruits and corresponding higher number of experienced officers has a higher pay cost.

The actual closing position of officers was 1,941 FTE's which was 1 FTE above the original budget.

Police staff pay

This was £40,615k for the year, which was an overspend of only £54k against the budget; but a reduction year on year of £593k or 1.4%. The reduction was due to reduced turnover.

PCSO pay

This was £6,042k for the year, which was an under spend of £593k against the budget; but an increase year on year of £57k or 1.0%. During the year 10 new PCSO's were recruited, and at the end of March 2018 there was 177 FTE's which was 30 FTE's less than budgeted.

Total Police staff (including PCSO's) at the end of March 2019 was 1,336 FTE's which was 59 FTE's below budget.

Overtime

This was £5,610k for the year, which was an overspend of £1,499k against the budget; but only an increase of £82k or 1.5% on last year. The main drivers of the overspend were:

- Op Palmitate at £250k
- Increased number of firearms discharged resulting in Officers being called in at short notice

FINANCIAL PERFORMANCE (continued)

- OS at £338k which is mainly offset within income from the ARV uplift fund
- Seconded and externally funded officers/staff of £109k which has been offset by income
- City, County & SOC at £604k driven by costs within CID due to more and complex local investigations
- Higher summer demand within response
- Higher levels of Custody overtime at £136k. However there are now firm plans in place fill sergeant vacancies in the establishment which will prevent this excess overtime from continuing into 2019-20

Other employee costs

This was £2,390k for the year, which was an overspend of £341k against the budget. The overspend is due to additional training needs and redundancy/pension strain payments.

Premises Costs

Premises costs was £6,462k for the year, which was an overspend of £589k against the budget.

The over spend is largely due to a backlog of historic utility invoices being processed and actual costs being greater than reserves. In addition inflation in year was higher than expected, reflecting a volatile market subject to national and international influences.

Maintenance costs have also shown an increase as buildings are reconfigured/age.

Transport Costs

Transport costs was £5,650k for the year, which was an overspend of £341k against the budget. This was largely due to vehicle repairs £124k, increase in fuel costs £143k, and an increase in vehicle insurance £48k. Some increases in repair costs were off-set by increased income from insurance claims.

Comms & Computing

Comms & computing costs were £7,536k for the year, which was an underspend of £729k against the budget.

This reflects savings as a result of rationalising systems that are no longer required.

The Home Office have also revised their charges during 2018-19 resulting in a saving.

Capital funded refreshes and replacements have reduced the need for ad-hoc replacement expenditure.

Supplies & Services

Other supplies & services

This was £5,404k for the year, which was an overspend of £776k against the budget.

Costs shared with Northamptonshire Police in respect of MFSS Oracle Cloud Application developments were £198k higher than expected due to a delayed implementation date. Costs of vehicle recovery have also increased, but this will be off-set with £199k of additional income.

FINANCIAL PERFORMANCE (continued)

Custody costs and police doctor costs

This was £1,513k for the year, which was an overspend of £76k against the budget. Main reasons are higher than budgeted clothing and consumable costs and the re-alignment of police surgeon costs between the Sexual Assault Referral Centre (SARC) and Custody.

Forensics & investigative costs

This was £1,931k for the year, which was an underspend of £154k against the budget. This was largely due to savings on translators.

Partnerships & Collaborations

Collaboration contribution costs was £11,386k for the year, which was an overspend of £1,764k against the budget.

This is largely due to increased costs of implementing Oracle Cloud Applications of £1.7m this been partially funded from a reserve contribution in year of £1.4m, shown as income from the OPCC.

Capital Financing

Capital financing was £3,801k for the year, which was an underspend of £339k against the budget. This saving is due to lower interest charges of £153k as a result of reduced borrowing; and a reduction in the Minimum Revenue Provision (MRP) of £186k as a result of the actual 2017-18 capital spend being lower than the budgeted assumption.

Income

Income for the year was £17,495k, which was £3,141k above budget. This is broken down as follows approximately:

The £3,141k of additional earned income was largely due to:

- £1,400k contribution from reserves to off-set Oracle Cloud Applications costs
- £199k Vehicle recovery
- £149k Apprentice officer training
- £94k Insurance monies received
- £185k Investment interest

- £228k Mutual Aid
- £450k ARV income (off-set by costs within overtime and training)
- £108k Border agency training
- £132k Body Worn Video grant Income

Efficiencies

An ongoing efficiency target of £300k from non-pay costs were set as a target to achieve within the 2018-19 financial year.

A specific target of £50k was set in respect of forensic costs and £35k was actually achieved.

£250k was the target for other procurement activities and £295k was achieved.

Overall £330k efficiencies were achieved, £30k above target. These efficiencies are included in the above spending analysis.

FINANCIAL PERFORMANCE (continued)

2019-20 Budget Breakdown

The proposed revenue budget for 2019-20 is £201.4m as detailed below:-

Net Expenditure Budget	2019-20 £m
Employee	170.6
Premises	5.8
Transport	5.7
Communications & Computing	9.0
Supplies & Services	10.6
Partnership & Collaborations	11.5
Capital Financing	4.6
Income	(13.1)
Efficiencies (not allocated in above)	(3.3)
Net use of reserves	0.0
Total Net Expenditure	201.4



Craig Guildford
Nottinghamshire Chief Constable

OUTLOOK

Due to austerity measures the Government has made significant reductions in public sector finances over recent years; however it has now signalled that the end to austerity is in sight and further reductions in spending powers are not expected.

The annual real term reduction of over £50m since 2010 will remain, placing the need for efficiencies central to our plans to invest in front line policing.

In 2018-19 improved medium term budgeting and continued efficiency drives coupled with additional Council Tax Funding allowed for investment in front line policing, with a plan to repay reserves used in previous periods.

In 2019-20 more additional funding, created as a result of Council Tax increases agreed by the PCC, will ensure that Officer and Staff numbers are further increased.

All additional precept funding is being invested in 80 additional Police Officers in 2018-19, and a further 40 additional Officers in 2019-20 with efficiency measures being used to fund inflationary pressures like pay awards.

This, along with plans being developed to reduce the number of supervisory roles, will deliver over 140 additional front line Police Officers by the end of 2019-20.

A review of the Reserves Strategy has been undertaken by the PCC and, based upon current plans which include the continued delivery of operational efficiencies and improved budget management, it is expected that reserves will be able to be utilised in the future to support capital expenditure plans.

This investment will deliver new efficient buildings that will be fit for the future, are more energy efficient and will also deliver on-going revenue savings.

Annual Departmental Assessments and Reviews will be the mechanism to deliver further efficiencies. The aim is to ensure our support costs are amongst the most cost effective when compared to other police forces. Latest VFM profiles show that this ambition is being realised.

Sufficient on-going review and risk management is in place such that if

funding levels anticipated are not forthcoming then delivery of the minimum policing model is achievable in a time frame that does not jeopardise the minimum sustainable policing level.

Plans in respect of IT Strategy, property maintenance and demand profiles are being further developed and work to further refine our knowledge and financial estimation in these aspects continues.

The Annual Budget, Operational Models, and the Medium Term plan are sufficiently robust to ascertain that policing in Nottinghamshire is **above** the levels required to provide an adequate police service and that the Force is sufficiently resourced to ensure this on an on-going and sustainable basis.

WHO WORKS FOR NOTTINGHAMSHIRE POLICE

Nottinghamshire Police (including the Office of the Police and Crime Commissioner) employs approximately 1,981 Police Officers, 185 PCSOs, 199 Specials and 1,271 Staff in full-time and part-time positions.

Active recruitment plans for 2019-20 include positive action to improve the diversity and reflect more closely that of the County.

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

This can be utilised to pay for apprenticeship training and to accredit specific specialist roles to a professional standard, including degree level. During 2018-19 Nottinghamshire Police introduced one of the first apprentice entry Police Officer routes into the Force, in association with Derby University.

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

Overall Equality Characteristics

Gender	Headcount	%
Male	2,027	55.75
Female	1,609	44.25

Age Band	Headcount	%
25 and under	386	10.62
26-40	1,456	40.04
41-55	1,499	41.23
56 or over	295	8.11

Self-Declared Disability	Headcount	%
No	3,415	93.92
Yes	152	4.18
Unspecified	69	1.90

Ethnicity	Headcount	%
Asian/Asian British	103	2.83
Black/Black British	41	1.13
Mixed	54	1.49
White/White British	3,326	91.47
Other	8	0.22
Not known/provided	104	2.86

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
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
Brexit	Detrimental impact of Brexit on public sector funding Management of any transition/public order issues	Monitoring of national activity by Government Force planning led by ACC
Funding formula /Comprehensive Spending Review	Could result in a positive or negative impact on the amount of Force funding	Development of a scalable Medium Term operational plan Identification of a minimum policing model

Explanation of Accounting Statements	The Core Statements	The Supplementary Financial Statements
<p>The Statement of Accounts sets out the Chief Constable's income and expenditure for the year and its financial position at 31 March 2019. 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 2018-19; 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>Figures in these accounts are rounded appropriately, generally to the nearest £1,000. Due to this there may appear to be minor inconsistencies or apparent arithmetic errors.</p>	<ul style="list-style-type: none"> • The Comprehensive Income and Expenditure Statement This records all income and expenditure for the year. • The Movement in Reserves Statement This is a summary of the changes to reserves during the course of the year. • The Balance Sheet This is a “snapshot” of the assets, liabilities, cash balances and reserves at the year end. • The Cash Flow Statement This shows the reasons for changes in cash balances. 	<ul style="list-style-type: none"> • The Notes to the Accounts These provide more detail about the accounting policies and individual transactions.

INDEPENDENT AUDITOR'S REPORT TO THE CHIEF CONSTABLE FOR NOTTINGHAMSHIRE

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

INDEPENDENT AUDITOR'S REPORT CONTINUED

INDEPENDENT AUDITOR'S REPORT CONTINUED

INDEPENDENT AUDITOR’S REPORT CONTINUED

STATEMENT OF RESPONSIBILITIES

The Responsibilities of the Chief Constable

The Chief Constable is required to:

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

The Responsibilities of the Chief Finance Officer

The Chief Finance Officer is responsible for the preparation of the Statement of Accounts in accordance with proper accounting practices as set out in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom. The statement is required to present fairly, the financial position of the Chief Constable as at the accounting date and its Income and Expenditure for the year ended 31 March 2019. 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 2019 and its income and expenditure for the year ended 31 March 2019.

M. Kimberley, CPFA
Chief Finance Officer Nottinghamshire Police
30 July 2019

Approval

The Statement of Accounts was approved by the Joint Audit and Scrutiny Panel on 24 July 2019

C. Guildford
Nottinghamshire Police Chief Constable
30 July 2019

Nottinghamshire Police

Annual Governance Statement 2018-19



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. The Chief Constable and Chief Finance Officer have put in place management and reporting arrangements to enable them to be satisfied that the approach to the corporate governance arrangements have been effective and supports the aims of the OPCC, these include;

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

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

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

- All Officers, Staff and Volunteers are committed to the Code of Ethics, which sets out the principles and standards of behaviour expected from policing professionals. They are built on the Nolan Principles for Public Life with the addition of 'Fairness' and 'Respect'.
- The Force has established its own PROUD values which are explicitly linked to the Code of Ethics.
- The Force continually reinforce the Code of Ethics and expected standards of professional behaviour; guidance and advice is sent to Officers and Staff using a combination of intranet articles and the Chief's fortnightly video blog.
- The Code of Ethics sits at the centre of the National Decision Model, so is explicitly referenced and considered in any decision making situation.

- Student Officers receive a copy of the Code of Ethics on day one of their training and receive an input from PSD regarding ethics and values. Throughout training many of the subjects are linked back to the Code and integrity.
- The Force have embedded the College of Policing's Competency Values Framework (CVF) which sets out nationally recognised behaviours and values into the Leadership Programme.
- The Force refer to the Home Office Guidance in relation to Police Officer Misconduct for procedures relating to misconduct, unsatisfactory performance and attendance of Police Officers and Special Constables.
- The Police Staff Misconduct Policy provides a clear framework for all Police Staff in terms of expected standards of conduct and professional behaviour and the likely consequence of failure in meeting those standards.
- There are clear processes in place around confidential reporting 'whistleblowing' outlined in the Professional Standards Reporting Procedure. Staff are also able to report breaches confidentially to PSD confidentially.
- 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 Independent Office for Police Conduct (IOPC).
- The Force has dedicated local resolution sergeants, embedded within local policing. Their purpose is to deliver learning from complaints back to the workforce thus creating a learning culture rather than a punitive one. Guidance around local resolutions is available on the intranet.
- Assurance reporting is submitted to the Joint Audit and Scrutiny Panel (JASP) on a regular basis relating to complaint recording and the nature of complaints.
- Bi-annually, a report on IOPC investigations is presented at the JASP to inform the OPCC of the Force's application of the IOPC Statutory Guidance.
- Standards are governed by the quarterly Organisation Risk, Learning, Standards and Integrity Board, chaired by the Deputy Chief Constable (DCC). Its remit is to provide a forum to discuss key areas of learning and identify emerging strategic opportunities and risks, whilst monitoring compliance with Force values.
- In the 2019 Her Majesty's Inspectorate of Constabulary and Fire and Rescue (HMICFRS) PEEL Inspection the Force were deemed to be 'good' in respect of 'How legitimately the Force treats the public and its workforce'.

- In an effort to ensure consistency and fair practice, the Professional Standards Department (PSD) are now responsible for monitoring Staff conduct. This allows parity on how cases are assessed; ensuring Staff and Officers are treated fairly and respectfully.
- All gross misconduct hearings are now held in public and the outcomes are published on the Force website.
- An Ethics Board has been established to consider and discuss ethical issues in an advisory and consultative capacity. It consider issues raised at the Organisational Risk and Learning Board and any issues which are referred from Officers, Staff or external groups.
- A procedure is in place for the monitoring of business interests and additional employment for Police Officers and Police Staff.
- Business Interests, Additional Employment and Notifiable Associations are reviewed annually within the Integrity Health check, this forms part of the PDR process.
- The Force have developed a matrix to assess the risk posed by reported notifiable association, this assists the Force in identifying those of greatest risk to the integrity of the Force.
- A Statement of Personal and Pecuniary Interests is completed as part of the Annual Governance Statement process by Chief Officers.
- A Register of Refused and Approved Business Interests is published on the Force website biannually; any changes are reported on a monthly basis to the Organisational Risk and Learning Board.
- A record of gifts gratuities and hospitality is published biannually on the Force website.
- The Chief Constable will ensure that financial affairs for their Force are properly administered having regard to value for money, probity, legality, and appropriate standards, with particular reference to the Financial Regulations and contract standing orders agreed by the PCC as set out in Part B of Joint Code of Corporate Governance and Working Together document.
- There are documented processes and controls in place around the Prevention of Fraud and Corruption in the Procurement Process to mitigate risks in relation to procurement fraud.
- 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 CFO job description.

2.2 Principle B: Ensuring openness and comprehensive stakeholder engagement

- The Office of the Police and Crime Commissioner (OPCC) is accountable to local people and draws on this mandate to set and shape the strategic objectives for the Force area in consultation with the Chief Constable, taking into account the Strategic Policing Requirement.

- The Force have made a commitment to listening and engaging with communities and our partners to inform areas of focus and activity as part of the Neighbourhood Policing Strategy 2018.
- Consultation and engagement undertaken with local residents and business communities forms part of key decision making processes. Formal engagement mechanisms delivered in the community include Victim Satisfaction Surveys, Neighbourhood Watch Meetings, Neighbourhood priority surveys, Locality Boards, Neighbourhood engagement meetings, Key Individual Networks and Independent Advisory Groups.
- The Force Engagement Strategy is being revisited as part of the modernising Neighbourhood Policing Agenda.
- New Community Profiles are being developed to ensure a better understanding of local communities and from this Neighbourhood Police Inspectors (NPIs) have developed bespoke community engagement plans to ensure more effective and targeted community engagement.
- The Force has a strategic Independent Advisory Group (IAG) which represents different community groups across Nottinghamshire. They provide a service to the Force in three core areas; critical incidents, building trust and confidence and advising on strategies, policies and procedures. The Force has a many systems in place for the collection of local survey information that is used to shape the direction of service delivery.
- In accordance with the Freedom of Information (FOI) Act, the website is updated pro-actively with Force information in a FOI Disclosure Log. This ensures transparency and encourages increased confidence from and accountability to the public and stakeholders.
- Publication scheme monitoring, review and assurance is reported to the Joint Audit and Scrutiny Panel on an annual basis to provide a current Force position on the Publication Scheme Requirements. This report along with all other JASP reports are available to view on the OPCC website.
- The Force contributes to the OPCC's Annual Report to provide assurance on what has been delivered against the Police and Crime Plan.
- There are strong governance processes in place for the City partnerships. Each of the partnerships under the One Nottingham umbrella, including the Crime Drugs Partnership (CDP), have clear terms of reference including a defined purpose, arrangements for information sharing, community engagement, governance and finance.
- The CDP Plan 2015-20 sets out the overall aims and delivery and performance framework of the partnership to deliver the 'safer' agenda of the 'Nottingham Plan to 2020'. The Partnership Plan has been developed with regard to the priorities of the Police and Crime Commissioner.

- There is a robust governance framework in place to oversee the delivery of the Plan. This is directed by the Partnership Board, which provides strategic governance of the partnership.
- The three statutory Community Safety Partnerships (CSPs) are responsible for the delivery of local community safety strategies and action plans. The Safer Nottinghamshire Board (SNB) Delivery Groups support the SNB and CSPs to implement the community safety strategies.
- Each of the three CSPs in the County produces performance information on a monthly basis. This includes reporting on current performance against targets, comparison against most similar force peers and performance of Partnership Plus areas. The SNB Performance Group brings together the CSP Chairs to discuss performance risks and highlights.
- Section 22A of the Police Act 1996 provides for a collaboration agreement to be made between Police and Crime Commissioners or between Commissioners and Chief Officers from more than one Force area. There are a range of established collaborations in place for a number of specialist front line policing operations that provide services across the Midlands region, including Nottinghamshire. These arrangements are reviewed on a regular basis by respective Chief Constables and Police and Crime Commissioners.
- Operational Support was established in Force in May 2018 following withdrawal from EMOpSS.
- An annual Extraordinary Force Executive Board (E-FEB) is held which is attended by senior internal and external stakeholders, including the City and County Council to provide an open forum for decision making regarding business change proposals for the forthcoming financial year and beyond.

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

- The Police and Crime Plan sets out the vision, values, strategic priorities and outcomes together with a performance framework in line with requirements under the Police Reform and Social Responsibility Act 2011.
- At a national level, the Force work to the 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 Police and Crime Plan is informed by the Police and Crime Needs Assessment (PCNA) which is used as a planning and priority setting tool. The document highlights key trends, issues, risks and threats in the crime community safety and criminal justice environment.
- The Force take an active part in working with the OPCC to refresh the Police and Crime Plan delivery plan each year in order to set out what activities will be undertaken to deliver the PCC's key strategic priority themes. Activities are broken down into further operational detail in the Force Delivery Framework.

- The strategic priorities set out in the Police and Crime Plan are aligned to the Force’s Annual Departmental Assessment (ADA), business planning process.
- A report is submitted on a frequent basis to the Police and Crime Panel to provide an update against each of the strategic priority themes, this is made available on the Nottinghamshire County Council website.
- A Performance and Insight Report is provided to the Strategic Resources and Performance Meeting on a bimonthly basis to ensure that the Police and Crime Commissioner is aware of current performance in line with the strategic priority themes, as set out in the Police and Crime Plan.
- Collaboration agreements are in place to outline how business will be undertaken jointly in order to reduce cost, increase capability, and/or increase resilience to protect local people.
- All activity in response to audit and inspectorate recommendations is monitored via 4Action, an action management system. Progress against activity is reported to the Joint Audit and Scrutiny Panel on a quarterly basis.
- A Medium Term Financial Strategy builds on the proposed budget for 2019-20 and incorporates plans to meet changes in available financing with the need to meet current and future commitments.
- A regular capital report is provided to the Force Executive Board (FEB) and OPCC to provide an update on the Force’s budgetary position and also to comply with good financial management and Financial Regulations. This is reviewed and updated regularly to remain adaptable for future requirements.
- An Equality Impact Assessment is undertaken to help the organisation to assess the likely positive and negative impact of changes on staff, service users, partners or communities.

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

- There is a robust planning cycle in place which incorporates partnership, Force and OPCC strategic assessments, public consultation, refresh of the Police and Crime Plan and the Force Delivery Framework, departmental planning via Annual Departmental Assessments (ADAs) and review and update of the Medium Term Financial Strategy.
- 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.
- The Medium Term Financial Strategy is a live document to facilitate the demands and changes that can occur within the Police so that we can remain operationally on the front foot. The budgeting and long term planning process is intrinsically linked to the business planning cycle to create a joined up approach identifying opportunities and risks that are present and, on the horizon.

- HMICFRS 2019 PEEL Report recommended that the Force should improve its approach to planning within Information Services to ensure there is a clear vision and direction which links to operational planning. This is being addressed as an area for improvement.
- Each Head of Department completes an ADA as part of the annual planning cycle. The ADA is a planning tool used to assess current structure, processes and cost in light of the current operating context. Options for change are proposed which are aligned to the Strategic Priority Themes.
- Budget meetings with departmental heads take place following E-FEB to ensure future budgets account for any project savings or spend within the department.
- Business change remains responsive to threats and opportunities which present themselves throughout the year as part of the risk management process.
- Where a change proposal is approved at E-FEB, a comprehensive analysis of approved change proposals are progressed in the form of an options appraisal (business case) which is presented at the Futures Board for decision. The business case will indicate how intended outcomes would be achieved and any risks associated with those options.
- Business change continues to be assessed according to viability and desirability throughout the project lifecycle. Governance is flexible and responsive so that outputs can be adapted to changing circumstances.
- Projects have clearly defined benefits which are identified at business case stage, updated through project delivery and reviewed following closure of the project to ensure benefits are realised. Benefits are linked to the Strategic Priority Themes.
- Decisions for change are, in part, informed by the HMICFRS' Value for Money (VfM) Profile, which is published on an annual basis. The Force benchmarks its functions against others in its Most Similar Group (MSG) to determine whether VfM is being achieved.
- All business change is governed according to the Force Corporate Portfolio Management Office (PMO) Framework and Guidance which sets out in detail the governance framework, roles and responsibilities and project management methods in order to plan, delegate, monitor and control all aspects of the business change portfolio.
- The business change governance framework provides a robust reporting structure, which includes project boards, the Futures Board and the FEB. The framework ensures that oversight and scrutiny is carried out by the relevant authority in a proportionate manner providing assurance that decisions are open and accountable and that public money is spent wisely.

- Decision making is recorded as part of minutes, action plans and decision logs. Key decisions from FEB are published on the Force Intranet under 'News'. This ensures the force's decision making processes are transparent.
- A forward plan is maintained to outline what information is required for each strategic meeting, the SRO and expected timescales.

Area for improvement: The Force should ensure that planning in Information Services is more closely aligned with strategic and operational planning and is able to optimise intended outcomes.

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

- The DCC chairs a Strategic Workforce Planning and Training Priorities Meeting. The purpose is to provide strategic overview and direction in regards to workforce planning, including establishment levels, workforce mix, skills and capabilities. The meeting also has the remit of determining and prioritising training and learning activities to ensure they are aligned to business and workforce planning.
- HMICFRS recommended within the 2019 PEEL Inspection Report that the Force needs to understand fully its workforce capabilities, to identify any gaps, and put plans in place to address them. This is being addressed as an area for improvement.
- The PDR process has recently been relaunched. Each individual will have three objectives linked to the Force strategic priorities, alongside three personal objectives, linked to the individuals own area of work and associated development. Compliance has been below expectation, this is being addressed as an area for improvement; going forward it is recommended that management information is made available to ensure completion.
- Individual training and development needs are assessed as part of the PDR process.
- A standard induction programme is in place for student Officers. Staff induction is tailored to the role and department to which the individual is recruited.
- The Force has embedded the CVF which aims to support all policing professionals, setting out nationally recognised behaviours and values. The six competencies and four values of the CVF are embedded into the Force's leadership development programme.
- The leadership development programme invests in the development of first and second line supervisors, it is also complemented by coaching, mentoring and 360 degree feedback.
- Officers and Staff progressing to a senior leadership are encouraged to undertake a 360 review to enable them to consider their own effectiveness as future leaders and identify areas for personal development.

- The NOPCC and Force operate under a comprehensive 'Joint Code of Governance and Working Together Agreement' which comprises of the scheme of consent, the Joint Code of Corporate Governance, Financial Regulations and Contract Standing Orders.
- The roles and authorities of the PCC, the Chief Constable and their respective officers are set out in the Joint Code of Corporate Governance and Working Together document. The document outlines how the parties will work together in cooperation to ensure that effective and efficient delivery of policing services. This was reviewed during 2018.
- The governance structure is underpinned by a statutory framework which incorporates the Police Reform and Social Responsibility Act 2011, the Policing Protocol Order 2011 and the Financial Management Code of Practice, amongst other legislation.
- The Scheme of Delegation sets out the delegation of responsibility from the PCC to his staff and delegation to the Chief Constable and his own staff in the exercise of their statutory responsibilities.
- Clear roles and responsibilities are delegated to Chief Officers. The Chief Financial Officer, as Section 151 Officer, has an up to date job description and person specification which outlines their responsibilities.
- The Force recognises and promotes the benefits of collaborative working and continue to work in a number of regional collaborations as well as local collaborations with Nottinghamshire Fire and Rescue and Local Authorities.

Area for improvement: The Force should undertake a full review of workforce capabilities to ensure capacity and capability to meet current and future demand.

Area for improvement: Produce meaningful management information on the completion of PDRs to enable Heads of Departments to ensure on-going compliance.

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

- The Risk Management approach was redeveloped in 2018 for the Force to adopt a more sophisticated approach which links risks to our governance methods and internal audit processes.
- The Force and OPCC have agreed a joint policy for the management of risk, in line with the Cabinet Office approved Management of Risk (MoR) approach.

- A Strategic Risk Report is provided to the JASP and FEB regularly in order to keep them informed as to the level of strategic risk within the Force and OPCC and provide assurance as to the effectiveness of risk management arrangements.
- The quarterly Organisational Risk, Learning, Standards and Integrity Board provides an organisation wide forum for thematic leads and heads of department to discuss key areas of learning and identify any emerging strategic opportunities and risks. Business Continuity is also managed within this forum.
- Regular reporting is made to JASP and FEB on business continuity, including progress made against the business continuity testing timetable and notes on forthcoming testing. JASP are also asked to identify any subject areas to be reported on where additional or in depth details is required to provide greater scrutiny and reassurance.
- A Performance and Insight Report is regularly presented to the Strategic Resources and Performance Meeting to ensure that the Police and Crime Commissioner is aware of current performance in line with the Police and Crime priorities. This report is made available on the OPCC website.
- Significant changes in service delivery are subject to a Post Implementation Review in order to identify lessons learned and whether benefits have been realised, including performance, cashable or non-cashable benefits, however none were scheduled or conducted in 2018-19.
- The Financial Performance and Insight Report, including revenue and capital budget monitoring are reported to the FEB on a monthly basis. It is also presented at the Strategic Resources and Performance quarterly meeting.
- The decision making protocol is illustrated in the joint Scheme of Delegation which is part of the Joint Code of Governance and Working Together document.
- A forward plan of 'Decisions of Significant Public Interest' is provided to the Police and Crime Panel on a regular basis in the interests of accountability and transparency, this is made available on the Nottinghamshire County Council website.
- 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.
- JASP complies with best practice as outlined in Audit Committees: Practical Guidance for Local Authorities and the Police (CIPFA, 2013).
- The Panel also assist the OPCC and the Chief Constable in fulfilling their responsibility for ensuring value for money and they oversee an annual programme of scrutiny of key areas of policing activity on behalf of the OPCC.

- The Force's Financial Regulations are designed to establish overarching financial responsibilities, to confer duties, rights and powers upon the PCC, the Chief Constable and their statutory officers and to provide clarity about the financial accountabilities of groups or individuals. They apply to every member and officer of the service and anyone acting on their behalf.
- The Annual Statement of Accounts is published on our website under 'what we spend' and includes accounting policies and also the report of the auditors.
- The Annual Audit letter is report to the JASP on an annual basis.
- The Treasury Management Strategy and annual report are reported annually to the JASP.
- Budget monitoring reports are presented to the Strategic Resources and Performance meeting on a quarterly basis.
- In compliance with CIPFA guidance, the OPCC and the Force have appointed a Head of Internal Audit. This role is contracted out to Mazars, who are responsible for the organisation's internal audit service, on behalf of the CFO, including drawing up the internal audit strategy and annual plan and giving the internal annual audit opinion.
- Internal Audit, Review and Inspection Monitoring and assurance and improvement outcomes are presented to the JASP at every meeting.
- Regular reporting is made to JASP on legislative compliance with the Freedom of Information Act and Data Protection Act legislation.
- Effective arrangements are in place to monitor risks arising from Brexit. The ACC chairs a regular Gold Group meeting.
- The 2017-18 Independent Auditor's Report on the Audit of Financial Statements noted that there were not adequate governance and monitoring arrangements in place to enable the successful delivery by Multi-Force Shared Service (MFSS) to Oracle Cloud Applications (Fusion), therefore failing to deliver value for money and effective delivery in support of strategic priorities. This is being managed as an area for improvement. Consultancy support was procured during 2018-19 to provide more robust governance and programme management arrangements in respect of Fusion. Despite this delivery of Fusion was further delayed, going live in April 2019. Close management of the situation continues with DCC taking an active role as SRO.

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

- The PCC and Chief Constable's functions are set out in the Police Reform and Social Responsibility Act 2011. The functions are undertaken in line with the Policing Protocol Order 2011 in order to achieve the outcomes of the Police and Crime Plan.
- Both the PCC and the Chief Constable have appointed Chief Financial Officers. The responsibilities of the CFO's for both the PCC and the Chief Constable are clearly set out in line with the Financial Management Code of Practice (Home Office, 2013).

- The JASP operates within the CIPFA guidance and in accordance with the Financial Management Code of Practice.
- A programme of internal audit is commissioned and undertaken which reflects published guidance and standards. This is available on the OPCC website.
- Progress reports against the Internal Audit Plan are submitted on a timely basis to the JASP along with the findings from audits completed to date.
- Police Officers, Police Staff operate within Force policies and procedures; the corporate governance framework; disciplinary regulations; codes of conduct and the Code of Ethics. Assurance is provided via the Force and OPCC governance framework.
- The Police and Crime Panel scrutinises the action and decision of the Police and Crime Commissioner and makes sure information is available for the public. The Force provides reports in accordance with the Police and Crime Panel work programme including specific focus on each of the seven Strategic Priority Themes included in the Police and Crime Plan.
- The Annual Governance Statement assesses the extent to which the organisation is applying the principles contained within the CIPFA framework. This is published for public scrutiny alongside the Statement of Accounts.
- The Force has a robust process to capture HMICFRS recommendations and track through their lifecycle to formulate the Audit and Inspection Report. This is prepared and presented to the JASP on a quarterly basis.
- The Force has an established reporting procedure for our response to HMICFRS recommendations to be received by the OPCC in line with the timescales dictated in the Police and Crime Bill.
- A policy and procedure framework is required to ensure that corporate documentation is reviewed on a timely basis, this is an area for improvement.
- Existing collaborations have an established supporting governance structure and formal Collaboration Agreements as per Section 22A of the Police Act 1996.

Area for improvement: Develop and maintain a robust policy and procedure framework, ensuring policies and procedures remain current to inform decision making.

3.0 Chief Finance Officer Role

- The role of Chief Financial Officer (CFO) rests with the Head of Finance with effect from 1 April 2018.
- As a key member of the leadership team, the CFO helps to develop and implement strategy and resource and deliver the PCC's strategic objectives sustainably and in the public interest.

- The CFO is actively involved and able to bring influence to bear, on all business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered and aligned with the financial strategy.
- The CFO leads and 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 CFO and the DCC on behalf of the Chief Constable agree the Force's risk based Internal Audit Annual Plan for delivery each year and this is presented to the Joint Audit and Scrutiny Panel for comment. Delivery of the plan is via external engagement of an appropriately trained and experienced organisation, currently this is provided by Mazar's. Award of the work was via a competitive tendering exercise.
- In respect of external audit, progress reports are provided to the Panel by the external auditors to provide a summary of the work they plan to undertake for the audit year, together with a high level assessment of the risks that have been considered as part of the initial planning process.
- The CFO is required to maintain continuous professional development to ensure they maintain knowledge, skills and experience to enable them to fulfil the duties and statutory obligations of the post.

4.0 Review of effectiveness

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

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

5.0 Improvement actions

The review process to support the production of the Annual Governance Statement in 2018-19 identified a number of improvement actions, which are summarised below. These have been agreed with the respective Divisional and Departmental Heads to address weaknesses identified in the Force's systems of internal control. These issues are significant in that they cover a large proportion of the organisation's activities and/ or are key risk controls and therefore require a corporate solution.

Areas for improvement 2017-18

Identified improvement action(s):	Update	Lead Officer.
1. The Force should review its plan to ensure that by April 2018 it has achieved clearance for all those people that it is required to clear (Source: 2017-18 AGS)	The PEEL Integrity report assessed that the Force is now compliant with the vetting requirement.	Det Supt Scurr
2. The Force should continue to undertake appropriate activities to understand fully its leadership capacity and capability, in order to identify any gaps, and put plans in place to address them (Source: 2017-18 AGS)	A new leadership programme has been commissioned and delivered during 2018-19 to address gaps in capacity and capability. This incorporates the CVF.	ACC Cooper
3. The Force should address governance and monitoring arrangements in respect of MFSS' delivery of Oracle Cloud Applications (Fusion), to ensure value for money and delivery in support of strategic priorities. (Source: KPMG 2017-18 Independent Auditor's Report on the Audit of Financial Statements)	Consultancy support has been procured to provide more robust governance and programme management arrangements in respect of Fusion. Despite this delivery of Fusion was further delayed, going live in April 2019. Close management of the situation continues with DCC taking an active role as SRO.	DCC Barber

Areas for improvement 2018-19

Identified improvement action(s):	Lead Officer.
1. The Force should ensure that planning in Information Services is more closely aligned with strategic and operational planning and is able to optimise intended outcomes.	Ch Supt White/ Supt Antill
2. Undertake a full review of workforce capabilities to ensure capacity and capability to meet current and future demand.	Denise Hill
3. Produce management information on the completion of PDRs to enable Heads of Departments to ensure ongoing compliance.	Denise Hill
4. Develop and maintain a robust policy and procedure framework, ensuring policies and procedures remain current to inform decision making.	Ch Supt White

Chief Constable and Chief Finance Officer Declaration

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

Signed:

Signed:

Date:

Date:

C. Guildford
Chief Constable

M. Kimberley
Chief Finance Officer

FINANCIAL STATEMENTS



Comprehensive Income and Expenditure Statement (CIES)

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.

2017-18			2018-19		
Expenditure	Income (Note 12)	Net	Expenditure	Income (Note 13)	Net
£000	£000	£000	£000	£000	£000
232,143	(20,971)	211,172	235,094	(15,190)	219,904
0	(227,536)	(227,536)	0	(238,568)	(238,568)
232,143	(248,507)	(16,364)	235,094	(253,758)	(18,664)
78,034	(5,565)	72,469	72,073	(21,387)	50,686
310,177	(254,072)	56,105	307,167	(275,145)	32,022
		(165,866)			67,946
		(109,761)			99,968

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.

2018-19	General Fund Balance	Unusable Reserves	Total Reserves
	£000	£000	£000
Balance at 31 March 2018	0	2,626,380	2,626,380
Movement in reserves during year			
Surplus or deficit on the provision of services	32,022	0	32,022
Other Comprehensive (Income)/Expenditure	0	67,946	67,946
Total Comprehensive (Income)/Expenditure	32,022	67,946	99,968
Adjustments between accounting basis and funding basis under regulations	(32,022)	32,022	0
(Increase) or Decrease in year	0	99,968	99,968
Balance at 31 March 2019	0	2,726,348	2,726,348

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

Balance Sheet

The Balance Sheet gives a value of net worth and corresponding reserves at a particular moment in time. All reserves are unusable and reflect valuation estimates on pensions and employee holiday / time owed.

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

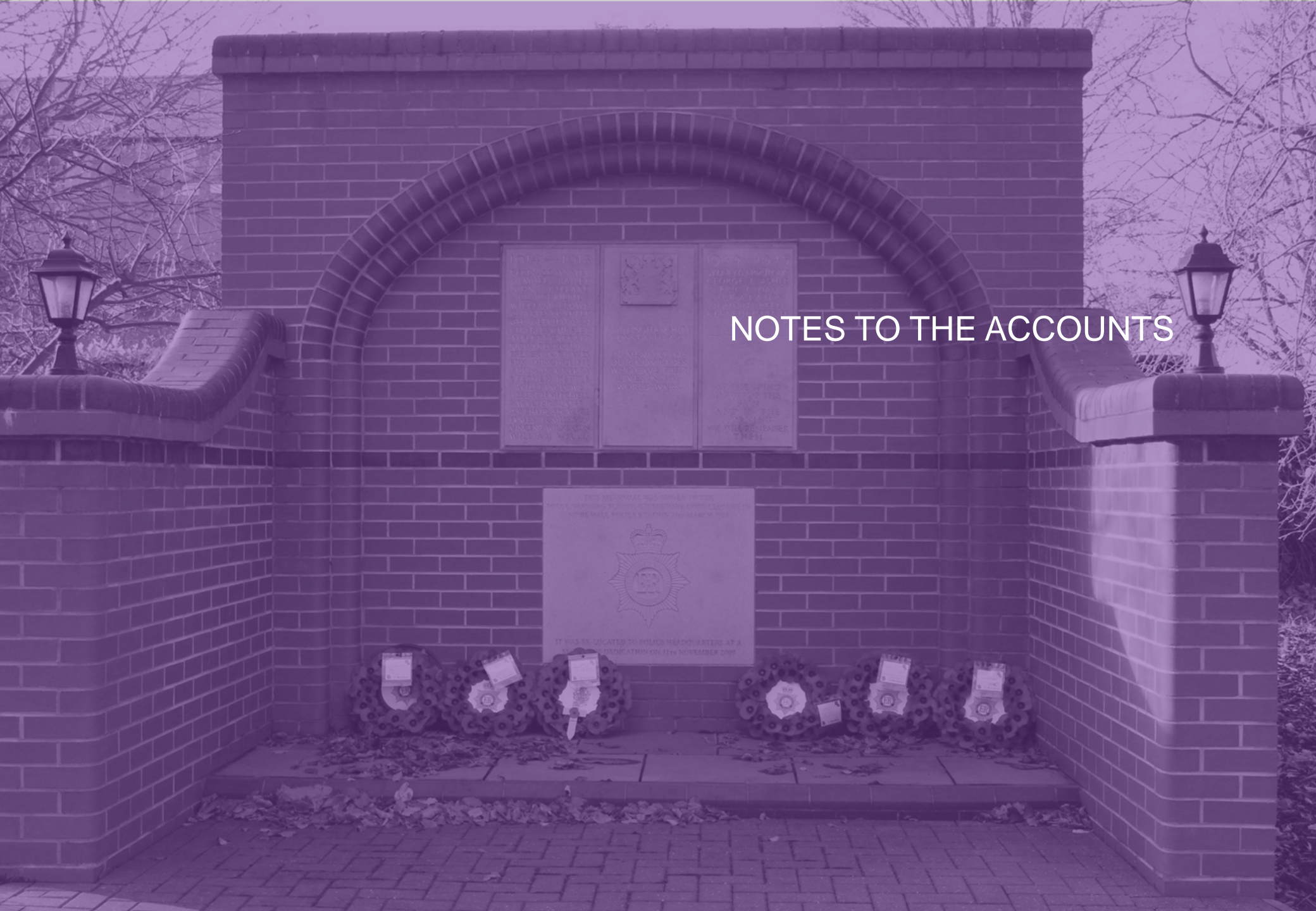
31 March 2018		31 March 2019
£000		£000
(3,315)	Short-Term Creditors – accumulated absences	(3,330)
(3,315)	Current Liabilities	(3,330)
(2,623,065)	Other Long-Term Liabilities – pension liabilities	(2,723,020)
(2,623,065)	Long Term Liabilities	(2,723,020)
(2,626,380)	Net Assets	(2,726,350)
2,626,380	Unusable Reserves	2,726,350
2,626,380	Total Reserves	2,726,350

Cash Flow Statement

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

2017-18		2018-19
£000		£000
56,105	Net (surplus) or deficit on the provision of services	32,022
(56,105)	Adjustment to (surplus) or deficit on the provision of services for non-cash movements	(32,022)
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.

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

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 2018-19 (The Code) and the Best Value Accounting Code of Practice 2018-19, supported by International Financial Reporting Standards (IFRS).

- 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

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.

- 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 year adjustments relating to historic errors.

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

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

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

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

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

Note 6 – Government Grants and Contributions

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

Note 7 – Joint Operations

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

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

Note 8 – Allocation of Costs

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

The Chief Constable is therefore a single service entity.

Note 9 – Provisions

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

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

Note 10 – VAT

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

Note 11 – Resources used in Provision of Police Services

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

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

Note 12 – Expenditure Funding Analysis

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

This is compared with the CIES which includes economic resources consumed or earned in accordance with generally accepted accounting practices.

2017-18				2018-19		
Net Expenditure Chargeable to the General Fund £000	Adjustments £000	Net Expenditure in the CIES £000		Net Expenditure Chargeable to the General Fund £000	Adjustments £000	Net Expenditure in the CIES £000 (Notes 13 & 14)
227,536	(16,364)	211,172	Cost of Police services	238,568	(18,664)	219,904
(227,536)	0	(227,536)	Funding from the Commissioner	(238,568)	0	(238,568)
0	(16,364)	(16,364)	Net Cost of Services	0	(18,664)	(18,664)
0	72,469	72,469	Other (Income) and Expenditure	0	50,686	50,686
0	56,105	56,105	(Surplus) or Deficit on Provision of Services	0	32,022	32,022

Further Analysis			
	Net Pensions Statutory Adjustments £000	Other Statutory Adjustments £000	Total Adjustments £000
2018-19			
Cost of Police services	(19,486)	822	(18,664)
Net Cost of Services	(19,486)	822	(18,664)
Other Income and Expenditure	50,686	0	50,686
Difference between the Statutory Charge and the (Surplus) or Deficit in the Comprehensive Income and Expenditure Statement	31,200	822	32,022
2017-18			
Cost of Police services	(16,336)	(28)	(16,364)
Net Cost of Services	(16,336)	(28)	(16,364)
Other Income and Expenditure	72,469	0	72,469
Difference between the Statutory Charge and the (Surplus) or Deficit in the Comprehensive Income and Expenditure Statement	56,133	(28)	56,105

The Net Change for the Pensions Adjustments in 2017-18 is the replacement of pension contributions with IAS 19 pension related expenditure and income. This is the current service costs and past service costs.

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

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

Note 13 - Income

Credited to Services		
31 March 2018		31 March 2019
£000		£000
(5,883)	Partnership and Joint Controlled Operations	(1,689)
(1,858)	PFI Grant	(1,858)
(3,002)	Recharge of Officers	(2,142)
(10,228)	Other Income	(9,501)
(20,971)	Total	(15,190)

Note 14 - Expenditure Analysed by Nature

2017-18		2018-19
£000	Nature of Expenditure or Income	£000
(20,971)	Service Income	(15,190)
191,945	Employee Expenditure	192,813
40,198	Running Expenses	42,281
(227,536)	Income from Commissioner	(238,568)
(5,565)	Pensions Interest Income	(21,387)
78,034	Pensions Interest Payment	72,073
56,105	(Surplus) or Deficit for Year	32,022

Note 15 – External Audit Costs

Ernst and Young LLP are the appointed external auditors.

The cost was £0.012m (£0.015m in 2017-18).

Note 16 – Defined Benefit Pension Scheme

The employer makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the value of this is included within the CIES. The total value of the liability is carried on the Balance Sheet. The statutory arrangements ensure that funding will meet payments. Actuarial gains and losses are charged to the Pension Reserve.

Full pensions notes are included within the Group accounts. Summary information relating to the Chief Constable entity is included here. The Chief Constable information is extracted on a pro rata basis.

Employees are members of two separate defined benefits pension schemes providing retirement lump sums and pensions, earned whilst employed by the Group. There is a scheme for Staff and one for Officers.

The Local Government Pensions Scheme

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 at fair value. The figures are calculated by Barnett Waddingham (Actuaries), based on membership data as at 31 March 2016 for members receiving funded benefits and as at 31 March 2014 for any members receiving unfunded benefits. This has then been rolled forward to reflect the position as at 2019.

The Police Pension Scheme

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 via the Pension Top-up grant from the Home Office. Conversely a surplus would be paid over. 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 a detailed valuation using information as at 31 March 2016.

McCloud/Sargeant transitional protection judgement

Two employment tribunal cases were brought against the Government in relation to possible discrimination in the implementation of transitional protection following the introduction of the reformed 2015 public service pension schemes from 1 April 2015. Transitional protection enabled some members to remain in the pre-2015 schemes after 1 April 2015 until retirement or the end of a pre-determined tapered protection period. The claimants challenged the transitional protection arrangements on the grounds of direct age discrimination, equal pay and indirect gender and race discrimination.

The first case was heard in November 2016 and was brought by McCloud and other members of the Judicial Pension Scheme against the Lord Chancellor and the Ministry of Justice. The tribunal ruled in favour of the claimants. The decision was taken to the Employment Appeal Tribunal who decided in January 2018 to uphold the tribunal's decision. The Lord Chancellor and Ministry of Justice lodged an appeal to the Court of Appeal.

The second case was heard in January 2017 and was brought by Sargeant and other members of the Firefighters' Pension Scheme against the Fire & Rescue Authorities and the Government (in England and Wales). The tribunal ruled against the claimants. The claimants appealed this decision to the Employment Appeal Tribunal, which led to further appeals to the Court of Appeal by both parties.

Before hearing the two appeals the Court of Appeal decided to combine the two cases as they were so closely linked. In December 2018, the Court of Appeal ruled that the transitional protection offered to some members as part of the reforms amounts to unlawful discrimination. The Government is currently seeking permission to appeal this decision, with an unknown timeframe for this permission to be granted or denied.

If permission to appeal is denied, it would likely result in a requirement to compensate certain members for any discrimination suffered as a result of the transitional protections. At the moment there is uncertainty over the form that this compensation would take.

The read across to other public service pension schemes such as the Police Pension Scheme is unknown but given that the transitional protection arrangements are very similar, it would be reasonable to assume that the implications would be the same.

Effect on Police Pension Scheme Liabilities

If compensation is payable to employees who were transferred to the reformed 2015 schemes, it is expected to lead to an increase in pension scheme liabilities.

However, due to the uncertainty surrounding the outcome of the McCloud/Sargeant age discrimination case we have not made any allowance for the potential increase in liabilities in these disclosures. The Government Actuaries (GAD) have estimated that any allowance for the increase to liabilities should be treated as a Past Service Cost of 5.4% of liabilities (defined benefit obligation) as at 31 March 2018, together with a corresponding increase in the past service liabilities as at 31 March 2019.

This would be an overall increase to the net liability arising from the defined benefit obligation of £134.2m at 31 March 2018 and £139.8m at 31 March 2019.

2017-18		Pension Scheme Comprehensive Income and Expenditure Statement	2018-19	
LGPS £000	Police £000		LGPS £000	Police £000
12,610	37,330	Current service cost	12,956	38,100
81	0	Admin Expense	80	0
57	1,660	Past service cost	360	0
0	0	(Gain) / loss from curtailments	0	0
4,139	68,330	Net interest expense / (income)	(12,324)	63,010
16,887	107,320	Total charged to (Surplus) and Deficit on Provision of Services	1,072	101,110
		Other Costs – Remeasurement of the defined benefit liability		
0	0	Return on plan assets (exc the amount included in the net interest expense)	0	0
0	(142,220)	Actuarial (gains) and losses – experience	0	(6,690)
0	(83,260)	Actuarial (gains) and losses arising on changes in demographic assumptions	20,979	0
(15,446)	75,060	Actuarial (gains) and losses arising on changes in financial assumptions	(21,383)	75,040
1,441	(43,100)	Total charged to the Comprehensive Income and Expenditure Statement	(668)	169,460

2017-18		Pension Scheme Movement in Reserves Statement	2018-19	
LGPS £000	Police £000		LGPS £000	Police £000
(16,887)	(107,320)	Reversal of net charges made to the (Surplus) or Deficit on the Provision of Services Actual amount charged against the general fund balance for pensions in the year:	(1,072)	(101,110)
5,104	0	Employers' contributions payable to scheme	5,682	0
0	62,970	Retirement benefits payable to pensioners	0	65,300

2017-18		Pensions Assets and Liabilities Recognised in the Balance Sheet	2018-19	
LGPS £000	Police £000		LGPS £000	Police £000
(350,956)	(2,484,500)	Present value of the defined obligation	(368,353)	(2,588,660)
213,188	0	Fair value of plan assets	234,691	0
(137,768)	(2,484,500)	Value of Assets / (Liabilities)	(133,662)	(2,588,660)
(137,768)	(2,484,500)	Net (liability) / asset arising from the defined benefit obligation	(133,662)	(2,588,660)

Note 17 – Officers' Remuneration

2018-19							
Officers Remuneration 2018-19	Note	Salary, Fees & Allowances (Note 1) £	Bonus £	Expenses Allowances (Note 2) £	Compensation for Loss of Office £	Pension Contribution £	Total £
Chief Constable – C Guildford		159,313	0	14,196	0	36,575	210,084
Deputy Chief Constable – R Barber	5	131,754	0	7,022	0	7,939	146,715
Assistant Chief Constable – S Cooper		106,042	0	7,588	0	25,662	139,292
Assistant Chief Constable – S Prior	3	51,874	0	550	0	11,772	64,196
Assistant Chief Constable – K Meynell	4	69,810	0	2,322	0	13,500	85,632
Chief Finance Officer – M Kimberley		63,990	0	602	0	8,452	73,044
TOTAL CHIEF CONSTABLE		582,783	0	32,280	0	103,900	718,963

Note 1: Salary, Fees and allowances includes 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: Assistant Chief Constable retired 9 September 2018

Note 4: Assistant Chief Constable 6 August 2018

Note 5: Deputy Chief Constable opted out of pension scheme 30 years 4 September 2018

Note 17 – Officers' Remuneration

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

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

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

Note 3: Deputy Chief Constable was appointed 17 April 2017

Note 4: Assistant Chief Constable was appointed 5 April 2017

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

Note 6: Includes Market Rate Premium

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

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

Employees Remuneration over £50,000		
	2017-18	2018-19
£50,001 to £55,000	161	158
£55,001 to £60,000	89	96
£60,001 to £65,000	27	30
£65,001 to £70,000	8	5
£70,001 to £75,000	10	8
£75,001 to £80,000	6	8
£80,001 to £85,000	6	9
£85,001 to £90,000	1	2
£90,001 to £95,000	1	1
£95,001 to £100,000	0	1
Total	309	318

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. The amount included on the Balance Sheet is £0.2m (£1.1m 2017-18).

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.

20 contracts were terminated during the year (9 in 2017-18), incurring costs of £0.378m (£0.209m in 2017-18), of which £0.145m 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 2019.

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)	
	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19
£0 - £20,000	5	7	1	8	6	15	67	101
£20,001 - £40,000	2	2	0	1	2	3	67	98
£40,001 - £60,000	0	0	0	1	0	1	0	49
£60,001 - £80,000	1	0	0	0	1	0	75	0
£80,001 - £100,000	0	0	0	0	0	0	0	0
£100,001 - £150,000	0	0	0	1	0	1	0	130
Total cost included in bandings all included within the CIES	8	9	1	11	9	20	209	378

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.



GLOSSARY

GLOSSARY

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

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

PROVISION	PUBLIC WORKS LOAN BOARD (PWLb)	REMUNERATION
<p>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.</p>	<p>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.</p>	<p>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.</p>
REVENUE EXPENDITURE		
<p>The day-to-day expenses of providing services.</p>		

DRAFT Annual Accounts 2018-19

Nottinghamshire Police & Crime Commissioner and Group





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COMMISSIONER'S FOREWORD

COMMISSIONER'S FOREWORD

The past year has seen continued improvement and success.

This was confirmed in the most recent PEEL (Police Effectiveness, Efficiency, and Legitimacy) Inspection by HMICFRS, which awarded Nottinghamshire Police an overall 'Good' grade.

Highlighting the improvements, HMI Zoe Billingham said: "I am encouraged by the progress that Nottinghamshire Police has made over the past year. I am confident that the force will continue to make improvements in the year ahead".

These improvements have undoubtedly been helped along by the recruitment programme that has seen our numbers steadily rising again after years of cuts. My budget has allowed for 2,040 police officers by the end of the coming year, helped by careful planning, workforce reorganisation and of course the increased levy from the police precept on the council tax.

In 2017-18 the Government increased the amount that could be raised via the precept to £12 per annum for an average (Band D) property. This allowed us to boost the 2018-19 recruitment programme and simultaneously seek a more representative workforce.

In response to repeated and increasingly powerful arguments for additional police funding, in its financial settlement for 2018-19 the Government raised the ceiling on the precept once again, meaning that a Band D property will pay an additional £24 per annum

towards policing.

The increased financial freedom and the promise of a two-year settlement brought additional benefits, enabling longer-term planning and the confidence to make change defining-decisions. New, additional officers are being seen on the streets of Nottinghamshire and we are getting to grips with a crime such as burglary and robbery. There is a specialist team to tackle knife crime. Police officers are back in schools. There is much to be proud of.

But, as always, there is more that can, and should, be done. I'm pleased to see our relationships with our partners, particularly those in blue light services, becoming closer. I welcomed the legislation that allows a Police and Crime Commissioner to sit on the Fire Authority, because as I have repeatedly made clear, while I have no wish to take governance responsibility for another service, I firmly believe it's possible to bring about integration without taking control.

The decision to create a joint Police and Fire & Rescue Headquarters on the Sherwood Lodge site epitomises our approach and will create a modern, efficient working environment fit for many years to come.

In addition, work has now begun on the new Custody Suite to replace the outdated and inefficient Bridewell. The new building will provide a much-improved environment for all users and improve efficiency allowing officers to return to public facing duties. Constructed



using modern materials and the latest technology, the building will deliver reductions on both running costs and environmental impact.

Looking ahead, there are plans in place to consolidate our improvements and build upon these still further. This year's welcome increase in funding was absolutely necessary, but won't solve all our challenges. There will still be tough decisions to be made.

I know that people want to see more officers out and about in communities. We all want to feel safe, and be safe, on the streets and in our neighbourhoods. That's why we must continue to address the issues that concern people most and that's why we will redouble our efforts to secure a fair funding deal.

Paddy Tipping
Nottinghamshire Police and Crime
Commissioner

COMMISSIONER'S FOREWORD





WRITTEN STATEMENT 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: this is mainly in the south with the majority of the north and east of the County being rural.

There is a population of approximately 1.1m 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 other four to provide a seamless and efficient service.

Nottinghamshire also collaborates with other forces for the provision of transactional services relating to Human Resources, Payroll and Finance.

Central Government funding provides the Commissioner with approximately 66% of the funding required to police Nottinghamshire. The remainder is met from local council tax payers.

For 2018-19 the Government Grant was maintained at £134.0m and a two year settlement was offered, providing national efficiency targets were achieved. For 2018-19 precept freedoms to raise council tax by £12pa (Band D equivalent) were given.

The Force still needed to achieve savings of £5.9m to balance the budget. Whilst those efficiencies have been met other costs have been incurred resulting in an overspend position of £0.9m.

Brexit has had a significant impact on Government resources and the planned Comprehensive Spending Review is unlikely to take place in 2019-20. The existing funding formula has been in place since 2005 and despite occasional "tweaks" has never been fully implemented.

Further impacts of Brexit on public spending remain uncertain and therefore unquantifiable.

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.

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 2018-19

Over the last year numerous strategic activities were undertaken to help achieve the Commissioners objectives. A few examples include:

- A new adult Sexual Assault Referral Centre (SARC) which was co-commissioned with NHS England, began delivery in April 2018 and has supported almost 300 victims with crisis support and forensic examinations.
- A new regional paediatric SARC, co-commissioned with NHS England, began delivery in April 2018 and offers a comprehensive support service to children and young people from hubs located in Nottingham and Northamptonshire.
- New independent Sexual Violence Advisor services began delivering wide ranging support to adults, children and young people in July 2018. The adult service supported 540 survivors and won “Exceptional ISVA Team of the Year” from the foremost national provider, Lime Culture. The children and young people’s service supported almost 200 victims, survivors, parents and siblings from 128 families.
- A dedicated support service for survivors of child sexual abuse, which took place in institutional care, received increasing referrals following the Nottingham hearings of the Independent Inquiry into Child Sexual Abuse (IICSA). During the year nearly 80 survivors were supported. The service is funded by the Commissioner, City and County Councils.
- Following an open tender process, a new DVA support contract was awarded in the city; bringing a wide range of domestic abuse support into one contract.
- The Commissioner has continued to take action to better understand and respond with Partners to protect victims from human trafficking and develop local capability to provide specialist advice and support on modern slavery and organised illegal immigration.
- The Commissioner awarded a grant to POW from the 2018-19 Community Safety Fund to provide support around online sexual exploitation.
- The Commissioner has maintained his investment into outcomes focussed domestic abuse support services. This includes maintaining funding for the two new MARAC IDVA posts.
- The Commissioner has also agreed to co-commission a new domestic abuse support contract in the city (awarded to WAIS following an open tender process in 2018) and is working with the County Council to do the same.
- Victim CARE has significantly expanded the number of community points in 2018. At the end of March 2018 there were 14 community points in place, another 41 completing the application forms and over 100 organisations interested. Victim CARE now has work planned to bring together the community points and further develop the working relationships.
- The Commissioner has awarded contracts to NSVSS (Nottinghamshire Sexual Violence Support Services) (ISVA) and Imara (CHISVA). The services began on 1 July 2018.
- Operation Equinox was established as part of the new Force Operating Model in April 2018 to continue to ensure sufficient resource is allocated to the investigation and detection of historical sex offences. A review of the resources took place in December 2018, the current investigative resources will be maintained with an increased terms of reference to capture all non-recent abuse allegations.

PERFORMANCE (cont.)

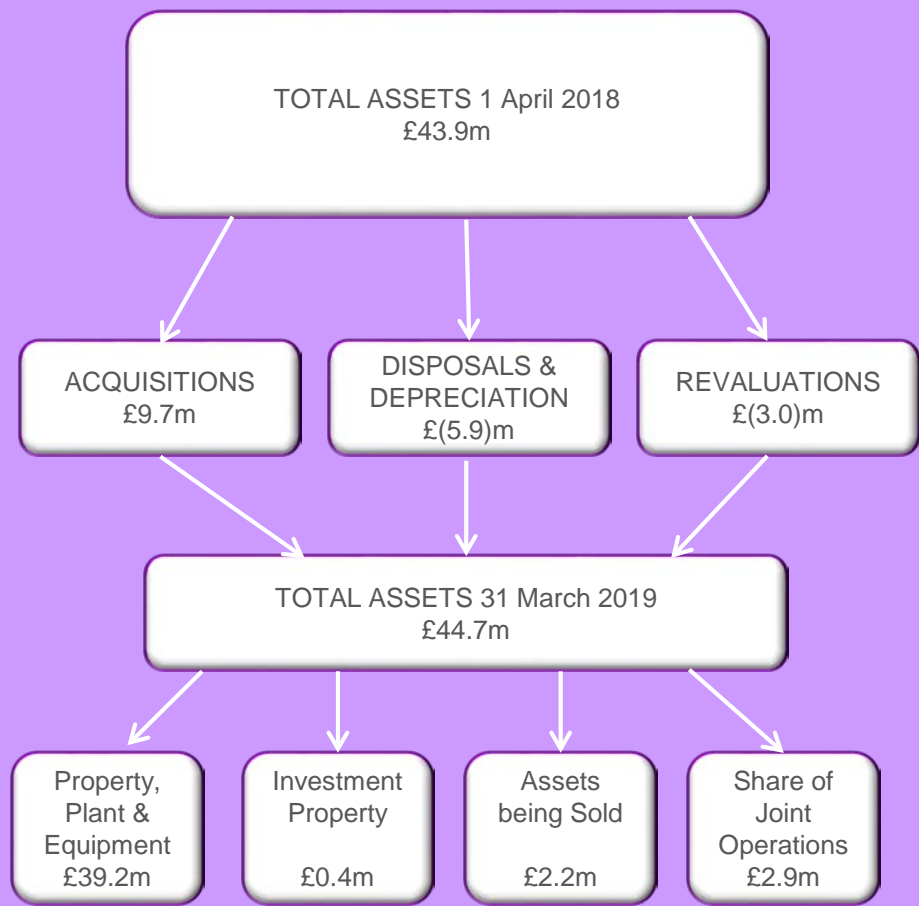
Achievements 2018-19

- The Commissioner made a £20,000 contribution to the National Justice Museum to help fund the Choices and Consequences Workshops (in association with the Ben Kinsella Trust). This exhibition and workshops are aimed at diverting young people away from knife crime.
- The Commissioner continues to fund a Superintendent with a specific knife crime partnership role, co-ordinating activity to reduce offences.
- The Partnership Knife Crime Strategy was launched in September 2018.
- Also around knife crime and serious violent crime at the end of 2018-19 the Commissioner bid for and obtained £60,000 from the Home Office to fund two short term pilot projects – Violence Interrupters and Educational Plays in schools around knife crime.
- The Force continues to maintain a high compliance rate with crime recording standards, which means more incidents are recorded as crimes, but this also enables more victims to receive support.
- Whilst recorded crime has increased overall by 11.2% during the year, it is less than last year (+18.4%) indicating an improved position.
- Despite the overall increase, there have been some significant crime reductions. For example, the number of homicides have almost halved (-46.7%, -7).
- During the year, the Commissioner provided additional funding to the Chief Constable to enable him to establish a dedicated burglary team, which has led to 431 fewer burglaries representing a reduction of 5.2%.
- It is believed that many offenders targeted and dealt with by the burglary team were also responsible for vehicle crime. Consequently, vehicle offences have also reduced by 294 offences representing a reduction of 3.1%.
- Other Theft (which includes theft of cash, mobile telephones etc.) has also reduced by 1,360 offences representing a reduction of 10.9%.
- Nottingham was successful in being selected for the second round of the Home Office's Local Alcohol Area Action Plan (LAAA2) in 2018. A comprehensive Delivery Plan has been completed for the LAAA2 covering the five themes and use of the night time levy funding.
- In 2019, HMICFRS assessed Nottinghamshire Police as "Good" overall in relation to the Forces performance in keeping people safe, reducing crime and treating the public with fairness and respect.

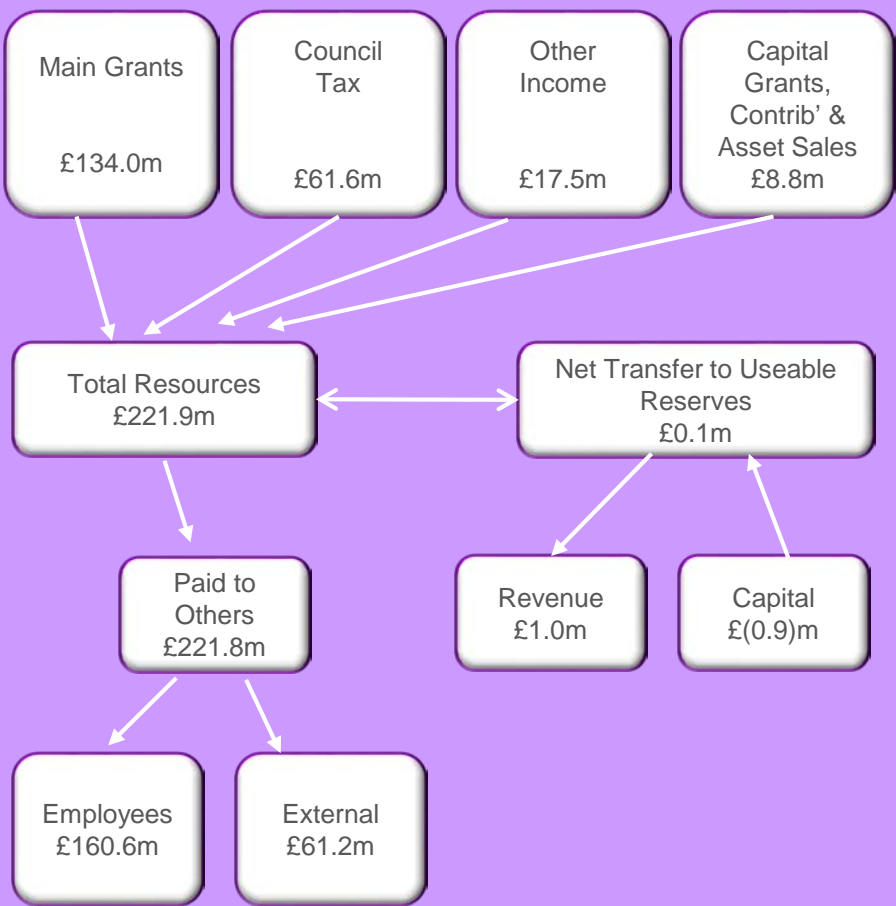
More information regarding performance can be found within the Annual Report published on the Commissioners website.

Capital Cash Flows

Nottinghamshire is responsible for managing non-current assets and assets being sold in excess of £44.7m



Revenue Cash Flows



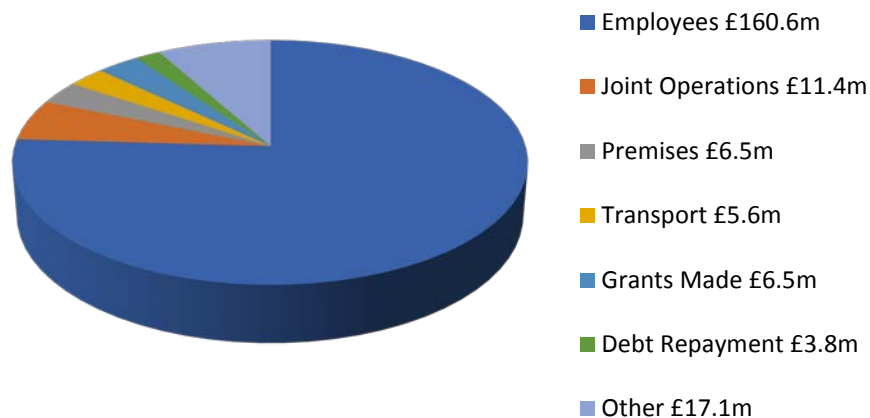
Active Treasury management of these cash flows involved £4,756.2m of transactions in 2018-19

The revenue 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

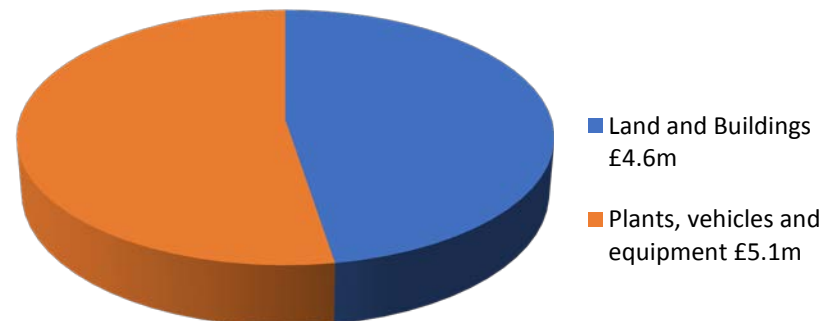


Financed by:	£m
Police and Crime Grant	124.3
Legacy Grant	9.7
Precept	61.6
Other Income	17.5
Net Contribution to Reserves	(1.0)
	<u>212.1</u>

The net difference between total expenditure and financing relates to Council Tax surplus transferred directly to reserves.

Capital Expenditure

Capital Expenditure



Financed by:	£m
Reserves & contributions	0.3
Capital Grants	0.8
Capital Receipts	2.7
External Borrowing	5.9
	<u>9.7</u>

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:

- New custody suite.
- New Joint HQ building with Fire.
- Maintaining the existing estate.
- Updating and replacing IT.
- Vehicle replacements.
- Exploring opportunities with the Fire Service and EMAS.

Provisions and Reserves

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

Reserves continue to be replenished to finance significant capital expenditure over the medium term.

At 31 March 2019	£m
TOTAL PROVISION	4.0
TOTAL USABLE REVENUE RESERVES	23.7
TOTAL USABLE CAPITAL RESERVES	3.0

WHO WORKS FOR NOTTINGHAMSHIRE POLICE

Nottinghamshire Police (including the Office of the Police and Crime Commissioner) employs approximately 1,981 police officers, 185 PCSOs, 199 specials and 1,271 staff in full-time and part-time positions.

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

Overall Equality Characteristics

Gender	Headcount	%
Male	2,027	55.75
Female	1,609	44.25

Age Band	Headcount	%
25 and under	386	10.62
24-40	1,456	40.04
41-55	1,499	41.23
56 or over	295	8.11

Self-Declared Disability	Headcount	%
No	3,415	93.92
Yes	152	4.18
Unspecified	69	1.90

Ethnicity	Headcount	%
Asian/Asian British	103	2.83
Black/Black British	41	1.13
Mixed	54	1.49
White/White British	3,326	91.47
Other	8	0.22
Not known/provided	104	2.86

PRINCIPLE 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
Brexit	Detrimental impact of Brexit on public sector financing.	Monitor national activity by the Government – consider lobbying through representative bodies.
Comprehensive Spending Review	Delay by a further year impacts on the total amount available for funding policing nationally.	The Commissioner is a lead for this work at a national level.
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.	This has improved significantly with annual targets for replacement being exceeded each year. Although the target for 2018-19 was not met due to additional demands on resources. The total available now provides opportunity for investment in IT and Property.
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	The Supplementary Financial Statements
<p>The Statement of Accounts sets out the Group income and expenditure for the year and its financial position at 31 March 2019. 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 2018-19; 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>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 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

To be added post audit



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

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.
- Ensure that the Section 151 Officer is a key member of their strategic management team and is adequately resourced and trained to fulfil this role.

The Responsibilities of the Chief Finance Officer

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.
- Keeps up to date with professional development.

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 the financial position of the Chief Constable as at 31 March 2019 and its income and expenditure for the year ended 31 March 2019.

C Radford CPFA
Chief Finance Officer
Nottinghamshire Police and Crime
Commissioner
24 July 2019

Approval
The Statement of Accounts was
approved by the Joint Audit and Scrutiny
Panel on 24 July 2019

P Tipping
Nottinghamshire Police & Crime
Commissioner
24 July 2019

INTRODUCTION

Police and Crime Commissioner are designated as Local Authority 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 (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 OPCC 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 Section 151 Officer responsible for safeguarding the financial position of the group

HOW WE COMPLY WITH THE CIPFA SOLACE FRAMEWORK	PRINCIPLE A Behaving with integrity, demonstrating strong commitment to ethical values and respecting the law.	PRINCIPLE B Ensuring openness and comprehensive stakeholder engagement
<p>The Commissioner has approved and adopted:</p> <ul style="list-style-type: none"> • Code of Corporate Governance • The requirements of the CIPFA/SoLACE Framework: Delivering Good Governance in Local Government Framework • A number of specific strategies and processes for strengthening corporate governance <p>Set out below is how the Commissioner has complied with the seven principles set out in the CIPFA/SoLACE Framework during 2018-19.</p>	<p>The Commissioner has endorsed the Code of Corporate Governance, which provides guidance on expected standards of behaviours to ensure integrity.</p> <p>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 Directorate and appropriate action is taken.</p> <p>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.</p>	<p>All meetings of the Joint 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.</p> <p>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.</p>

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 intervention 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 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 now includes the apprenticeship scheme for new recruits and further development of officers aspiring into senior ranks.

Nottinghamshire is the first Force to recruit new officers on the national apprenticeship scheme.

Internally, the Force and OPCC are identifying posts within the staffing structures that could be provided through the apprenticeship scheme.

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.

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 (11.2% for Nottinghamshire's total crime for 2018-19). However, we were well ranked best for tackling most serious crime.

The Force continues to experience 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 & Crime Commissioner and the Force have a joint risk management strategy and monitor risks through the same system. The strategy was reviewed and reported to the Joint Audit & Scrutiny Panel in May 2018. These strategic risks are monitored reported to every meeting of the Joint Audit and Scrutiny Panel.

The Office of the Police & Crime Commissioner will be developing a risk plan linked to the new Police & Crime Plan.

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 provides 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 Directorate 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 HMICFRS) 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 both operational and financial is undertaken on a regular basis. And the Commissioner meets with the Chief Constable on a weekly basis to challenge where the performance is 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 2018-19 Nottinghamshire OPCC was awarded the "Transparency Quality Mark" by CoPaCC for the fourth year running.

REVIEW OF EFFECTIVENESS

The Commissioner uses a number of ways to review and assess the effectiveness of its governance arrangements, as 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 2018-19, 14 areas including collaboration areas were reported on. Of which eight were deemed to be satisfactory (56% of local recommendations and 100% of regional recommendations). All key financial systems have been audited and considered satisfactory, during the year.

Of the remaining two areas reviewed, none were core financial systems. One was the follow-up of the previous limited assurance recommendations (satisfactory) and the IT strategy which was an advisory piece of work on what a good strategy would include. These are detailed within the published annual report and will be monitored and reviewed during 2019-20. The internal auditors opinion for 2018-19 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, Ernst & Young, 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 OPCC 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 processes, have been operating as intended throughout the year so far as they are aware.

A number of key outcome indicators exist to assess the quality of governance arrangements. Performance is set out below:

Governance Issues Identified	Performance Indicator
Formal Reports Issued by the Section 151 or Monitoring Officer	None issued
Outcomes from Monitoring Officer's Investigations	None issued
Proven frauds by members of staff or officers	None
Objections received from local electors	None
Ombudsman referrals upheld exceed national averages	None identified 2018-19
Limited assurance from Internal Audit Reports	Four out of 14 Internal Audit reports were issued with limited assurance
ISA 260 2017-18 issues identified	Please refer to Chief Constable's Annual Governance Statement for full details

Follow-up of issues identified in 2017-18

Issues identified:	Action taken:
Levels of Reserves were considered to be low, but compared with the previous year this was improving significantly.	The repayment of Reserves has faulted in 2018-19 due to additional unbudgeted revenue pressures, during the year. The repayment will still be made over the medium term and provide resources for new capital projects.
Internal Audit – limited assurance on Key Financial Systems.	<p>None of the Key Financial Systems were considered to have limited assurance.</p> <p>The four audits with limited assurance were Force Management of MFSS Arrangements, Health and Safety, GDPR and Property Management. These will be followed-up in 2019-20.</p> <p>Of the two audits with limited assurance in 2017-18 these have been followed-up during the year and found to be satisfactory.</p>
Economic Outlook.	<p>The settlement for 2018-19 and 2019-20 provided the opportunity to deliver balanced budgets for the medium term. However, a funding formula review will take place probably post the next CSR and this provides some uncertainty.</p> <p>The public finances continue to be monitored in light of Brexit and the potential impact on police funding.</p>

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 requiring improvement.
- Addressing the issues identified by HMICFRS as requiring improvement.
- Continued dialogue with the public through the Engagement Strategy and public meetings.

SIGNED

Paddy Tipping
Nottinghamshire Police and Crime Commissioner
24 July 2019

Kevin Dennis
Chief Executive
24 July 2019

Charlotte Radford CPFA
Chief Finance Officer
24 July 2019



CORE FINANCIAL STATEMENTS

COMPREHENSIVE INCOME & EXPENDITURE STATEMENT (CIES)

The Service analysis in the CIES is based on reporting to management and as such follows the two services being funding to the Chief Constable for policing and the Office of the Police and Crime Commissioner.

The CIES shows the accounting cost in the year of providing services in accordance with the Code, on an accruals basis rather than a cash basis. Revenue income and expenditure is measured at fair value in the year to which it relates, and not when cash payments are made or received. Interest both receivable and payable is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than by the contractual cash flows.

Supplies not consumed within the year are carried on the Balance Sheet as Inventory. If required a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts are doubtful, the debt is written off by a charge to the CIES.

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.

There are charges to the CIES for capital to record the true cost of holding fixed assets during the year as follows:

- 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). The MRP is chargeable to the council tax payer and is the way that purchasing capital assets is made - approximately over the useful life of the asset.

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.

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.

2017-18					PCC & GROUP CIES		2018-19				
PCC Exp' £'000	PCC Income £'000	PCC Net £'000	CC Net £'000	Group Total £'000		Note	PCC Exp' £'000	PCC Income £'000	PCC Net £'000	CC Net £'000	Group Total £'000
227,536	0	227,536	(227,536)	0	Funding to Chief Constable		238,568	0	238,568	(238,568)	0
0	0	0	0	0	Prior years restatement – net pension cost error		0	0	0	0	0
5,254	(1,641)	3,613	211,172	214,785	Service cost		6,445	(987)	5,458	219,904	225,362
232,790	(1,641)	231,149	(16,364)	214,785	Cost of Services		245,013	(987)	244,026	(18,664)	225,362
930	(1,053)	(123)	0	(123)	Other Operating Expenditure	2.6	1,533	(2,386)	(853)	0	(853)
1,910	(194)	1,716	72,469	74,185	Financing and Investment	2.4	2,081	(578)	1,503	50,686	52,189
0	(238,715)	(238,715)	0	(238,715)	Taxation and Non Specific Grant Income	2.5	0	(240,922)	(240,922)	0	(240,922)
235,630	(241,603)	(5,973)	56,105	50,132	(Surplus) or Deficit on Provision of Services	2.1 & 2.8	248,627	(244,873)	3,754	32,022	35,776
		(19)	0	(19)	(Surplus) or deficit on revaluation of Property, Plant and Equipment				80	0	80
		(250)	(165,866)	(166,116)	Re-measurement of the net defined benefit liability / asset				(6)	67,946	67,940
		(269)	(165,866)	(166,135)	Other Comprehensive (Income) and Expenditure				74	67,946	68,020
		(6,242)	(109,761)	(116,003)	Total Comprehensive (Income) and Expenditure				3,828	99,968	103,796

2017-18			GROUP CIES		2018-19		
Expenditure £'000	Income (Note 2.3) £'000	Net £'000		Note	Expenditure £'000	Income (Note 2.3) £'000	Net £'000
237,397	(22,612)	214,785	Group Cost of Services		240,344	(14,982)	225,362
930	(1,053)	(123)	Other Operating Expenditure	2.6	1,533	(2,386)	(853)
79,944	(5,759)	74,185	Financing and Investment	2.4	74,154	(21,965)	52,189
0	(238,715)	(238,715)	Taxation and Non Specific Grant Income	2.5	0	(240,922)	(240,922)
318,271	(268,139)	50,132	(Surplus) or Deficit on Provision of Services	2.1 & 2.8	316,031	(280,255)	35,776
		(19)	(Surplus) or Deficit on revaluation of Property, Plant and Equipment				80
		(166,116)	Re-measurement of the net defined liability/asset				67,940
		(166,135)	Other Comprehensive (Income) and Expenditure				68,020
		(116,003)	Total Comprehensive (Income) and Expenditure				103,796

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. Usable Reserves are set aside for future policy purposes or to cover contingencies. The Unusable Reserves manage the movements as a result of

accounting adjustments required by the Code, for capital, financial instruments, retirement, and employee benefits.

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.

Group Movement in Reserves	General Fund Balance	Earmarked General Fund Reserves (Note 3.1)	Capital Receipts Reserve (Note 3.2)	Capital Grants Unapplied Account (Note 3.2)	Total Usable Reserves	Unusable Reserves (Note 3.3 & 3.4)	Group Total Reserves
2018-19	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2018	(7,075)	(16,853)	(3,887)	0	(27,815)	2,636,044	2,608,229
Movement in reserves during 2018-19							
(Surplus) or deficit on the provision of services	35,776	0	0	0	35,776	0	35,776
Other Comprehensive (Income) / Expenditure	0	0	0	0	0	68,020	68,020
Total Comprehensive Income and Expenditure	35,776	0	0	0	35,776	68,020	103,796
Adjustments between accounting basis and funding basis under regulations (Note 3.5)	(35,511)	0	887	0	(34,624)	34,624	0
Net (Increase) or Decrease before Transfers to Earmarked Reserves	265	0	887	0	1,152	102,644	103,796
Transfers to / (from) Earmarked Reserves	(265)	265	0	0	0	0	0
(Increase) or Decrease in 2018-19	0	265	887	0	1,152	102,644	103,796
Balance at 31 March 2019	(7,075)	(16,588)	(3,000)	0	(26,663)	2,738,688	2,712,025

PCC Movement in Reserves	General Fund Balance	Earmarked General Fund Reserves (Note 3.1)	Capital Receipts Reserve (Note 3.2)	Capital Grants Unapplied Account (Note 3.2)	Total Usable Reserves	Unusable Reserves (Note 3.3 & 3.4)	PCC Total Reserves
2018-19	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2018	(7,075)	(16,853)	(3,887)	0	(27,815)	9,662	(18,153)
Movement in reserves during 2018-19							
(Surplus) or deficit on the provision of services	3,754	0	0	0	3,754	0	3,754
Other Comprehensive (Income) / Expenditure	0	0	0	0	0	74	74
Total Comprehensive Income and Expenditure	3,754	0	0	0	3,754	74	3,828
Adjustments between accounting basis and funding basis under regulations (Note 3.5)	(3,489)	0	887	0	(2,602)	2,602	0
Net (Increase) or Decrease before Transfers to Earmarked Reserves	265	0	887	0	1,152	2,676	3,828
Transfers to / (from) Earmarked Reserves	(265)	265	0	0	0	0	0
(Increase) or Decrease in 2018-19	0	265	887	0	1,152	2,676	3,828
Balance at 31 March 2019	(7,075)	(16,588)	(3,000)	0	(26,663)	12,338	(14,325)

Group Movement in Reserves	General Fund Balance	Earmarked General Fund Reserves (Note 3.1)	Capital Receipts Reserve (Note 3.2)	Capital Grants Unapplied Account (Note 3.2)	Total Usable Reserves	Unusable Reserves (Note 3.3 & 3.4)	Group Total Reserves
2017-18	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2017	(7,075)	(11,783)	(3,293)	0	(22,151)	2,746,383	2,724,232
Error correction from previous year	0	(40)	0	0	(40)	40	0
Corrected balance as at 31 March 2017	(7,075)	(11,823)	(3,293)	0	(22,191)	2,746,423	2,724,232
(Surplus) or deficit on the provision of services	50,132	0	0	0	50,132	0	50,132
Other Comprehensive (Income) / Expenditure	0	0	0	0	0	(166,135)	(166,135)
Total Comprehensive Income and Expenditure	50,132	0	0	0	50,132	(166,135)	(116,003)
Adjustments between accounting basis and funding basis under regulations (Note 3.5)	(55,162)	0	(594)	0	(55,756)	55,756	0
Net (Increase) or Decrease before Transfers to Earmarked Reserves	(5,030)	0	(594)	0	(5,624)	(110,379)	(116,003)
Transfer to / (from) Earmarked Reserves	5,030	(5,030)	0	0	0	0	0
(Increase) or Decrease in 2017-18	0	(5,030)	(594)	0	(5,624)	(110,379)	(116,003)
Balance at 31 March 2018	(7,075)	(16,853)	(3,887)	0	(27,815)	2,636,044	2,608,229

PCC Movement in Reserves	General Fund Balance	Earmarked General Fund Reserves (Note 3.1)	Capital Receipts Reserve (Note 3.2)	Capital Grants Unapplied Account (Note 3.2)	Total Usable Reserves	Unusable Reserves (Note 3.3 & 3.4)	PCC Total Reserves
2017-18	£000	£000,	£000	£000	£000	£000	£000
Balance at 31 March 2017	(7,075)	(11,783)	(3,293)	0	(22,151)	27,653	5,502
Pension Reserve Restatement	0	0	0	0	0	(17,411)	(17,411)
Restated Balance	(7,075)	(11,783)	(3,293)	0	(22,151)	10,242	(11,909)
Error correction from previous year	0	(40)	0	0	(40)	40	0
Corrected balance as at 31 March 2017	(7,075)	(11,823)	(3,293)	0	(22,191)	10,282	(11,909)
Movement in reserves during 2018-19							
(Surplus) or deficit on the provision of services	(5,974)	0	0	0	(5,974)	0	(5,974)
Other Comprehensive (Income) / Expenditure	0	0	0	0	0	(269)	(269)
Total Comprehensive Income and Expenditure	(5,974)	0	0	0	(5,974)	(269)	(6,243)
Adjustments between accounting basis and funding basis under regulations (Note 3.5)	945	0	(594)	0	351	(351)	0
Net (Increase) or Decrease before Transfers to Earmarked Reserves	(5,030)	0	(594)	0	(5,624)	(620)	(6,243)
Transfers to / (from) Earmarked Reserves	5,030	(5,030)	0	0	0	0	0
(Increase) or Decrease in 2018-19	0	(5,030)	(594)	0	(5,624)	(620)	(6,243)
Balance at 31 March 2018	(7,075)	(16,853)	(3,887)	0	(27,815)	9,662	(18,153)

BALANCE SHEET

The Balance Sheet shows the value of assets and liabilities, as at the end of the accounting year. 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 which fulfil specific accounting purposes.

2017-18		PCC & Group Balance Sheet	Note	2018-19	
PCC	Group			PCC	Group
£000	£000			£000	£000
41,072	41,072	Property, Plant and Equipment	4.2	42,075	42,075
534	534	Investment Property	4.4	435	435
376	376	Intangible Assets	4.5	230	230
0	0	Long-Term Debtors		0	0
41,982	41,982	Long Term Assets		42,740	42,740
2,364	2,364	Assets Held for Sale	4.7	2,202	2,202
167	167	Inventories		151	151
32,460	32,460	Short-Term Debtors	4.8	18,351	18,351
0	0	Temporary Investments		4,000	4,000
10,832	10,832	Cash and Cash Equivalents	5.1	20,808	20,808
45,823	45,823	Current Assets		45,512	45,512
(8,249)	(8,249)	Short-Term Borrowing	4.9	(9,854)	(9,854)
(24,444)	(27,760)	Short-Term Creditors	4.10	(14,742)	(18,072)
(4,385)	(4,385)	Provisions	4.11	(4,086)	(4,086)
(37,078)	(40,394)	Current Liabilities		(28,682)	(32,012)
(28,920)	(28,920)	Long-Term Borrowing	4.12	(43,883)	(43,883)
(3,654)	(2,626,720)	Other Long-Term Liabilities		(1,362)	(2,724,382)
(32,574)	(2,655,640)	Long Term Liabilities		(45,245)	(2,768,265)
18,153	(2,608,229)	Net Assets		14,325	(2,712,025)
(27,815)	(27,815)	Usable Reserves	3.1 & 3.2	(26,663)	(26,663)
9,663	2,636,044	Unusable Reserves	3.3	12,338	2,738,688
(18,153)	2,608,229	Total Reserves		(14,325)	2,712,025

CASH FLOW STATEMENT

This Cash Flow Statement has been prepared using the 'Indirect Method', which adjusts the surplus or deficit on the provision of services for non-cash items. This statement shows the changes in cash and cash equivalents during the reporting period.

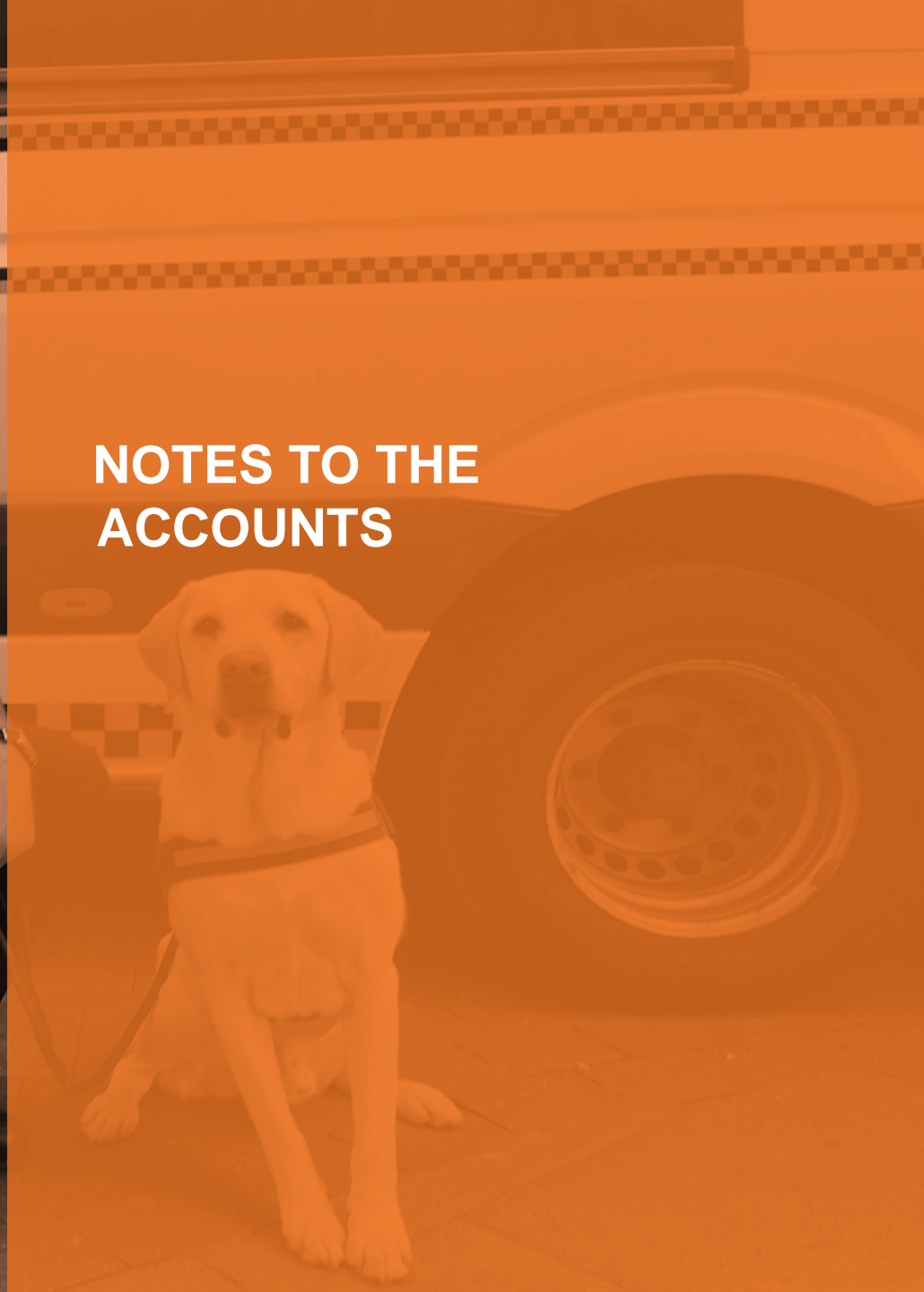
Cash includes cash in hand and deposits of up to 24 hours' notice. Cash equivalents are investments that mature up to three months from acquisition date. These are readily convertible to known amounts of cash with

insignificant risk of change in value. Cash and cash equivalents are shown net of bank overdrafts that are repayable on demand.

2017-18			Cash Flow Statement	Note	2018-19		
Commissioner	Chief Constable	Group			Commissioner	Chief Constable	Group
£000	£000	£000			£000	£000	£000
(5,973)	56,105	50,132	Net (surplus) or deficit on the provision of services		3,754	32,022	35,776
(10,928)	(56,105)	(67,033)	Adjustment to (surplus) or deficit on the provision of services for non cash movements	5.2	(9,203)	(32,022)	(41,225)
3,795	0	3,795	Adjustment for items included in the net (surplus) or deficit on the provision of services that are investing or financing activities	5.2	4,433	0	4,433
(13,106)	0	(13,106)	Net cash flows from operating activities		(1,016)	0	(1,016)
586	0	586	Net cash flows from investing activities	5.3	5,220	0	5,220
3,709	0	3,709	Net cash flows from financing activities	5.3	(14,180)	0	(14,180)
(8,811)	0	(8,811)	Net (increase) or decrease in cash and cash equivalents		(9,976)	0	(9,976)
(2,021)	0	(2,021)	Cash and cash equivalents at the beginning of the reporting period		(10,832)	0	(10,832)
(10,832)	0	(10,832)	Cash and cash equivalents at the end of the reporting period	5.1	(20,808)	0	(20,808)



NOTES TO THE ACCOUNTS



GENERAL ACCOUNTING POLICIES

1. General Principles

The Statement of Accounts summarises transactions for the 2018-19 financial year and its position as at 31 March 2019. 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 2018-19, 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. 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.

3. 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. There have been no changes in Accounting Policies requiring restatement. Material errors discovered in prior year figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

NOTES TO CORE STATEMENTS

Section 1 Judgements and Major Accounting Events

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, and no significant amendments to the code other than shorter deadlines. The accounts are produced on a 'true economic cost basis' which differs from the cost required to be met from taxpayers. The accounting for pensions which recognises benefits accrued by current employees has a significant impact on the surplus / deficit for the year and on the value of the Balance sheet. These transactions are based on actuarial valuations as opposed to the transactions which have taken place in the year.

1.3 Going Concern

The Accounts have been prepared on the basis that the Group is a going concern. The provisions in the Code on the going concern accounting requirements reflect the economic and statutory environment in which local authorities operate. These provisions confirm that, as authorities cannot be created or dissolved without statutory prescription, it would therefore not be appropriate for their financial statements to be prepared on anything other than a going concern basis.

1.4 Accounting Standards Issued but not Adopted

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

1.5 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, pension costs and other one-off payments.

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 fully 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 £3.2m 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 (+/-) £0.3m.

1.6 Events after the Balance Sheet Date

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.

There are no such events to report here.

Section 2 Notes to Comprehensive Income & Expenditure Statement

2.1 Expenditure Funding Analysis

This note 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.

2017-18			Commissioner & Group Expenditure Funding Analysis	2018-19		
Net Expenditure Chargeable to the General Fund	Adjustments (Note 2.2)	Net Expenditure in the CIES		Net Expenditure Chargeable to the General Fund	Adjustments (Note 2.2)	Net Expenditure in the CIES
£000	£000	£000		£000	£000	£000
227,536	(16,364)	211,172		Policing	238,568	(18,664)
4,049	(436)	3,613	Commissioner	5,458	0	5,458
231,585	(16,800)	214,784	Net Cost of Services	244,026	(18,664)	225,362
0	72,469	72,469	Other (Income) and Expenditure Policing	0	50,686	50,686
(236,615)	(507)	(237,122)	Commissioner	(243,761)	3,489	(240,272)
(5,030)	55,162	50,132	(Surplus) or Deficit on Provision of Service	265	35,511	35,776
(18,898)			Opening General Fund Balance	(23,928)		
(23,928)			Closing General Fund Balance	(23,663)		

2.2 Adjustments to the Expenditure Funding Analysis

2018-19	Net Capital Statutory Adjustments	Net Pensions Statutory Adjustments	Other Statutory Adjustments	Total Adjustments
	£000	£000	£000	£000
Policing	0	(18,664)	0	(18,664)
Commissioner	0	0	0	
Net Cost of Services	0	(18,664)	0	(18,664)
Other (Income) and Expenditure Chief Constable	0	50,686	0	50,686
Other (Income) and Expenditure Commissioner		3,489	0	3,489
Difference between the Statutory Charge and the (Surplus) or Deficit in the CIES	0	35,511	0	35,511

2017-18	Net Capital Statutory Adjustments	Net Pensions Statutory Adjustments	Other Statutory Adjustments	Total Adjustments
	£000	£000	£000	£000
Policing	0	(16,337)	(27)	(16,364)
Commissioner	(594)	124	34	(436)
Net Cost of Services	(594)	(16,213)	7	(16,800)
Other (Income) and Expenditure Chief Constable	0	72,469	0	72,469
Other (Income) and Expenditure Commissioner	(638)	67	64	(507)
Difference between the Statutory Charge and the (Surplus) or Deficit in the CIES	(1,232)	56,323	71	55,162

Income

Revenue government grants, third party contributions and donations are recognised as income when the conditions of entitlement are satisfied. Grants and contributions with unsatisfied conditions are creditors on the Balance Sheet. As conditions are satisfied, it is credited to the CIES. Unconditional

monies are carried as an earmarked reserve on the Balance Sheet until used.

A de minimis level of £0.050m exists whereby it is essential that income is assessed whether it should form part of the Earmarked Reserves. Capital grants are

credited to the CIES, and then reversed out of the General Fund Balance in the Movement in Reserves Statement. The grant is either used to finance capital expenditure or credited to the Capital Grants Unapplied Account.

2.3 Income Credited to Services

2017-18 £000		2018-19 £000
(1,641)	Relating to the Commissioner - Other Income	(987)
(5,883)	Partnership and Joint Controlled Operations	(1,689)
(1,858)	PFI Grant	(1,858)
(3,002)	Recharge of Officers	(2,142)
(10,228)	Other Income	(8,306)
(22,612)	Total for the Group	(14,982)

2.4 Financing and Investment Income and Expenditure

2017-18 £000		2018-19 £000
1,753	Interest payable and similar charges	1,751
67	Net interest on the net defined benefit liability (asset)	1
(104)	Interest receivable and similar income	(249)
1,716	Relating to the Commissioner	1,503
72,469	Other net interest on the defined benefit liability (asset)	50,686
74,185	Total for the Group	52,189

2.5 Taxation and Non-Specific Grant Income – Commissioner and Group

2017-18 £000		2018-19 £000
(57,273)	Council Tax Income	(61,565)
(134,018)	Non-ringfenced Government Grants	(134,018)
(41,650)	HO Police Pension Grant	(43,428)
(5,774)	Capital Grants and Contributions	(1,911)
(238,715)	Total for the Commissioner and Group	(240,922)

2.6 Other Operating Expenditure – Commissioner and Group

2017-18 £000		2018-19 £000
(123)	(Gains)/losses on the Disposal on Non-Current Assets	(853)
0	Other	0
(123)	Total for the Commissioner and Group	(853)

2.7 Impairment Losses

There are no instances of impairment to report.

2.8 Expenditure Analysed by Nature

2017-18			Nature of Expenditure or Income	2018-19		
Chief Constable	PCC	Group		Chief Constable	PCC	Group
£000	£000	£000		£000	£000	£000
191,945	668	192,613	Expenditure on services - employees	191,813	715	192,528
35,444	4,585	40,029	Expenditure on services - other	42,761	5,055	47,816
(20,971)	(1,641)	(22,612)	Income from services	(13,995)	(987)	(14,982)
0	(57,273)	(57,273)	Income from local taxation	0	(61,565)	(61,565)
0	(181,441)	(181,441)	Government grants and contributions	(675)	(178,682)	(179,357)
4,754	0	4,754	Depreciation, amortisation and impairment	0	0	0
72,469	1,716	74,185	Other Financing	50,686	1,503	52,189
0	(123)	(123)	(Gain) or loss on disposal of non-current assets	0	(853)	(853)
(227,536)	227,536	0	Intra Group Funding	(238,568)	238,568	0
56,105	(5,973)	50,132	(Surplus) or Deficit for Year	32,022	3,754	35,776

2.9 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 (where applicable). 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 for 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.

2.10 Termination Benefits

Termination benefits are amounts payable as a result of a decision to terminate an employees employment prior to normal retirement date or an acceptance of a voluntary redundancy.

These are charged to the CIES at the time when the decision is demonstrably committed to. If not actually paid then it is included by use of a provision.

Section Notes to the Movement in Reserves Statement

3.1 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 Commissioner accounts only.

	Balance at 31 March 2017	Transfers In 2017-18	Transfers Out 2017-18	Balance at 31 March 2018	Transfers In 2018-19	Transfers Out 2018-19	Balance at 31 March 2019
	£000	£000	£000	£000	£000	£000	£000
Police Property Act	(183)	(13)	0	(196)	0	0	(196)
Drug Fund	(76)	(2)	51	(27)	0	0	(27)
PFI Life Cycle Costs	27	(37)	0	(10)	(38)	0	(48)
Revenue Grants	(2,747)	(411)	309	(2,849)	(217)	1,092	(1,974)
Medium Term Financial Plan	(3,275)	0	1,136	(2,000)	(254)	2,254	0
Tax Base Reserve	(1,247)	0	200	(1,047)	(469)	2	(1,514)
Animal Welfare	(19)	0	0	(19)	0	0	(19)
PCC	(622)	(111)	0	(733)	(53)	26	(760)
Grants and Commissioning	(2,499)	(1,080)	138	(3,441)	(712)	154	(3,999)
PCC Night Time Levy	(284)	0	103	(181)	(20)	0	(201)
Estimation Reserve	(13)	0	13	0	0	0	0
Target Hardening	0	(73)	0	(73)	0	0	(73)
Allard Reserve	0	(1,200)	0	(1,200)	0	0	(1,200)
Asset Replacement	0	(2,731)	0	(2,731)	(2,216)	0	(4,947)
IT Investment	0	(1,100)	0	(1,100)	0	378	(722)
Joint Operations	(984)	(262)	0	(1,246)	0	338	(908)
Total Earmarked Reserves	(11,783)	(7,020)	1,950	(16,853)	(3,979)	4,244	(16,588)
General Fund	(7,075)	0	0	(7,075)	0	0	(7,075)
Total General Fund Balance	(18,858)	(7,020)	1,950	(23,928)	(3,979)	4,244	(23,663)

3.2 Usable Reserves – Commissioner and Group

31 March 2018 £000	Capital Receipts Reserve	31 March 2019 £000
(3,293)	Balance 1 April	(3,887)
0	Applied in Year	2,715
(594)	Capital Receipts in Year	(1,828)
(3,887)	Balance 31 March	(3,000)

31 March 2018 £000	Capital Grants & Contributions Unapplied	31 March 2019 £000
0	Balance 1 April	0
(2,794)	Capital Grants and Contributions Recognised in Year	(753)
2,794	Capital Grants and Contributions Applied	753
0	Balance 31 March	0

3.3 Unusable Reserves

31 March 2018			31 March 2019	
PCC	Group		PCC	Group
£000	£000		£000	£000
1,427	2,624,493	Pensions	1,488	2,724,382
197	3,512	Accumulated Absences	42	3,498
(1,137)	(1,137)	Revaluation Reserve	(1,037)	(1,037)
10,080	10,080	Capital Adjustment	12,604	12,604
(891)	(891)	Collection Fund	(759)	(759)
(13)	(13)	Deferred Receipt	0	0
9,663	2,636,044	Total	12,338	(2,738,688)

3.4 Unusable Reserves Movements

The table analyses the unusable reserves movements in the MIRS.

31 March 2018		Movement in Unusable Reserves	31 March 2019	
PCC £000	Group £000		PCC £000	Group £000
10,242	2,746,383	Balance at start of Year	9,663	2,636,044
0	0	Adjustment	(1)	0
(269)	(166,135)	Comprehensive Income & Expenditure	2,676	68,020
(310)	55,796	Adjustments between accounting basis and funding basis under regulations	0	34,624
9,663	2,636,044	Balance at Year End	12,338	2,738,688

3.5 Adjustments between Accounting Basis and Funding Basis under Regulations

2018-19	General Fund Balance Commissioner	General Fund Balance Group	Capital Receipts Reserve Group	Capital Grants Unapplied Group	Movement in Unusable Reserves Commissioner	Movement in Unusable Reserves Group
	£000	£000	£000	£000	£000	£000
Pension cost (transferred to / (from) the Pensions Reserve)	71	(31,129)			(71)	31,129
Council tax (transfers to / (from) the Collection Fund)	(132)	(132)			132	132
Receipt of deferred debtor	(13)	(13)			13	13
Holiday pay (adjustments to the Accumulated Absences Reserve)	33	(33)			42	42
Revaluation Reserve	(22)	(22)			22	22
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)	(3,513)	(4,335)		(753)	4,266	5,088
Total Adjustments to Revenue Resources	(3,651)	(35,673)		(753)	4,404	36,426
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	0	0	887		(887)	(887)
Statutory Provision for the repayment of debt	2,416	2,416			(2,416)	(2,416)
Capital expenditure financed from revenue balances	0	0			0	0
Total adjustments between Revenue and Capital Resources	2,416	2,416	887	0	(3,303)	(3,303)
Application of capital grant to finance capital expenditure	0	0		753	(753)	(753)
Other adjustments	(2,254)	(2,254)			2,254	2,254
Total adjustments	(3,489)	(35,511)	887	0	2,602	34,624

2017-18	General Fund Balance Commissioner £000	General Fund Balance Group £000	Capital Receipts Reserve Group £000	Capital Grants Unapplied Group £000	Movement in Unusable Reserves Commissioner £000	Movement in Unusable Reserves Group £000
Pension cost (transferred to / (from) the Pensions Reserve)	(191)	(56,324)	0	0	191	56,324
Council tax (transfers to / (from) the Collection Fund)	(83)	(83)	0	0	83	83
Receipt of deferred debtor	(32)	(32)	0	0	32	32
Holiday pay (adjustments to the Accumulated Absences Reserve)	(13)	13	0	0	13	(13)
Revaluation Reserve	(137)	(137)	0	0	137	137
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)	(1,618)	(1,618)	0	(2,794)	4,412	4,412
Total Adjustments to Revenue Resources	(2,074)	(58,181)	0	(2,794)	4,868	60,975
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	0	0	(594)	0	594	594
Statutory Provision for the repayment of debt	2,675	2,675	0	0	(2,675)	(2,675)
Capital expenditure financed from revenue balances	344	344	0	0	(344)	(344)
Total adjustments between Revenue and Capital Resources	3,019	3,019	(594)	0	(2,425)	(2,425)
Application of capital grant to finance capital expenditure	0	0	0	2,794	(2,794)	(2,794)
Total adjustments	945	(55,162)	(594)	0	(351)	55,756

Section 4 Notes to the Balance Sheet

4.1 Property, Plant and Equipment

Assets with physical substance and are held for operational or administrative purposes with an expected life of over a 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.

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.

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 £0.020m.

Component Accounting

Components with appropriate depreciation are included where this is significant as determined by the following test: 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 in accordance with IAS 16:

- Fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV) Operational buildings have been valued on this basis.
- If 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. Bridewell custody suite is valued on this basis.

- 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. Vehicles, equipment and furniture is on this basis.
- Non-operational buildings including assets for sale and investment properties have been valued on the basis of Open Market Value.
- Assets under construction are included at actual cost.

These standards are incorporated into the RICS 'Red book' valuation standards.

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 utilised.

Impairment

Assets are assessed annually for potential impairment. When 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.

Depreciation

Depreciation is charged on all operational non-current assets by the systematic allocation of their depreciable amounts, over their useful lives, after allowing for residual values.

Asset Type	Depreciation Method	Period of Years
Land	Nil	Nil as unlikely to 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

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

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. 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 (subject to meeting deminimis levels).

Assets held for Sale

When a non-current asset is actively marketed, and reasonably expected to be sold in the next 12 months, it is reclassified as an Asset Held for Sale, and is a current asset.

Disposal

The asset is re-valued 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 of Assets Held for Sale, they are reclassified back to non-current assets and re-valued appropriately.

Amounts received for a disposal are categorised as capital receipts, and credited to the Capital Receipts Reserve for application to future capital investment. Revaluation Reserve balances relating to disposed assets are transferred to the Capital Adjustment Account.

4.2 Property, Plant and Equipment Movements to 31 March 2019	Land and Buildings	Vehicles, Plant, Furniture & Equipment	Assets Under Construction	Total Property, Plant and Equipment
	£000	£000	£000	£000
Cost or Valuation				
at 1 April 2018	32,675	35,803	477	68,955
Adjustments to cost/value & depreciation/impairment	(564)	0	0	(564)
Additions	3,304	5,349	1,000	9,653
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(80)	0	0	(80)
Revaluation increases/(decreases) recognised in the (Surplus)/Deficit on the Provision of Services	(2,833)	0	0	(2,,833)
De-recognition – disposals	0	(11,798)	0	(11,798)
Reclassifications and transfers	(1,047)	0	0	(1,047)
at 31 March 2019	31,455	29,354	1,477	62,286
Depreciation & Impairment				
at 1 April 2018	(5,279)	(22,604)	0	(27,883)
Adjustments to cost/value & depreciation/impairment	564	0	0	564
Depreciation charge	(814)	(3,547)	0	(4,361)
De-recognition – disposals	0	11,470	0	11,470
Reclassifications and transfers	0	0	0	0
Eliminated on reclassification to Held for Sale	0	0	0	0
at 31 March 2019	(5,529)	(14,681)	0	20,210
Net Book Value				
at 31 March 2019	25,926	14,673	1,477	42,076
at 31 March 2018	27,396	13,199	477	41,072

4.2 Property, Plant and Equipment Movements to 31 March 2018	Land and Buildings	Vehicles, Plant, Furniture & Equipment	Assets Under Construction	Total Property, Plant and Equipment
	£000	£000	£000	£000
Cost or Valuation				
at 1 April 2017	31,773	33,242	307	65,322
Adjustments to cost/value & depreciation/impairment	(699)	0	0	(699)
Additions	750	3,586	500	4,836
Revaluation increases/(decreases) recognised in the Revaluation Reserve	19	0	0	19
Revaluation increases/(decreases) recognised in the (Surplus)/Deficit on the Provision of Services	827	0	0	827
De-recognition – disposals	(290)	(1,025)	0	(1,315)
Reclassifications and transfers	295	0	(330)	(35)
at 31 March 2018	32,675	35,803	477	68,955
Depreciation & Impairment				
at 1 April 2017	(5,133)	(18,979)	0	(24,112)
Adjustments to cost/value & depreciation/impairment	0	0	0	0
Depreciation charge	(882)	(4,441)	0	(5,323)
De-recognition – disposals	39	816	0	855
Reclassifications and transfers	0	0	0	0
Eliminated on reclassification to Held for Sale	697	0	0	697
at 31 March 2018	(5,279)	(22,604)	0	(27,883)
Net Book Value				
at 31 March 2018	27,396	13,199	477	41,072
at 31 March 2017	26,640	14,263	307	41,210

4.3 Property, Plant and Equipment Revaluations

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.

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.

Revaluations	Land and Buildings	Vehicles, Plant, Furniture and Equipment	Assets under Construction	Total
	£000	£000	£000	£000
Carried at historical cost	11,755	27,928	1,030	40,713
Valued at current value as at:				
• 31/03/2019	6,730	0	0	6,730
• 31/03/2018	0	0	0	0
• 31/03/2017	8,603	0	0	8,603
• 31/03/2016	566	0	0	566
• 31/03/2015	1,713	0	0	1,713
Total Cost or Valuation	29,367	27,928	1,030	58,325
Share of Joint Operation Property				3,058
Total Gross Value				61,383

4.4 Investment Properties

Investment properties are used to earn rentals or for capital appreciation, and not used in any way to deliver services or are being held for sale. The carrying value is annually revalued under IFRS13 to current fair value. This is currently £0.435m (£0.535m 2017-18) Rentals received in relation to investment properties are credited to the CIES.

Income is received on investment properties (telecoms masts) from Cell C.M., who also undertake 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 £0.92m in 2018-19 (£0.080m in 2017-18).

4.5 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.

Amortisation is a revenue expense. Movements are summarised in the table below:

31 March 2018 Other Assets £000	Intangible Assets	31 March 2019 Other Assets £000
3,584 (3,133)	Balance at start of year: Gross carrying amounts Accumulated amortisation	3,672 (3,296)
451	Net carrying amount at start of year	376
88 (163)	Additions: Purchases Amortisation for the period	(42) (104)
376	Net carrying amount at end of year	230
3,672 (3,296)	Comprising: Gross carrying amounts Accumulated amortisation	3,630 (3,400)
376		230

4.6 Capital Expenditure and Capital Financing

The total amount of capital expenditure, including PFI and finance leases and sources of finance are shown in the table below, it shows 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 2019 the Commissioner had entered into a number of capital contracts which would continue to incur expenditure in future years. These totalled £3.4m. The contracts covered building alterations and IT systems. (£3.2m 31 March 2018).

31 March 2018 £000	Capital Expenditure and Capital Financing	31 March 2019 £000
59,137	Opening Capital Financing Requirement	57,705
4,037	Capital Investment:	9,653
0	Property Plant and Equipment	0
	Intangible Assets	
4,037	Total Capital Spending	9,653
0	Sources of Finance:	
0	Capital receipts	(2,715)
	Earmarked reserves	(250)
(2,794)	Government Grants and other contributions	(753)
	Sums set aside from revenue:	
(2,675)	Minimum Revenue Provision	(2,416)
(5,469)	Total Sources of Finance	(6,134)
57,705	Closing Capital Financing Requirement	61,224

4.7 Assets Held for Sale

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

When classified as 'Held 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 2018 £000	Current Assets	31 March 2019 £000
2,786	Balance outstanding at start of year	2,364
172	Newly classified as held for sale	1,047
(594)	Assets sold	(1,209)
2,364	Balance Outstanding year end	2,202

4.8 Debtors Commissioner and Group

A bad debt provision of £0.12m is provided against specific debts considered to be unlikely to be collected (£0.03m at 31 March 2018).

A provision of £3.663m is held against Council Tax arrears of £5.679m at 31 March 2019 (£3.184m and £4.953m respectively at 31 March 2018). This level of provision has been assessed by the Council Tax Billing Authorities. Debtors relate to the Commissioner only.

31 March 2018 £000	Debtors	31 March 2019 £000
18,107	Central Government Bodies	9,587
5,080	Other Local Authorities	50
9,273	Other Entities and Individuals	8,714
32,460	Total Debtors	18,351

4.9 Short Term Borrowing Commissioner and Group

31 March 2018 £000	Short Term Borrowing	31 March 2019 £000
(3,500)	Market Loan – L.O.B.O.	(3,543)
(749)	PWLB	(1,302)
0	Market Loan - Waverley	(5,009)
(4,000)	Market Loan - Torbay	0
(8,249)		(9,854)

4.10 Creditors Commissioner and Group

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 2019 cash totalling £0.145m was held in the Commissioner's bank account (£0.797m at 31 March 2018).

31 March 2018		Creditors	31 March 2019	
PCC £000	Group £000		PCC £000	Group £000
(4,876)	(4,876)	Central Government Bodies	(3)	(3)
(6,812)	(6,812)	Other Local Authorities	(9,630)	(9,630)
(12,756)	(16,072)	Other Entities and Individuals	(5,109)	(8,439)
(24,444)	(27,760)	Total Creditors	(14,742)	(18,072)

4.11 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. Liability claims are generally paid out within one to three years. It is expected that the majority will be utilised within a year and hence the provision is all short term. Provisions relate to the Commissioner only.

2018-19	Insurance £000	Dilapidation £000	Legal Expenses £000	Medical Retirement £000	Redundancy £000	Bad Debt £000	Joint Operations £000	Pay Award £000	Total £000
Opening Balance	(3,189)	(300)	(115)	0	(51)	0	0	(730)	(4,385)
Increase in provision during year	(1,168)	(209)	0	(78)	(27)	(147)	(152)	(5)	(1,786)
Utilised during year	1,139	21	115	0	51	24	0	735	2,085
Closing Balance	(3,218)	(488)	0	(78)	(27)	(123)	(152)	0	(4,086)
2017-18									
Opening Balance	(2,898)	(268)	(115)	0	0	0	0	0	(3,281)
Increase in provision during year	(1,342)	(158)	0	0	(51)	0	0	(735)	(2,286)
Utilised during year	1,051	126	0	0	0	0	0	5	1,182
Closing Balance	(3,189)	(300)	(115)	0	(51)	0	0	(730)	(4,385)

4.12 Long Term Debt

31 March 2018 £000	Long Term Borrowing	31 March 2019 £000
0	Market Loans	0
(28,921)	PWLB	(43,883)
(28,921)	Total Long Term Borrowing	(43,883)

4.13 Leases

Leases are classified according to the conditions of IAS 17. Lease payments are made for land, buildings, vehicles and equipment. Leases are classified as finance leases if the terms of the lease transfer (substantially) 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. Operating leases are charged to the CIES. These payments in 2018-19 were £1.435m (£1.231m in 2017-18).

Finance Lease assets on the balance sheet are accounted for in the same way as other non - current assets. The de-minimis level for inclusion on the Balance Sheet is £0.020m.

These include vehicles acquired under the PFI scheme, IAS17 and IFRIC4 classifies this arrangement as a finance lease. This 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 £3.3m (£3.3m in 2017-18). Future payments are linked to inflation increases. Grant of £1.3m was received (£1.3m in 2017-18).

Lease payments are apportioned between finance charges debited to the CIES, and the acquisition charge applied to write down the lease liability.

The minimum lease payments exclude values that are contingent on events such as subsequent rent reviews. Currently there are no such events.

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

Minimum Lease Payments			Finance Lease Liabilities	
31 March 2018 £000	31 March 2019 £000		31 March 2018 £000	31 March 2019 £000
143	108	Not later than one year	158	113
251	101	Later than one year and not later than five years	262	102
394	209	Total	420	215

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 2018 £000		31 March 2019 £000
1,160	Not later than one year	1,163
1,845	Later than one year and not later than five years	2,074
435	Later than five years	352
3,440	Total	3,589

4.14 Service Concession Arrangements – Private Finance Initiative Agreements

Private Finance Initiative Agreements (PFI) is a way to receive services, whereby the responsibility for asset availability is with the PFI contractor. The Commissioner has entered into two PFI contracts with some common features:

- The Group has the sole right to the PFI assets during the agreement.
- The PFI provider ensures that the assets are maintained and available for use.
- The Commissioner has no ownership rights of at the end of the agreements.

The first contractor Vensons, is responsible for the provision and maintenance of vehicles and meets the conditions of a finance lease and is included within the leasing notes above.

The second contractor Miven, provided and maintains the Riverside building on a 25 year contract until 2026-27. The capital value of this scheme is £1.943m. £1.045m was paid in 2018-19 (£1.045m in 2017-18).

With the PFI agreement for Riverside now being less than 10 years until completion, the opportunity was taken to review the accounting policy to ensure that best practice was being followed.

Future payments are linked to the retail price index but are otherwise fixed, except reductions for poor contractor performance. Specific government grant of £0.590m was received (£0.590m in 2017-18).

The annual amounts payable to Miven comprise:

- 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.
- The repayment of the capital liability on the balance sheet.
- 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.

Lifecycle replacement costs – whereby a proportion of the amounts payable is carried as an earmarked reserve. This may be a negative balance in some years but by the end of the agreement the balance will be zero and the revenue charges are equalised.

Reimbursement of Capital Expenditure 2017-18 £000	Payment for Services 2017-18 £000	Riverside Premises PFI	Reimbursement of Capital Expenditure 2018-19 £000	Payment for Services 2018-19 £000
203	842	Payable within one year	212	833
907	3,271	Payable within two to five years	949	3,230
1,035	2,967	Payable within six to ten years	782	2,175
2,145	7,080	Total	1,943	6,238

Section 5 Notes to the Cash Flow Statement

5.1 Cash and Equivalents

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

31 March 2018 £000	Cash and Equivalents comprise	31 March 2019 £000
9,800	Low Volatility Net Asset Value Funds	4,760
0	Temporary Investments	4,000
0	Short Term Investments	15,000
1,032	Cash and Bank	1,048
10,832	Total	24,808

Section 5 Notes to the Cash Flow Statement

5.2 Cash Flow from Operating Activities – Group Cash Flows

31 March 2018 £000	The cash flows for operating activities include the following items	31 March 2019 £000
(104)	Interest Received	(249)
1,351	Interest Paid	1,385
1,247	Total	1,136

31 March 2018 £000	The cash flows for operating activities include the following items	31 March 2019 £000
(5,609)	Depreciation	(5,125)
214	Impairment and downward valuations	(2,933)
0	Amortisation	0
(4,532)	(Increase)/decrease in creditors	9,688
276	Increase/(decrease) in debtors	(14,109)
(103)	(Increase)/decrease in inventories	(16)
(56,612)	Movement in pension liability	(29,722)
(1,526)	Carrying amount of other non-current assets/liabilities	137
859	Other non-cash movements charged to the (surplus) or deficit on provision of services	855
(67,033)	Total	(41,225)

31 March 2018 £000	The (surplus) or deficit on the provision of services has been adjusted for the following investing and financing activities	31 March 2019 £000
594	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	2,390
3,201	Any other items for which the cash effects are investing or financing cash flows	2,043
3,795	Total	4,433

5.3 Cash Flow from Investing and Financing Activities - Group Cash Flow

31 March 2018 £000	Cash Flow from Investing and Financing Activities	31 March 2019 £000
4,381	Purchase of property, plant and equipment, investment property and intangible assets	9,653
(594)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(2,390)
(3,201)	Other receipts from investing activities	(2,043)
586	Net cash flows from investing activities	5,220
(11,500)	Cash receipts of short-term and long-term borrowing	(34,500)
15,209	Repayments of short-term and long-term borrowing	20,320
3,709	Net cash flows from financing activities	(14,180)

Section 6 Remuneration Notes

6.1 Members Remuneration

Members of the Audit and Scrutiny Panel were paid £0.006m (£0.005m 2017-18).

6.2 Officers Remuneration over £50,000

Employees within the Group who are receiving over £50,000 remuneration for the year are shown in the table below. This excludes the senior officers reported in a separate table.

One is within the PCC. It includes three above the rank of Superintendent (five in 2017-18).

Remuneration over £50,000	2017-18	2018-19
£50,001 to £55,000	161	159
£55,001 to £60,000	89	96
£60,001 to £65,000	27	29
£65,001 to £70,000	8	5
£70,001 to £75,000	10	8
£75,001 to £80,000	6	9
£80,001 to £85,000	6	9
£85,001 to £90,000	1	2
£90,001 to £95,000	1	1
£95,001 to £100,000	0	1
Total	309	319

6.3 Senior Officer Payments

Officers Remuneration 2018-19		Salary, Fees & Allowances (Note 1) £	Bonuses £	Expenses Allowances (Note 2) £	Compensation for Loss of Office £	Pension Contribution £	Total £
Police & Crime Commissioner - P Tipping		76,375	0	2,693	0	10,234	89,303
Chief Finance Officer to the Police & Crime Commissioner - C Radford		101,070	0	1,904	0	13,385	116,359
Chief Executive to the Police & Crime Commissioner - K Dennis		96,597	0	1,833	0	13,148	111,578
TOTAL PCC		274,042	0	6,431	0	36,767	317,240
Chief Constable - C Guildford		159,313	0	14,196	0	36,575	210,084
Deputy Chief Constable - R Barber	5	131,754	0	7,022	0	7,939	146,715
Assistant Chief Constable - S Cooper		106,042	0	7,588	0	25,662	139,292
Assistant Chief Constable - S Prior	3	51,784	0	550	0	11,772	64,196
Assistant Chief Constable - K Meynell	4	69,810	0	2,322	0	13,500	85,632
Chief Finance Officer to the Chief Constable - M Kimberley		63,990	0	602	0	8,452	73,045
TOTAL CHIEF CONSTABLE		582,783	0	32,280	0	103,900	718,963
TOTAL FOR GROUP		856,825	0	38,711	0	140,667	1,036,203

Note 1: Salary, Fees & Allowances includes 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: ACC retired 09-09-18

Note 4: ACC appointed 06-08-18

Note 5: DCC opted out of pension scheme 30 years 04-09-18

6.3 Senior Officer Payments

Officers Remuneration 2017-18		Salary, Fees & Allowances (Note 1) £	Bonuses £	Expenses Allowances (Note 2) £	Compensation for Loss of Office £	Pension Contribution £	Total £
Police & Crime Commissioner – P Tipping		75,017	0	1,864	0	10,052	86,933
Chief Finance Officer to the Police & Crime Commissioner – C Radford		86,934	0	1,577	0	11,567	100,078
Chief Executive to the Police & Crime Commissioner – K Dennis		95,480	0	429	0	12,794	108,703
TOTAL COMMISSIONER		257,431	0	3,870	0	34,413	295,714
Chief Constable – C Guildford		156,436	0	12,464	0	36,004	204,904
Deputy Chief Constable – R Barber	3	122,743	0	6,788	0	28,391	157,922
Assistant Chief Constable – S Cooper	4	92,359	0	6,117	0	22,004	120,480
Assistant Chief Constable – S Prior		103,916	0	3,225	0	25,148	132,289
Assistant Chief Officer – Finance and Resources	5	95,349	0	5,435	0	18,879	119,663
Director of Human Resources	5	100,385	0	8,335	0	17,683	126,403
Director of Information Services & IT	5,6,7	49,485	0	6,618	0	6,275	62,378
TOTAL CHIEF CONSTABLE		720,673	0	48,982	0	154,384	924,039
TOTAL FOR GROUP		978,104	0	52,852	0	188,797	1,219,753

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

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

Note 3: Deputy Chief Constable was appointed 17 -04-17

Note 4: Assistant Chief Constable was appointed 05-04-17

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

Note 6: Includes Market Rate Premium

Note 7: Director of Information Services and IT resigned 15-09-17

6.4 Exit Packages

Contracts were terminated for 20 employees in the group during the year (9 in 2017-18), incurring costs of £0.378m (£0.209m in 2017-18). This included redundancy payments of £0.203m and pension strain costs of £0.145m. Other departures agreed including compromise agreements incurred costs of £0.030. In 2018-19, there were no exit payments within the PCC. The Group made no material payments in relation to injury awards during the year.

6.5 Auditor remuneration

Ernst Young LLP are the external auditor to the Commissioner and Group the fees in the year were £0.040m of which £0.027m related to the Commissioner and no other services were purchased (£0.050m in 2017-18).

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 (£)	
	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19
£0-£20,000	5	7	1	8	6	15	67,000	101,000
£20,001 - £40,000	2	2	0	1	2	3	67,000	98,000
£40,001 - £60,000	0	0	0	1	0	1	0	49,000
£60,001 - £80,000	1	0	0	0	1	0	75,000	0
£80,001 - £100,000	0	0	0	0	0	0	0	0
£100,001 - £150,000	0	0	0	1	0	1	0	130,000
Total	8	9	1	11	9	20	209,000	378,000

Section 7 Financial Instruments

Financial instruments are recognised on the Balance Sheet when the Commissioner enters a contract. They are initially measured at fair value and carried at their amortised charged 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 financial liabilities of the Group consist of short-term cost. This generally will equate to the principal outstanding plus accrued interest. Impairment may be appropriate if it becomes likely that the contract may not be fulfilled.

7.1 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 loss arises as a result of changes to 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, It includes policies on the risks above.

Credit Risk

Credit risk arises from investments and customer debt. 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 market leading rating services.

Maximum investment limits and durations are also specified to reduce credit risk. The maximum exposure to credit risk for deposits during the year was £65.6m. This was placed within the criteria of the strategy with high quality counterparties. There was no evidence at year end of potential counterparty default.

Customers owed £0.93m at year end (£2.24m in 2017-18). An allowance of £0.12m is set aside for debts to mitigate the effect of default (£0.03m in 2017-18).

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. There is no significant risk of being unable

to raise the required finance. If a significant proportion of borrowing needed replacing at a time of unfavourable interest rates, this could be costly. The Treasury Management Strategy. limits the proportion of borrowing maturity in specific periods to minimise the risk 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 debt to be variable rate loans to mitigate this. Only £3.5m is held as variable which is 7%. There was £5m temporary borrowing at 31 March 2019.

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 table below shows the maturity spread of debt. All trade and other payables are due within one year.

Liquidity Risk	31 March 2018 £000	31 March 2019 £000
Less than one year	(8,249)	(6,354)
Between one and two years	(471)	(3,188)
Between two and five years	(5,677)	(4,216)
More Than 5 Years	(3,259)	(5,126)
More Than 10 years	(19,513)	(32,962)
	(37,169)	(51,846)

7.2 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 2018-19 ranged between 2.19% and 7.75% for PWLB loans and 3.73% on the market loan. The average Interest rates received was 0.66%. 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 £58.3m which is £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 borrowings of £14m took place in 2018-19. The details are as follows:

7.3 Financial Instruments Outstanding

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 (£28.9m with the PWLB).

	Long-term 31 March 2018 £000	Long-term 31 March 2019 £000	Current 31 March 2018 £000	Current 31 March 2019 £000
Debtors				
Loans and receivables	0	0	43,292	43,159
Other	0	0	2,364	2,202
Total included in Debtors	0	0	45,851	45,361
Borrowings				
Financial liabilities at amortised cost	(28,920)	(41,992)	(8,249)	(9,854)
Total included in Borrowings	(28,920)	(41,992)	(8,249)	(9,854)
Other Long Term Liabilities				
PFI and finance lease liabilities	(2,227)	(1,891)	0	0
Total other long term liabilities	(2,227)	(1,891)	0	0
Creditors				
Financial liabilities carried at contract amount	0	0	(24,319)	(14,484)
Total Creditors	0	0	(24,319)	(14,484)
Financial Liabilities at amortised cost				
Interest expense			1,351	1,385
Financial Assets: Loans and receivables				
Interest income			(104)	(249)
Net expense in (Surplus) or Deficit on the Provision of Services			1,247	1,136

Section 8 Other Notes

8.1 Contingent Assets

Contingent assets arise 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 in the control of the Group. They are not recognised in the Balance Sheet, The Commissioner had no contingent assets as at 31 March 2019.

8.2 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 in the control of the Group.

Contingent liabilities also arise in circumstances where a provision or reserve 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.

The Commissioner had no contingent liabilities as at 31 March 2019.

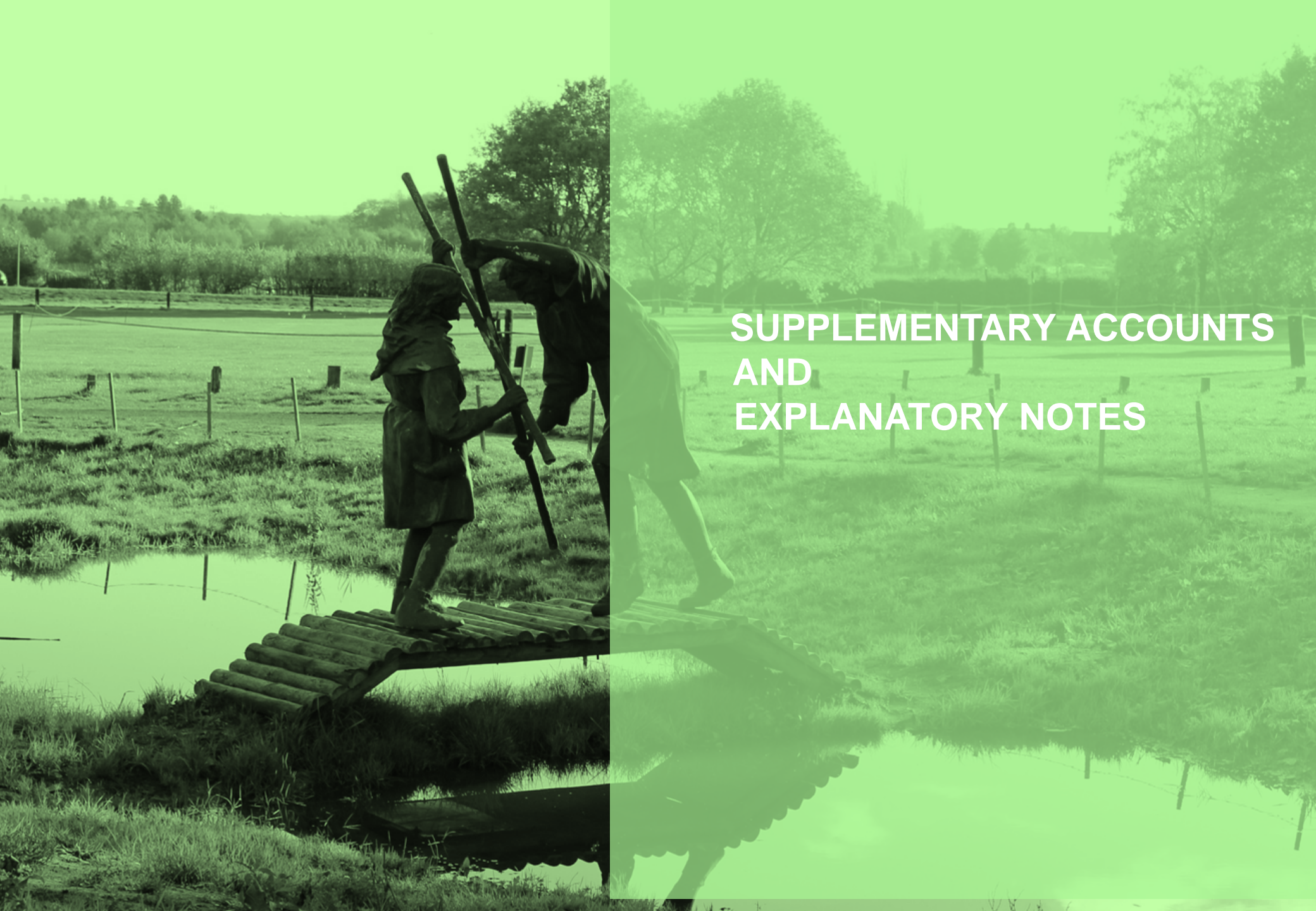
8.3 Related Parties

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.

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Central Government asserts significant influence over the general operations of the police. It provides the statutory framework, and the majority of its funding in the form of grants and limits the increase in precepts. There is also influence by other Local Authority partners. This is particularly relevant to the City Council, who provide funding for specific roles.

The CIPFA Code 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. Audit and Scrutiny Panel members are 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.



SUPPLEMENTARY ACCOUNTS AND EXPLANATORY NOTES

PENSION FUND ACCOUNTS AND EXPLANATORY NOTES

2017-18 £000	Pension Fund	2018-19 £000
	Contributions Receivable	
(5,777)	Employers Contributions 1987 Scheme	(4,493)
(208)	Employers Contributions 2006 Scheme	(180)
(10,348)	Employers Contributions 2015 Scheme	(12,110)
(1,411)	Additional Contributions for early retirements - all schemes	(1,169)
(3,414)	Members contributions 1987 Scheme	(2,665)
(101)	Members contributions 2006 Scheme	(90)
(5,710)	Members contributions 2015 Scheme	(6,639)
0	Transfer in 1987 Scheme	0
0	Transfer in 2006 Scheme	0
(310)	Transfer in 2015 Scheme	(630)
	Benefits Payable	
53,187	Pensions 1987 Scheme	56,262
18	Pensions 2006 Scheme	23
143	Pensions 2015 Scheme	227
15,517	Commutations and lump sum retirement benefits 1987 Scheme	14,890
15	GAD V Milne payments	0
	Payments to / on account of leavers	
2	Refund of contributions 2006 Scheme	0
4	Refund of contributions 2015 Scheme	2
0	Transfers out 1987 Scheme	0
43	Transfers out 2006 Scheme	0
0	Transfers out 2015 Scheme	0
41,650	Sub-total before transfer from the Commissioner of amount equal to the deficit	43,428
(41,650)	Transfer of Government Grant from the Commissioner to meet the deficit	(43,428)
0	Balance at 31 March	0

This fund account relates solely to the Police Officer Pension Scheme

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 Pension Reserve absorbs the timing differences between the difference in accounting and funding for post-employment benefits in accordance with statutory provisions. 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. Actuarial gains and losses are charged to the Pension Reserve.

The CIES recognises the benefits earned by employees accruing service in accordance with IFRS19, but the real cost of retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. This ensures that there is no effect on the amounts to be met from government grant and local taxpayers.

The liabilities are adjusted for inflation, valuation assumptions and investment returns.

The Group makes contributions towards the pension schemes and contributions are set every three years as a result of the actuarial valuation of the Fund required by the Regulations.

The Local Government Pensions Scheme

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

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 of up to 100%, subject to parliamentary scrutiny and approval. More details are included in the Pension Fund Statement. 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 The Group's assets and liabilities is included within these accounts. Since 1 April 2015 pensions have been based on a career average value.

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. Assets are not built up within the scheme to meet these pension liabilities.

Accounting Treatment

The Group Balance Sheet recognises the net pension liability and reserve. The actuarial valuation of the Staff LGPS Fund was carried out as at 31 March 2019 and set contributions for the period from 1 April 2019 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 for 2018-19 are based on a detailed valuation based on information compiled as at 31 March 2016.

The figures for the LGPS are calculated by Barnett Waddingham (Actuaries), based on membership data as at 31 March 2016 for members receiving funded benefits and as at 31 March 2014 for any members receiving unfunded benefits. This has then been rolled forward to reflect the position as at 2019. 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.

McCloud/Sargeant transitional protection judgement

Two employment tribunal cases were brought against the Government in relation to possible discrimination in the implementation of transitional protection following the introduction of the reformed 2015 public service pension schemes from 1 April 2015. Transitional protection enabled some members to remain in the pre-2015 schemes after 1 April 2015 until retirement or the end of a pre-determined tapered protection period. The claimants challenged the transitional protection arrangements on the grounds of direct age discrimination, equal pay and indirect gender and race discrimination.

The first case was heard in November 2016 and was brought by McCloud and other members of the Judicial Pension Scheme against the Lord Chancellor and the Ministry of Justice. The tribunal ruled in favour of the claimants. The decision was taken to the Employment Appeal Tribunal which decided in January 2018 to uphold the tribunal's decision. The Lord Chancellor and Ministry of Justice lodged an appeal to the Court of Appeal.

The second case was heard in January 2017 and was brought by Sargeant and other members of the Firefighters' Pension Scheme against the Fire & Rescue Authorities and the Government (in England and Wales). The tribunal ruled against the claimants. The claimants appealed this decision to the Employment Appeal Tribunal, which led to further appeals to the Court of Appeal by both parties.

Before hearing the two appeals the Court of Appeal decided to combine the two cases as they were so closely linked. In December 2018, the Court of Appeal ruled that the transitional protection offered to some members as part of the reforms amounts to unlawful discrimination. The Government is currently seeking permission to appeal this decision, with an unknown timeframe for this permission to be granted or denied.

If permission to appeal is denied, it would likely result in a requirement to compensate certain members for any discrimination suffered as a result of the transitional protections. At the moment there is uncertainty over the form that this compensation would take. The read across to other public service pension schemes such as the Police Pension Scheme is unknown but given that the transitional protection arrangements are very similar, it would be reasonable to assume that the implications would be the same.

Effect on Police Pension Scheme Liabilities

If compensation is payable to employees who were transferred to the reformed 2015 schemes, it is expected to lead to an increase in pension scheme liabilities.

However, due to the uncertainty surrounding the outcome of the McCloud/Sargeant age discrimination case, we have not made any allowance for the potential increase in liabilities in these disclosures. The Government Actuaries (GAD) have estimated that any allowance for the increase to liabilities should be treated as a Past Service Cost of 5.4% of liabilities (defined benefit obligation) as at 31 March 2018, together with a corresponding increase in the past service liabilities as at 31 March 2019.

This would be an overall increase to the net liability arising from the defined benefit obligation of £139.8m at 31 March 2019 (£134.2m at 31 March 2018).

2017-18		Pension Scheme Comprehensive Income and Expenditure Statement	2018-19	
LGPS £000	Police £000		LGPS £000	Police £000
12,814	37,330	Current service cost	13,156	38,100
82	0	Admin Expense	81	0
58	1,660	Past service cost	366	0
0	0	(Gain) / loss from curtailments	0	0
4,206	68,330	Net interest expense / (income)	(12,514)	63,010
17,160	107,320	Total charged to (Surplus) and Deficit on Provision of Services	1,089	101,110
		Other post-employment benefits charged to the Comprehensive Income and Expenditure Statement		
		Re-measurement of the net defined benefit liability comprising:		
0	0	Return on plan assets (excluding the amount included in the net interest expense)	0	0
0	(142,220)	Actuarial (gains) and losses – experience	0	(6,690)
0	(83,260)	Actuarial (gains) and losses arising on changes in demographic assumptions	21,303	0
(15,696)	75,060	Actuarial (gains) and losses arising on changes in financial assumptions	(21,713)	75,040
1,464	(43,100)	Total charged to the Comprehensive Income and Expenditure Statement	679	169,460

2017-18		Movement in Reserves Statement	2018-19	
LGPS £000	Police £000		LGPS £000	Police £000
(17,160)	(107,320)	Reversal of net charges made to the (Surplus) or Deficit on the Provision of Services	(1,089)	(101,110)
		Actual amount charged against the general fund balance for pensions in the year:		
5,187	0	Employers' contributions payable to scheme	5,770	0
0	62,970	Retirement benefits payable to pensioners	0	65,300

2017-18		Pensions Assets and Liabilities Recognised in the Balance Sheet	2018-19	
LGPS £000	Police £000		LGPS £000	Police £000
(356,627)	(2,484,500)	Present value of the defined obligation	(374,030)	(2,588,660)
216,634	0	Fair value of plan assets	238,308	0
(139,993)	(2,484,500)	Value of Assets / (Liabilities)	(135,722)	(2,588,660)
(139,993)	(2,484,500)	Net (liability) / asset arising from the defined benefit obligation	(135,722)	(2,588,660)

2017-18		Movement in the Value of Scheme Assets	2018-19	
LGPS £000	Police Officer Pension Scheme £000		LGPS £000	Police Officer Pension Scheme £000
210,984	0	Opening fair value of scheme assets	216,634	0
5,655	0	Interest income	21,717	0
		Re-measurement gain / (loss):		
0	0	The return on plan assets, excluding the amount included in the net interest expense	0	0
5,187	62,970	Contributions from employer	5,770	65,300
2,119	9,530	Contributions from employees into the scheme	2,283	10,010
(7,229)	(72,500)	Benefits / transfers paid	(8,015)	(75,310)
(82)	0	Admin Expense	(81)	0
216,634	0	Closing value of scheme assets	238,308	0

2017-18		Movements in the Fair Value of Scheme Liabilities	2018-19	
LGPS £000	Police Officer Pension Scheme £000		LGPS £000	Police Officer Pension Scheme £000
(354,700)	(2,590,570)	Opening balance at 1 April	(356,627)	(2,484,500)
(12,814)	(37,330)	Current service cost	(13,156)	(38,100)
(9,861)	(68,330)	Interest cost	(9,203)	(63,010)
(2,119)	(9,530)	Contributions from scheme participants	(2,283)	(10,010)
		Re-measurement gains and losses:		
0	142,220	- Actuarial gains / (losses) - experience	0	6,690
0	83,260	- Actuarial gains / (losses) from changes in demographic assumptions	21,303	0
15,696	(75,060)	- Actuarial gains / (losses) from changes in financial assumptions	(21,713)	(75,040)
(58)	(1,660)	Past service cost	(366)	0
0	0	Gains / (losses) on curtailments	0	0
7,229	72,500	Benefits / transfers paid	8,015	75,310
(356,627)	(2,484,500)	Balance as at 31 March	(374,030)	(2,588,660)

The liabilities show the underlying commitments that the Group will eventually have for retirement benefits. The total liability of £2,724m 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 2019 are £5.8m and £16.8m 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 £21.7m (2017-18, £5.6m). 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 £8.4m and a decrease by the same amount increases the pension liability by £8.6m.

For the police officers scheme an extra 0.5% on the discounting rate used increases the liability by £259m with a 0.5% decrease in the rate decreasing the liability by the same amount.

Pension Assumptions	LGPS		Police	
	2017-18	2018-19	2017-18	2018-19
Mortality assumptions				
Longevity at 65 retiring today				
Men	22.6 yrs	21.6 yrs	22.6 yrs	22.7 yrs
Women	25.6 yrs	24.4 yrs	24.2 yrs	24.3 yrs
Longevity at 65 retiring in 20 years				
Men	24.8 yrs	23.3 yrs	24.5 yrs	24.6 yrs
Women	27.9 yrs	26.2 yrs	26.1 yrs	26.2 yrs
Rate of inflation				
CPI Increases	2.30%	2.40%	2.30%	2.35%
Rate of increase in salaries	3.80%	3.90%	4.30%	4.35%
Rate of increase in pensions	2.30%	2.40%	2.30%	2.35%
Rate for discounting scheme liabilities	2.60%	2.45%	2.55%	2.65%

Value of LGPS Assets at Bid Value	31 March 2018 £000	31 March 2018 %	31 March 2019 £000	31 March 2019 %
Equity Investments	142,444	66	143,172	60
Gilts	4,963	2	6,844	3
Other Bonds	25,306	12	23,709	10
Property	27,213	13	37,050	16
Cash	4,280	2	7,175	3
Inflation-linked pooled fund	5,360	2	8,618	4
Infrastructure	7,068	3	11,740	5
	216,634	100	238,308	100

JOINT OPERATIONS

Joint Operations

Joint operations (JO's) are treated in accordance with IAS 31 - Interests in Joint Ventures. They are governed by legally binding Section 22 Agreements and incorporated into the accounts on agreed proportions. The Group participates in 12 collaborative arrangements with other PCC's 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 definition of JO's 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.

The collaboration formed this year is the Regional Emergency Services Network which has been the replacement for the Airwave system.

There are six JO's between Nottinghamshire, Derbyshire, Leicestershire, Lincolnshire and Northamptonshire, Nottinghamshire's proportion is 27.3% (27.3% 2017-18).

- The East Midlands Special Operations Unit (EMSOU), which includes The Technical Surveillance Unit (TSU)
- The East Midlands Special Operations Major Crime (EMSOU MC).
- The East Midlands Occupational Health Unit (EMCHRS OHU).
- The East Midlands Forensic Support Services (EMFSS).
- The East Midlands Legal Service (EMLS).
- The Regional Emergency Services Network (ESN) 22.6% (22.6% 2017-18).

There are two collaborations which are four way shared services with Leicestershire, Lincolnshire and Northamptonshire.

1. The East Midlands Criminal Justice Service (EMCJS). Nottinghamshire's proportion is 34.9% (34.9% 2017-18)

2. The East Midlands Operational Support Services (EMOpSS), but Nottinghamshire withdrew from this on 30 April 2018 and the proportion of costs has reduced to 34.9% (34.9% 2017-18)

The other collaborations are:

- The East Midlands Commercial Services Unit (EMSCU), is a two way shared service with Northamptonshire. The share of costs for Nottinghamshire this year is 50% (50% 2017-18).
- The East Midlands Learning & Development (EMCHRS L&D) is a four way shared service with Leicestershire, Derbyshire, and Northamptonshire. Nottinghamshire's proportion is 31.42% (31.42% 2017-18).
- The shared service for transactional HR and finance - MFSS with Cheshire and Northamptonshire and Civil Nuclear Police. Avon & Somerset Police have withdrawn from this collaboration during the year. Nottinghamshire this year is 31.04% (29.81% 2017-18).

2017-18			Joint Operations Comprehensive Income and Expenditure Statement	2018-19		
Expenditure £000	Income £000	Net £000		Expenditure £000	Income £000	Net £000
14,586	0	14,586	Cost of Police Services	12,811	0	12,811
14,586	0	14,586	Cost of Services	12,811	0	12,811
174	(866)	(692)	Other Operating Expenditure / Income	0	(661)	(661)
0	(2,573)	(2,573)	External Grants and Contributions	0	(1,204)	(1,204)
0	(11,955)	(11,955)	Contributions From Partners	0	(10,629)	(10,629)
14,760	(15,394)	(634)	(Surplus) or Deficit on Provision of Services	12,811	(12,494)	317
		(12)	Other CIES			8
		(646)	Total CIES			325

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 2018	(75)	(1,246)	0	(1,321)	(2,896)	(4,217)
Movement in reserves during 2018-19	0	0	0	0	0	0
(Surplus) / deficit on the provision of services	314	0	0	(314)	0	(314)
Other CIES	12	0	0	(12)	0	(12)
Total CIES	326	0	0	(326)	0	(326)
Adjustments between accounting basis and funding basis under regulations	12	0	0	(24)	67	43
Net(Increase) or Decrease before Transfers to Earmarked Reserves	338	0	0	(350)	67	(283)
Transfers to / (from) Earmarked Reserves	(338)	338	0	338	0	338
(Increase) or Decrease in 2018-19	0	338	0	12	67	55
Balance at 31 March 2019	(75)	(908)	0	(983)	(2,904)	(3,887)

31 March 2018 £000	Joint Operations Balance Sheet	31 March 2019 £000
2,917	Property, Plant and Equipment	2,918
182	Intangible Assets	140
3,099	Long Term Assets	3,058
0	Assets Held for Sale	0
1,262	Short Term Debtors	1,169
1,541	Cash and Cash Equivalents	871
2,803	Current Assets	2,040
(1,685)	Short-Term Creditors	(1,211)
(1,685)	Current Liabilities	(1,211)
0	Long Term Liabilities	0
4,217	Net Assets	3,887
(1,321)	Usable Reserves	(983)
(2,896)	Unusable Reserves	(2,904)
(4,217)	Total Reserves	(3,887)



GLOSSARY

GLOSSARY

ACCOUNTING PERIOD	ACCOUNTING POLICIES	ACCRUALS
The period of time covered by the accounts, normally a period of twelve months commencing on 1 April. The end of the accounting period is the Balance Sheet date.	These are a set of rules and codes of practice used when preparing the Accounts.	Sums included in the final accounts to recognise revenue and capital income and expenditure earned or incurred in the financial year, but for which actual payment had not been received or made as at 31 March.
ACT	ACTUARIAL GAINS AND LOSSES	ASSET
The Police Reform and Social Responsibilities Act 2011.	<p>For a defined benefit pension scheme, the changes in actuarial surpluses or deficits that arise because:</p> <p>Events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses); or the actuarial assumptions have changed.</p>	<p>An item having value to the Authority in monetary terms. Assets are categorised as either current or non-current.</p> <ul style="list-style-type: none"> • 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.
AUDIT OF ACCOUNTS	BALANCE SHEET	BORROWING
An independent examination of the Authority's financial affairs	A statement of the recorded assets, liabilities and other balances at the end of the accounting period.	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	CAPITAL EXPENDITURE	CAPITAL FINANCING
The forecast of net revenue and capital expenditure over the accounting period.	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.	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	CAPITAL RECEIPT	CIPFA
The capital schemes the Authority intends to carry out over a specific period of time.	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.	The Chartered Institute of Public Finance and Accountancy.
CODE	COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT	CONSISTENCY
The CIPFA Code of Practice on Local Authority Accounting governs the content of these accounts.	The account of the Authority that reports the net cost for the year of the functions for which it is responsible and demonstrates how that cost has been financed from precepts, grants and other income.	The concept that the accounting treatment of like items, within an accounting period and from one period to the next, are the same.

CONTINGENT ASSET	CONTINGENT LIABILITY	CREDITOR
<p>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.</p>	<p>A contingent liability is either:</p> <ul style="list-style-type: none"> • A possible obligation arising from past events whose existence will be confirmed only by the occurrence of 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. 	<p>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.</p>
CURRENT SERVICE COST (PENSIONS)	DEBTOR	DEFINED BENEFIT PENSION SCHEME
<p>The increase in the present value of a defined benefits pension scheme's liabilities, expected to arise from employee service in the current period.</p>	<p>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 the accounting period.</p>	<p>Pension schemes in which benefits received by the participants are independent of the contributions paid and are not directly related to the investments of the scheme.</p>
DEPRECIATION	DISCRETIONARY BENEFITS (PENSIONS)	EVENTS AFTER BALANCE SHEET DATE
<p>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.</p>	<p>Retirement benefits, which the employer has not 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.</p>	<p>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.</p>

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.

FAIR VALUE

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

FINANCE LEASE

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

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.

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.

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.

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. These are generally computer software licences.

INTEREST COSTS (PENSION)

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.

LIABILITY	MATERIALITY	NON-OPERATIONAL ASSETS
<p>A liability is where the Authority owes payment to an individual or another organisation:</p> <ul style="list-style-type: none"> • 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. 	<p>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.</p>	<p>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.</p>
NET BOOK VALUE	OPERATIONAL ASSETS	PAST COSTS (PENSIONS)
<p>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.</p>	<p>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.</p>	<p>For a defined benefit pension scheme, the increase in the present value of the scheme liabilities related to the employee service in prior periods arising in the current period as a result of the introduction of, or improvement to retirement benefits.</p>
OPERATING LEASE	MINIMUM REVENUE PROVISION (MRP)	
<p>A lease where the ownership of the fixed asset remains with the lessor.</p>	<p>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.</p>	

PENSION SCHEME LIABILITIES	PRECEPT	PRIOR YEAR ADJUSTMENT
The liabilities of a defined benefit pension scheme for our goings due after the valuation date. Scheme liabilities measure during the projected unit method reflect the benefits that the employer is committed to provide for services up to the valuation date.	The levy made by precepting authorities to billing authorities, requiring the latter to collect income from Council Tax on their behalf.	Material adjustments applicable to previous years arising from changes in accounting policies or from the correction of fundamental errors. This does not include normal recurring corrections or adjustments of accounting estimates made in prior years.
PROVISION	PUBLIC WORKS LOAN BOARD (PWLB)	REMUNERATION
An amount put aside in the accounts for future liabilities or losses which are certain or very likely to occur but the amounts or dates of when they will arise are uncertain.	A Central Government Agency, which provides loans for one year and above to authorities at interest rates only slightly higher than those at which the government can borrow itself.	All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits. Received other than in cash. Pension contributions payable by the employer are excluded.
RESERVES	RETIREMENT BENEFITS	REVENUE EXPENDITURE
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 capital adjustment account cannot be used to meet current expenditure.	All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment.	The day-to-day expenses of providing services.

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.

TEMPORARY BORROWING

Money borrowed for a period of less than one year.

USEFUL ECONOMIC LIFE (UEL)

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

Nottinghamshire Police

Annual Governance Statement 2018/19

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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. The Chief Constable And Chief Finance Officer have put in place management and reporting arrangements to enable them to be satisfied that the approach to the corporate governance arrangements have been effective and supports the aims of the OPCC, these include;

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

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

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

- All Officers, Staff and Volunteers are committed to the Code of Ethics, which sets out the principles and standards of behaviour expected from policing professionals. They are built on the Nolan Principles for Public Life with the addition of 'Fairness' and 'Respect'.
- The Force has established its own PROUD values which are explicitly linked to the Code of Ethics.
- The Force continually reinforce the Code of Ethics and expected standards of professional behaviour; guidance and advice is sent to officers and staff using a combination of intranet articles and the Chief's fortnightly video blog.
- The Code of Ethics sits at the centre of the National Decision Model, so is explicitly referenced and considered in any decision making situation.
- Student Officers receive a copy of the Code of Ethics on day one of their training and receive an input from PSD regarding ethics and values. Throughout training many of the subjects are linked back to the Code and integrity.
- The Force have embedded the College of Policing's Competency Values Framework (CVF) which sets out nationally recognised behaviours and values into the Leadership Programme.
- The Force refer to the Home Office Guidance in relation to Police Officer Misconduct for procedures relating to misconduct, unsatisfactory performance and attendance of police officers and special constables.
- The Police Staff Misconduct Policy provides a clear framework for all Police Staff in terms of expected standards of conduct and professional behaviour and the likely consequence of failure in meeting those standards.
- There are clear processes in place around confidential reporting 'whistleblowing' outlined in the Professional Standards Reporting Procedure. Staff are also able to report breaches confidentially to PSD confidentially.
- 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 Independent Office for Police Conduct (IOPC).
- The Force has dedicated local resolution sergeants, embedded within local policing. Their purpose is to deliver learning from complaints back to the workforce thus creating a learning culture rather than a punitive one. Guidance around local resolutions is available on the intranet.

- Assurance reporting is submitted to the Joint Audit and Scrutiny Panel (JASP) on a regular basis relating to complaint recording and the nature of complaints.
- Bi-annually, a report on IOPC investigations is presented at the JASP to inform the OPCC of the Force's application of the IOPC Statutory Guidance.
- Standards are governed by the quarterly Organisation Risk, Learning, Standards and Integrity Board, chaired by the Deputy Chief Constable (DCC). Its remit is to provide a forum to discuss key areas of learning and identify emerging strategic opportunities and risks, whilst monitoring compliance with Force values.
- In the 2019 Her Majesty's Inspectorate of Constabulary and Fire and Rescue (HMICFRS) PEEL Inspection the Force were deemed to be 'good' in respect of 'How legitimately the Force treats the public and its workforce'.
- In an effort to ensure consistency and fair practice, the Professional Standards Department (PSD) are now responsible for monitoring staff conduct. This allows parity on how cases are assessed; ensuring staff and officers are treated fairly and respectfully.
- All gross misconduct hearings are now held in public and the outcomes are published on the force website.
- An Ethics Board has been established to consider and discuss ethical issues in an advisory and consultative capacity. It consider issues raised at the Organisational Risk and Learning Board and any issues which are referred from officers, staff or external groups.
- A procedure is in place for the monitoring of business interests and additional employment for Police Officers and Police Staff.
- Business Interests, Additional Employment and Notifiable Associations are reviewed annually within the Integrity Health check, this forms part of the PDR process.
- The Force have developed a matrix to assess the risk posed by reported notifiable association, this assists the force in identifying those of greatest risk to the integrity of the Force.
- A Statement of Personal and Pecuniary Interests is completed as part of the Annual Governance Statement process by Chief Officers.
- A Register of Refused and Approved Business Interests is published on the Force website biannually; any changes are reported on a monthly basis to the Organisational Risk and Learning Board.
- A record of gifts gratuities and hospitality is published biannually on the Force website.
- The Chief Constable will ensure that financial affairs for their force are properly administered having regard to value for money, probity, legality, and appropriate standards, with particular reference to the Financial Regulations and contract standing orders agreed by the PCC as set out in Part B of Joint Code of Corporate Governance and Working Together document.
- There are documented processes and controls in place around the Prevention of Fraud and Corruption in the Procurement Process to mitigate risks in relation to procurement fraud.
- 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 CFO job description.

2.2 Principle B: Ensuring openness and comprehensive stakeholder engagement

- The Office of the Police and Crime Commissioner (OPCC) is accountable to local people and draws on this mandate to set and shape the strategic objectives for the Force area in consultation with the Chief Constable, taking into account the Strategic Policing Requirement.
- The Force have made a commitment to listening and engaging with communities and our partners to inform areas of focus and activity as part of the Neighbourhood Policing Strategy 2018.
- Consultation and engagement undertaken with local residents and business communities forms part of key decision making processes. Formal engagement mechanisms delivered in the community include Victim Satisfaction Surveys, Neighbourhood Watch Meetings, Neighbourhood priority surveys, Locality Boards, Neighbourhood engagement meetings, Key Individual Networks and Independent Advisory Groups.
- The Force Engagement Strategy is being revisited as part of the modernising Neighbourhood Policing Agenda.
- New Community Profiles are being developed to ensure a better understanding of local communities and from this Neighbourhood Police Inspectors (NPIs) have developed bespoke community engagement plans to ensure more effective and targeted community engagement.
- The Force has a strategic Independent Advisory Group (IAG) which represents different community groups across Nottinghamshire. They provide a service to the Force in three core areas; critical incidents, building trust and confidence and advising on strategies, policies and procedures. The Force has a many systems in place for the collection of local survey information that is used to shape the direction of service delivery.
- In accordance with the Freedom of Information (FoI) Act, the website is updated pro-actively with force information in a FoI Disclosure Log. This ensures transparency and encourages increased confidence from and accountability to the public and stakeholders.
- Publication scheme monitoring, review and assurance is reported to the Joint Audit and Scrutiny Panel on an annual basis to provide a current Force position on the Publication Scheme Requirements. This report along with all other JASP reports are available to view on the OPCC website.
- The Force contributes to the OPCC's Annual Report to provide assurance on what has been delivered against the Police and Crime Plan.
- There are strong governance processes in place for the City partnerships. Each of the partnerships under the One Nottingham umbrella, including the Crime Drugs Partnership (CDP), have clear terms of reference including a defined purpose, arrangements for information sharing, community engagement and governance and finance.
- The CDP Plan 2015-20 sets out the overall aims and delivery and performance framework of the partnership to deliver the 'safer' agenda of the 'Nottingham Plan to 2020'. The Partnership Plan has been developed with regard to the priorities of the Police and Crime Commissioner.
- There is a robust governance framework in place to oversee the delivery of the Plan. This is directed by the Partnership Board, which provides strategic governance of the partnership.
- The three statutory Community Safety Partnerships (CSPs) are responsible for the delivery of local community safety strategies and action plans. The Safer Nottinghamshire Board (SNB) Delivery Groups support the SNB and CSPs to implement the community safety strategies.
- Each of the three CSPs in the County produces performance information on a monthly basis. This includes reporting on current performance against targets, comparison against most similar force peers and performance of Partnership Plus areas. The SNB Performance Group brings together the CSP Chairs to discuss performance risks and highlights.
- Section 22A of the Police Act 1996 provides for a collaboration agreement to be made between police and crime commissioners or between

commissioners and chief officers from more than one force area. There are a range of established collaborations in place for a number of specialist front line policing operations that provide services across the Midlands region, including Nottinghamshire. These arrangements are reviewed on a regular basis by respective Chief Constables and Police & Crime Commissioners.

- Operational Support was established in Force in May 2018 following withdrawal from EMOpSS.
- An annual Extraordinary Force Executive Board (E-FEB) is held which is attended by senior internal and external stakeholders, including the City and County Council to provide an open forum for decision making regarding business change proposals for the forthcoming financial year and beyond.

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

- The Police and Crime Plan sets out the vision, values, strategic priorities and outcomes together with a performance framework in line with requirements under the Police Reform and Social Responsibility Act 2011.
- At a national level, the Force work to the 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 Police and Crime Plan is informed by the Police and Crime Needs Assessment (PCNA) which is used as a planning and priority setting tool. The document highlights key trends, issues, risks and threats in the crime community safety and criminal justice environment.
- The Force take an active part in working with the OPCC to refresh the Police and Crime Plan delivery plan each year in order to set out what activities will be undertaken to deliver the PCC's key strategic priority themes. Activities are broken down into further operational detail in the Force Delivery Framework.
- The strategic priorities set out in the Police and Crime Plan are aligned to the Force's Annual Departmental Assessment (ADA), business planning process.
- A report is submitted on a frequent basis to the Police and Crime Panel to provide an update against each of the strategic priority themes, this is made available on the Nottinghamshire County Council website.
- A Performance and Insight Report is provided to the Strategic Resources and Performance Meeting on a bimonthly basis to ensure that the Police and Crime Commissioner is aware of current performance in line with the strategic priority themes, as set out in the Police and Crime Plan.
- Collaboration agreements are in place to outline how business will be undertaken jointly in order to reduce cost, increase capability, and / or increase resilience to protect local people.
- All activity in response to audit and inspectorate recommendations is monitored via 4Action, an action management system. Progress against activity is reported to the Joint Audit and Scrutiny Panel on a quarterly basis.
- A Medium Term Financial Strategy builds on the proposed budget for 2019/20 and incorporates plans to meet changes in available financing with the need to meet current and future commitments.

- A regular capital report is provided to the Force Executive Board (FEB) and OPCC to provide an update on the Force's budgetary position and also to comply with good financial management and Financial Regulations. This is reviewed and updated regularly to remain adaptable for future requirements.
- An Equality Impact Assessment is undertaken to help the organisation to assess the likely positive and negative impact of changes on staff, service users, partners or communities.

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

- There is a robust planning cycle in place which incorporates partnership, Force and OPCC strategic assessments, public consultation, refresh of the Police and Crime Plan and the Force Delivery Framework, departmental planning via Annual Departmental Assessments (ADAs) and review and update of the Medium Term Financial Strategy.
- 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.
- The Medium Term Financial Strategy is a live document to facilitate the demands and changes that can occur within the Police so that we can remain operationally on the front foot. The budgeting and long term planning process is intrinsically linked to the business planning cycle to create a joined up approach identifying opportunities and risks that are present, and, on the horizon.
- HMICFRS 2019 PEEL Report recommended that the Force should improve its approach to planning within Information Services to ensure there is a clear vision and direction which links to operational planning. This is being addressed as an area for improvement.
- Each Head of Department completes an ADA as part of the annual planning cycle. The ADA is a planning tool used to assess current structure, processes and cost in light of the current operating context. Options for change are proposed which are aligned to the Strategic Priority Themes.
- Budget meetings with departmental heads take place following E-FEB to ensure future budgets account for any project savings or spend within the department.
- Business change remains responsive to threats and opportunities which present themselves throughout the year as part of the risk management process.
- Where a change proposal is approved at E-FEB, a comprehensive analysis of approved change proposals are progressed in the form of an options appraisal (business case) which is presented at the Futures Board for decision. The business case will indicate how intended outcomes would be achieved and any risks associated with those options.
- Business change continues to be assessed according to viability and desirability throughout the project lifecycle. Governance is flexible and responsive so that outputs can be adapted to changing circumstances.
- Projects have clearly defined benefits which are identified at business case stage, updated through project delivery and reviewed following closure of the project to ensure benefits are realised. Benefits are linked to the Strategic Priority Themes.

- Decisions for change are, in part, informed by the HMICFRS' Value for Money (VfM) Profile, which is published on an annual basis. The Force benchmarks its functions against others in its Most Similar Group (MSG) to determine whether VfM is being achieved.
- All business change is governed according to the Force Corporate Portfolio Management Office (PMO) Framework and Guidance which sets out in detail the governance framework, roles and responsibilities and project management methods in order to plan, delegate, monitor and control all aspects of the business change portfolio.
- The business change governance framework provides a robust reporting structure, which includes project boards, the Futures Board and the FEB. The framework ensures that oversight and scrutiny is carried out by the relevant authority in a proportionate manner providing assurance that decisions are open and accountable and that public money is spent wisely.
- Decision making is recorded as part of minutes, action plans and decision logs. Key decisions from FEB are published on the Force Intranet under 'News'. This ensures the force's decision making processes are transparent.
- A forward plan is maintained to outline what information is required for each strategic meeting, the SRO and expected timescales.

Area for improvement: The Force should ensure that planning in Information Services is more closely aligned with strategic and operational planning and is able to optimise intended outcomes.

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

- The DCC Chairs a Strategic Workforce Planning and Training Priorities Meeting. The purpose is to provide strategic overview and direction in regards to workforce planning, including establishment levels, workforce mix, skills and capabilities. The meeting also has the remit of determining and prioritising training and learning activities to ensure they are aligned to business and workforce planning.
- HMICFRS recommended within the 2019 PEEL Inspection Report that the Force needs to understand fully its workforce capabilities, to identify any gaps, and put plans in place to address them. This is being addressed as an area for improvement.
- The PDR process has recently been relaunched. Each individual will have three objectives linked to the force strategic priorities, alongside three personal objectives, linked to the individuals own area of work and associated development. Compliance has been below expectation, this is being addressed as an area for improvement; going forward it is recommended that management information is made available to ensure completion.
- Individual training and development needs are assessed as part of the PDR process.
- A standard induction programme is in place for student officers. Staff induction is tailored to the role and department to which the individual is recruited.
- The Force has embedded the CVF which aims to support all policing professionals, setting out nationally recognised behaviours and values. The six competencies and four values of the CVF are embedded into the Force's leadership development programme.
- The leadership development programme invests in the development of first and second line supervisors, it is also complemented by coaching, mentoring and 360 degree feedback.

- Officers and staff progressing to a senior leadership are encouraged to undertake a 360 review to enable them to consider their own effectiveness as future leaders and identify areas for personal development.
- The NOPCC and Force operate under a comprehensive 'Joint Code of Governance and Working Together Agreement' which comprises of the scheme of consent, the Joint Code of Corporate Governance, Financial Regulations and Contract Standing Orders.
- The roles and authorities of the PCC, the Chief Constable and their respective officers are set out in the Joint Code of Corporate Governance and Working Together document. The document outlines how the parties will work together in cooperation to ensure that effective and efficient delivery of policing services. This was reviewed during 2018.
- The governance structure is underpinned by a statutory framework which incorporates the Police Reform and Social Responsibility Act 2011, the Policing Protocol Order 2011 and the Financial Management Code of Practice, amongst other legislation.
- The Scheme of Delegation sets out the delegation of responsibility from the PCC to his staff and delegation to the Chief Constable and his own staff in the exercise of their statutory responsibilities.
- Clear roles and responsibilities are delegated to Chief Officers. The Chief Financial Officer, as Section 151 Officer, has an up to date job description and person specification which outlines their responsibilities.
- The Force recognises and promotes the benefits of collaborative working and continue to work in a number of regional collaborations as well as local collaborations with Nottinghamshire Fire and Rescue and Local Authorities.

Area for improvement: The force should undertake a full review of workforce capabilities to ensure capacity and capability to meet current and future demand.

Area for improvement: Produce meaningful management information on the completion of PDRs to enable Heads of Departments to ensure ongoing compliance.

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

- The Risk Management approach was redeveloped in 2018 for the force to adopt a more sophisticated approach which links risks to our governance methods and internal audit processes.
- The Force and OPCC have agreed a joint policy for the management of risk, in line with the Cabinet Office approved Management of Risk (MoR) approach.
- A Strategic Risk Report is provided to the JASP and FEB regularly in order to keep them informed as to the level of strategic risk within the Force and NOPCC and provide assurance as to the effectiveness of risk management arrangements.
- The quarterly Organisational Risk, Learning, Standards and Integrity Board provides an organisation wide forum for thematic leads and heads of department to discuss key areas of learning and identify any emerging strategic opportunities and risks. Business Continuity is also managed within this forum.

- Regular reporting is made to JASP and FEB on business continuity, including progress made against the business continuity testing timetable and notes on forthcoming testing. JASP are also asked to identify any subject areas to be reported on where additional or in depth details is required to provide greater scrutiny and reassurance.
- A Performance and Insight Report is regularly presented to the Strategic Resources and Performance Meeting to ensure that the Police and Crime Commissioner is aware of current performance in line with the Police and Crime priorities. This report is made available on the OPCC website.
- Significant changes in service delivery are subject to a Post Implementation Review in order to identify lessons learned and whether benefits have been realised, including performance, cashable or non-cashable benefits, however none were scheduled or conducted in 2018/19.
- The Financial Performance and Insight Report, including revenue and capital budget monitoring are reported to the FEB on a monthly basis. It is also presented at the Strategic Resources and Performance quarterly meeting.
- The decision making protocol is illustrated in the joint Scheme of Delegation which is part of the Joint Code of Governance and Working Together document.
- A forward plan of 'Decisions of Significant Public Interest' is provided to the Police and Crime Panel on a regular basis in the interests of accountability and transparency, this is made available on the Nottinghamshire County Council website.
- 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.
- JASP complies with best practice as outlined in Audit Committees: Practical Guidance for Local Authorities and the Police (CIPFA, 2013).
- The Panel also assist the OPCC and the Chief Constable in fulfilling their responsibility for ensuring value for money and they oversee an annual programme of scrutiny of key areas of policing activity on behalf of the OPCC.
- The Force's Financial Regulations are designed to establish overarching financial responsibilities, to confer duties, rights and powers upon the PCC, the Chief Constable and their statutory officers and to provide clarity about the financial accountabilities of groups or individuals. They apply to every member and officer of the service and anyone acting on their behalf.
- The Annual Statement of Accounts is published on our website under 'what we spend' and includes accounting policies and also the report of the auditors.
- The Annual Audit letter is report to the JASP on an annual basis.
- The Treasury Management Strategy and annual report are reported annually to the JASP.
- Budget monitoring reports are presented to the Strategic Resources and Performance meeting on a quarterly basis.
- In compliance with CIPFA guidance, the NOPCC and the Force have appointed a Head of Internal Audit. This role is contracted out to Mazars, who are responsible for the organisation's internal audit service, on behalf of the CFO, including drawing up the internal audit strategy and annual plan and giving the internal annual audit opinion.
- Internal Audit, Review and Inspection Monitoring and assurance and improvement outcomes are presented to the JASP at every meeting.

- Regular reporting is made to JASP on legislative compliance with the Freedom of Information Act and Data Protection Act legislation.
- Effective arrangements are in place to monitor risks arising from Brexit. The ACC Chairs a regular Gold Group meeting.
- The 2017/18 Independent Auditor's Report on the Audit of Financial Statements noted that there were not adequate governance and monitoring arrangements in place to enable the successful delivery by Multi-Force Shared Service (MFSS) to Oracle Cloud Computing (Fusion), therefore failing to deliver value for money and effective delivery in support of strategic priorities. This is being managed as an area for improvement. Consultancy support was procured during 2018/19 to provide more robust governance and programme management arrangements in respect of Fusion. Despite this delivery of Fusion was further delayed, going live in April 2019. Close management of the situation continues with DCC taking an active role as SRO.

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

- The PCC and Chief Constable's functions are set out in the Police Reform and Social Responsibility Act 2011. The functions are undertaken in line with the Policing Protocol Order 2011 in order to achieve the outcomes of the Police and Crime Plan.
- Both the PCC and the Chief Constable have appointed Chief Financial Officers. The responsibilities of the CFO's for both the PCC and the Chief Constable are clearly set out in line with the Financial Management Code of Practice (Home Office, 2013).
- The JASP operates within the CIPFA guidance and in accordance with the Financial Management Code of Practice.
- A programme of internal audit is commissioned and undertaken which reflects published guidance and standards. This is available on the OPCC website.
- Progress reports against the Internal Audit Plan are submitted on a timely basis to the JASP along with the findings from audits completed to date.
- Police officers, police staff operate within force policies and procedures; the corporate governance framework; disciplinary regulations; codes of conduct and the Code of Ethics. Assurance is provided via the Force and OPCC governance framework.
- The Police and Crime Panel scrutinises the action and decision of the Police and Crime Commissioner and makes sure information is available for the public. The Force provides reports in accordance with the Police and Crime Panel work programme including specific focus on each of the seven Strategic Priority Themes included in the Police and Crime Plan.
- The Annual Governance Statement assesses the extent to which the organisation is applying the principles contained within the CIPFA framework. This is published for public scrutiny alongside the Statement of Accounts.
- The Force has a robust process to capture HMICFRS recommendations and track through their lifecycle to formulate the Audit and Inspection Report. This is prepared and presented to the JASP on a quarterly basis.
- The Force has an established reporting procedure for our response to HMICFRS recommendations to be received by the NOPCC in line with the timescales dictated in the Police and Crime Bill.

- A policy and procedure framework is required to ensure that corporate documentation is reviewed on a timely basis, this is an area for improvement.
- Existing collaborations have an established supporting governance structure and formal Collaboration Agreements as per Section 22A of the Police Act 1996.

Area for improvement: Develop and maintain a robust policy and procedure framework, ensuring policies and procedures remain current to inform decision making.

3.0 Chief Finance Officer Role

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

4.0 Review of effectiveness

Nottinghamshire Police has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework. The review of effectiveness is informed by the work of the Chief Officer Team, the Heads of Departments and other senior managers within the Force who have

responsibility for the development and maintenance of the systems of internal control. It is also informed by the reports of the Force's internal auditors and external inspectorates, such as HMICFRS.

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

5.0 Improvement actions

The review process to support the production of the Annual Governance Statement in 2018/19 identified a number of improvement actions, which are summarised below. These have been agreed with the respective Divisional and Departmental Heads to address weaknesses identified in the Force's systems of internal control. These issues are significant in that they cover a large proportion of the organisation's activities and/ or are key risk controls and therefore require a corporate solution.

Areas for improvement 2017/18

URN	Identified improvement action(s):	Update	Lead Officer.
1.0	The force should review its plan to ensure that by April 2018 it has achieved clearance for all those people that it is required to clear (Source: 2017/18 AGS)	The PEEL Integrity report assessed that the Force is now compliant with the vetting requirement.	Det Supt Scurr
2.0	The force should continue to undertake appropriate activities to understand fully its leadership capacity and capability, in order to identify any gaps, and put plans in place to address them (Source: 2017/18 AGS)	A new leadership programme has been commissioned and delivered during 2018-19 to address gaps in capacity and capability. This incorporates the CVF.	ACC Cooper
3.0	The force should address governance and monitoring arrangements in respect of MFSS' delivery of Oracle Cloud Computing (Project Fusion), to ensure value for money and delivery in support of strategic priorities. (Source: KPMG	Consultancy support has been procured to provide more robust governance and programme management arrangements in respect of Fusion. Despite this delivery of Fusion was further delayed, going live in April 2019. Close	DCC Barber

	2017/18 Independent Auditor's Report on the Audit of Financial Statements)	management of the situation continues with DCC taking an active role as SRO.	
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Areas for improvement 2018/19

URN	Identified improvement action(s):	Lead Officer.
1.0	The Force should ensure that planning in Information Services is more closely aligned with strategic and operational planning and is able to optimise intended outcomes.	Ch Supt White/ Supt Antill
2.0	Undertake a full review of workforce capabilities to ensure capacity and capability to meet current and future demand.	Denise Hill
3.0	Produce management information on the completion of PDRs to enable Heads of Departments to ensure ongoing compliance.	Denise Hill
4.0	Develop and maintain a robust policy and procedure framework, ensuring policies and procedures remain current to inform decision making.	Ch Supt White

Chief Constable and Chief Finance Officer Declaration

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

Signed

Signed

Date

Date

Craig Guildford
Chief Constable

Mark Kimberley
Chief Financial Officer

Explanation of Accounting Statements	The Core Statements	The Supplementary Financial Statements
<p>The Statement of Accounts sets out the Group income and expenditure for the year and its financial position at 31 March 2019. 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 2018-19; 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>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 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

To be added post audit



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

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.
- Ensure that the Section 151 Officer is a key member of his strategic management team and is adequately resourced and trained to fulfil this role

The Responsibilities of the Chief Finance Officer

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
- Keeps up to date with professional development

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 the financial position of the Chief Constable as at 31 March 2019 and its income and expenditure for the year ended 31 March 2019.

C Radford CPFA
Chief Finance Officer
Nottinghamshire Police and Crime
Commissioner
24 July 2019

Approval
The Statement of Accounts was
approved by the Joint Audit and Scrutiny
Panel on 24th July 2019

P Tipping
Nottinghamshire Police & Crime
Commissioner
24th July 2019

INTRODUCTION

Police and Crime Commissioner are designated as Local Authority 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 (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 OPCC 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
- 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 2018-19.

PRINCIPLE A

Behaving with integrity, demonstrating strong commitment to ethical values and respecting the 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 Joint 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 intervention 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 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 now includes the apprenticeship scheme for new recruits and further development of officers aspiring into senior ranks.

Nottinghamshire is the first Force to recruit new officers on the national apprenticeship scheme.

Internally, the Force and OPCC are identifying posts within the staffing structures that could be provided through the apprenticeship scheme.

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.

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 (11.2% for Nottinghamshire's total crime for 2018-19). However, we were well ranked best for tackling most serious crime.

The Force continues to experience 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 & Crime Commissioner and the Force have a joint risk management strategy and monitor risks through the same system. The strategy was reviewed and reported to the Joint Audit & Scrutiny Panel in May 2018. These strategic risks are monitored reported to every meeting of the Joint Audit and Scrutiny Panel.

The Office of the Police & Crime Commissioner will be developing a risk plan linked to the new Police & Crime Plan.

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 provides 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 both operational and financial is undertaken on a regular basis. And the Commissioner meets with the Chief Constable on a weekly basis to challenge where the performance is 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 2018-19 Nottinghamshire OPCC was awarded the "Transparency Quality Mark" by CoPaCC for the fourth year running.

REVIEW OF EFFECTIVENESS

The Commissioner uses a number of ways to review and assess the effectiveness of its governance arrangements, as 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 2018-19, fourteen areas including collaboration areas were reported on. Of which eight were deemed to be satisfactory (56% of local recommendations and 100% of regional recommendations). All key financial systems have been audited and considered satisfactory, during the year.

Of the remaining two areas reviewed, none were core financial systems. One was the follow-up of the previous limited assurance recommendations (satisfactory) and the IT strategy which was an advisory piece of work on what a good strategy would include. These are detailed within the published annual report and will be monitored and reviewed during 2019-20. The internal auditors opinion for 2018-19 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, Ernst & Young, 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 OPCC 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 processes, have been operating as intended throughout the year so far as they are aware.

A number of key outcome indicators exist to assess the quality of governance arrangements. Performance is set out below:

Governance Issues Identified	Performance Indicator
Formal Reports Issued by the s151 or Monitoring Officer	None issued
Outcomes from Monitoring Officer's Investigations	None issued
Proven frauds by members of staff or officers	None
Objections received from local electors	None
Ombudsman referrals upheld exceed national averages	None identified 2018-19
Limited assurance from Internal Audit Reports	Four out of fourteen Internal Audit reports were issued with limited assurance
ISA 260 2017-18 issues identified	Please refer to Chief Constable's Annual Governance Statement for full details

Follow-up of issues identified in 2017-18

Issues identified:	Action taken:
Levels of Reserves were considered to be low, but compared with the previous year this was improving significantly.	The repayment of Reserves has faulted in 2018-19 due to additional unbudgeted revenue pressures, during the year. The repayment will still be made over the medium term and provide resources for new capital projects.
Internal Audit – limited assurance on Key Financial Systems	<p>None of the Key Financial Systems were considered to have limited assurance.</p> <p>The four audits with limited assurance were Force Management of MFSS Arrangements, Health and Safety, GDPR and Property Management. These will be followed-up in 2019-20.</p> <p>Of the two audits with limited assurance in 2017-18 these have been followed-up during the year and found to be satisfactory.</p>
Economic Outlook	<p>The settlement for 2018-19 and 2019-20 provided the opportunity to delivery balanced budgets for the medium term. However, a funding formula review will take place probably post the next CSR and this provides some uncertainty.</p> <p>The public finances continue to be monitored in light of Brexit and the potential impact on police funding.</p>

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

Paddy Tipping
Nottinghamshire Police and Crime Commissioner
24th July 2019

Kevin Dennis
Chief Executive
24th July 2019

Charlotte Radford CPFA
Chief Finance Officer
24th July 2019

For Information and Decision	
Public/Non Public*	Public
Report to:	Audit and Scrutiny Panel
Date of Meeting:	29th May 2019
Report of:	Chief Finance Officer
Report Author:	Charlotte Radford
Other Contacts:	Neil Harris EY
Agenda Item:	10

EXTERNAL AUDIT PLAN, FEES and METHOD STATEMENT 2018-19

1. Purpose of the Report

- 1.1 To provide members with the proposed External Audit Plan covering the audit of the Accounts for 2018-19.
- 1.2 This is a more detailed plan than the summary plan provided to the last meeting and reflects the findings of the interim audit work undertaken.
- 1.3 This also provides members with details on the proposed audit fee and method statement for delivery of the audit.

2. Recommendations

- 2.1 Members are requested to consider and approve:
 - the External Audit Plan attached at **Appendix A.**
 - the proposed audit fees for the PCC and CC attached at **Appendix B.**
 - the Method Statement attached at **Appendix C.**

3. Reasons for Recommendations

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

4. Summary of Key Points

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

5. Financial Implications and Budget Provision

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

6. Human Resources Implications

6.1 None

7. Equality Implications

7.1 None

8. Risk Management

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

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

9.1 None

10. Changes in Legislation or other Legal Considerations

10.1 None

11. Details of outcome of consultation

11.1 Not applicable

12. Appendices

A – External Audit Plan

B – Annual Fee Letters for the PCC and CC

C – Method Statement

A photograph showing a group of people sitting around a white table, reviewing documents. One person's hand is pointing at a document, and another's hand is holding a smartphone. The scene is brightly lit, suggesting an office or meeting environment.

Police and Crime Commissioner and Chief Constable of Nottinghamshire Police

Updated Audit plan May 2019



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

15th May 2019

Dear Paddy and Craig,

2018/19 Audit Plan

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

This plan summarises our assessment of the key risks driving the development of an effective audit for the Police and Crime Commissioner (PCC) and Chief Constable (CC). This Plan updates the initial audit plan issued on 15 February 2019 following the completion of our planning procedures. We have had further planning discussions with the Chief Finance Officers in May 2019. We have reviewed and carefully considered the work of your predecessor auditor, KPMG LLP.

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

We welcome the opportunity to discuss this report with you on 29th May 2019 at the Joint Audit and Scrutiny Panel as well as understand whether there are other matters which you consider may influence our audit.

Yours sincerely,

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

Contents



Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website (<https://www.psaa.co.uk/audit-quality/statement-of-responsibilities/>). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The "Terms of Appointment and further guidance (updated April 2018)" issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the Police and Crime Commissioner for Nottinghamshire (PCC) and the Chief Constable of Nottinghamshire Police (CC), Joint Audit and Scrutiny Panel (JASP) and management in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the PCC, CC, JASP and management those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the PCC, CC, JASP and management for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



Overview of our initial audit strategy 2018/19



Overview of our 2018/19 audit strategy

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

Audit risks and areas of focus

Risk / area of focus	Risk identified	Change from PY	Details
Misstatements due to fraud or error	Fraud risk	No change from assessment made by KPMG	As identified in ISA 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that would otherwise appear to be operating effectively.
Incorrect capitalisation of revenue expenditure	Fraud risk	New area of focus	Linking to our fraud risk above we have considered the capitalisation of revenue expenditure on property, plant and equipment as a separate risk, given the extent of the PCC's capital programme. A risk exists that such sums are not accordance with guidance and are inappropriately classified
Valuation of land and buildings	Inherent Risk	KPMG classified this as significant risk	The fair value of Property, Plant and Equipment (PPE) represent significant balances in the Group's accounts and are subject to valuation changes, impairment reviews and depreciation charges. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet. There is a risk that fixed assets may be over/under stated or the associated accounting entries incorrectly posted.
Accounting for the Net Pension Liability	Inherent Risk	KPMG classified this as significant risk	The Group's pension fund deficit is a material estimated balance for both the PCC and CC. Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

Overview of our 2018/19 audit strategy

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

Audit risks and areas of focus

Risk / area of focus	Risk identified	Change from PY	Details
Private Finance Initiative (PFI) accounting	Significant risk	New area of focus	The PCC has two PFI Schemes, being the provision and maintenance of the Riverside building and of the vehicle fleet. Correctly accounting for PFI schemes involves transactions which are derived from operating models for which assumptions and changes need to be updated accurately and reflected in the financial statements. There is a risk that disclosures in the financial statements are not consistent with the assumptions within the PFI operating model.
Collaborative arrangements	Inherent Risk	New area of focus	Joint arrangements operate with partners across the East Midlands. There is a risk that the allocation of activity in the financial statements is not correctly recorded in their financial statements.
Multi-Force Shared Services (MFSS)	Inherent risk	New area of focus	The Chief Constable of Cheshire Constabulary hosts a collaborative shared service covering Human Resources, Accounts, Purchasing and Payroll for the PCC and CC. Our interim audit work highlighted few PCC and CC controls surrounding the transactions to and from the MFSS. The PCC and CC do not commission an ISAE3402 assurance report covering controls and risk management from the CC of Cheshire Constabulary. Without an ISAE3402 report basis, there is a risk that we do not have a basis for identifying and assessing the risks of material misstatement.
Multi-Force Shared Services (MFSS) Adequacy of arrangements for governance and risk management on the implementation of Project Fusion	Value for Money significant risk	No change from assessment made by KPMG	We will follow-up KPMG's except for qualification on the governance arrangements for MFSS and the implementation of Project Fusion. We have noted from KPMG LLP's prior year Audit Results Report and their Annual Audit Letter the steps taken by management at PCC and CC to rectify the situation and improve project governance, accountability and oversight.

Overview of our 2018/19 audit strategy

Materiality

Planning
materiality

Materiality has been set at 2% of the relevant materiality basis as set out in the table below.

Performance
materiality

Performance materiality has been set at 50% of materiality.

Audit
differences

We will report all uncorrected misstatements relating to the primary statements (comprehensive income and expenditure statement, balance sheet, movement in reserves statement, cash flow statement, and pension fund financial statements) greater than a defined level. Other misstatements identified will be communicated to the extent that they merit the attention of the Joint Audit and Scrutiny Panel.

Entity	Basis of materiality	Planning materiality	Performance materiality	Audit differences
Group	Gross revenue expenditure	£6.4m	£3.2m	£0.320m
PCC	Gross assets	£1.8m	£0.9m	£0.088m
CC	Gross revenue expenditure	£6.2m	£3.1m	£0.310m
Pension Fund	Benefits payable	£1.4m	£0.7m	£0.069m

Overview of our 2018/19 audit strategy

Audit scope

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

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

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

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

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

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

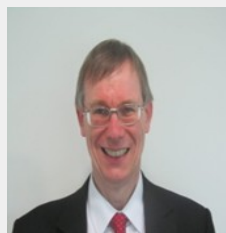
By considering these inputs, our audit is focused on the areas that matter and our feedback is more likely to be relevant to the PCC and CC.

Your audit team will be led by



Neil Harris - Associate Partner

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



Chris Hewitt - Manager

Chris has over 30 years experience of Local Authorities, including police audits, and has also been with EY for six years, having previously worked for the Audit Commission.



02

Audit risks



Audit risks

Our response to significant risks

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

Misstatements due to fraud or error *

What is the risk?

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

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

For the Group and PCC Single Entity, we have identified the potential for the incorrect classification of revenue spend as capital as a particular area where there is a risk of fraud or error (see slide 11).

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

What will we do?

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

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

Audit risks

Our response to significant risks (continued)

Misstatements due to fraud or error - Incorrect capitalisation of Revenue Expenditure *

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

PPE Additions - Valuation (£4.836 million)

CIES Net Cost of Services - Expenditure - Completeness (£318 million)

Figures quoted above are from the 2017/18 financial statements. We understand that the level of PPE additions for 2018/19 is likely to be in approximately £9.7 million.

What is the risk?

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

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

This could materialize as a result of capitalizing expenditure on revenue items.

What will we do?

Should capital expenditure be material to the financial statements in 2018/19, we will undertake additional procedures to address the specific risk we have identified, which will include:

- Sample testing additions to property, plant and equipment to ensure that they have been correctly classified as capital and included at the correct value in order to identify any revenue items that have been inappropriately capitalised.



Audit risks

Our response to inherent risks

Private Finance Initiatives

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

CIES
(Valuation)

Unusable Reserves: (Valuation & P&D)

What is the risk?

The PCC has two PFI Schemes, being the provision and maintenance of the Riverside building and of the vehicle fleet. Correctly accounting for PFI schemes involves transactions which are derived from operating models for which assumptions and changes need to be updated accurately and reflected in the financial statements. There is a risk that disclosures in the financial statements are not consistent with the assumptions within the PFI operating model.

What will we do?

We will:

- ▶ Engage an EY Specialist to test the completeness and accuracy of the inputs to the financial model and the subsequent correct application of the outputs to the financial statements; and
- ▶ Review the consistency of the accounting transactions and disclosures with the PFI model.

Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures.

What is the risk?

Valuation of land and buildings - inherent risk

The fair value of property, plant and equipment (PPE), Council Dwellings and investment properties (IP) represent significant balances in the Group's accounts and are subject to valuation changes, impairment reviews and depreciation charges. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.

Pension liability valuation- inherent risk

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

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

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

What will we do?

In order to address this risk we will carry out a range of procedures including:

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

In order to address this risk we will carry out a range of procedures including:

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



Audit risks

Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures.

What is the risk?

Collaboration- inherent risk

Joint arrangements operate with partners across the East Midlands. There is a risk that the allocation of activity in the financial statements is not correctly recorded in their financial statements.

MFSS - inherent risk

The Chief Constable of Cheshire Constabulary hosts a collaborative shared service covering Human Resources, Accounts, Purchasing and Payroll for the PCC and CC. Our interim audit work highlighted few PCC and CC controls surrounding the transactions to and from the MFSS. The PCC and CC do not commission an ISAE3402 assurance report covering controls and risk management from the CC of Cheshire Constabulary. Without an ISAE3402 report basis, there is a risk that we do not have a basis for identifying and assessing the risks of material misstatement

What will we do?

In order to address this risk we will:

- ▶ Review the underlying allocation of expenditure in the Authority's own accounts against agreements in place; and
- ▶ Seek further assurance from external auditors at the other Police Authorities where required over any significant stream of expenditure not controlled by Nottinghamshire.

In order to address this risk we will carry out a range of procedures to update our knowledge of the MFSS, including:

- ▶ Discussing with PCC and CC finance staff to understand the oversight by the participating bodies of the MFSS (governance and controls;
- ▶ Reviewing reports by the PCC's and CC's Internal Auditors to review references to procedures at the MFSS;
- ▶ Liaising with the auditors of the PCC for Cheshire and CC of Cheshire Constabulary to determine any audits undertaken by Internal audit or the MFSS management board on the operation of MFSS; and
- ▶ Determining if we need to visit the MFSS to view specific records or carry out testing such as reconciliations of GL data to system data.

Other areas of audit focus

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

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

Other areas of audit focus

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

What is the risk/area of focus?

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

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

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

What will we do?

We will:

- ▶ Assess the robustness of the PCC and CC accounts closedown timetable. We noted that PCC and CC were operating and monitoring a timetable covering the expected areas. The Finance Team expects to meet the 31 May deadline for publication of the draft accounts.
- ▶ Assess the capacity and resilience of the PCC and CC teams to respond to our requests for data, information and address audit queries. The Finance Team has responded promptly to our requests including our analytics data and supporting evidence for our income and expenditure testing for the start of our at the interim audit. The Finance Team are working through a number of queries raised on income and expenditures testing for return once the final accounts have been prepared.
- ▶ Assess the quality of the draft financial statements prepared for audit and the completeness of the supporting working papers at the start of the year-end audit.

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

To support the PCC and CC, before we start the final accounts audit:

- Agree the team and timing of each element of our work with you.
- Agree the supporting working papers that we require to complete our audit.



03

Value for Money Risks





Value for Money

Background

We are required to consider whether the PCC and CC have put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. This is known as our value for money conclusion.

For 2018/19 this is based on the overall evaluation criterion:

"In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people"

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

- Take informed decisions;
- Deploy resources in a sustainable manner; and
- Work with partners and other third parties.

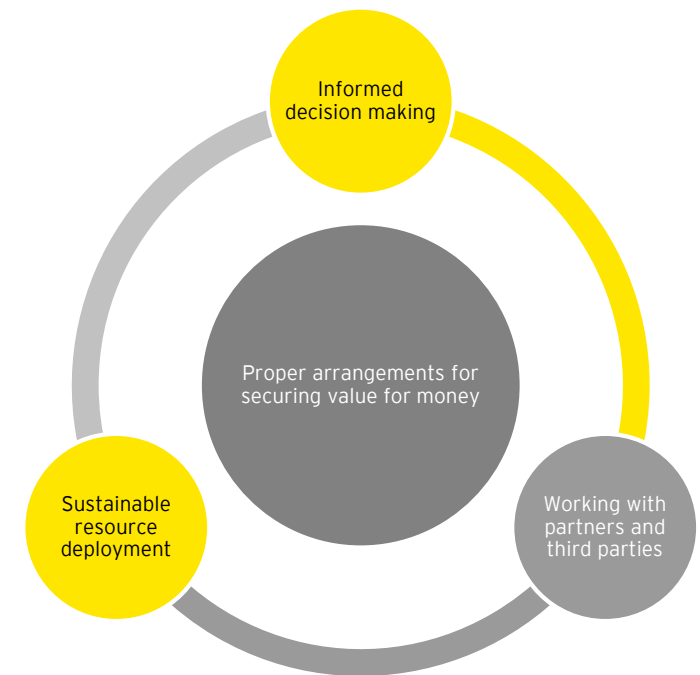
In considering your proper arrangements, we will draw on the requirements of the CIPFA/SOLACE framework for local government to ensure that our assessment is made against a framework that you are already required to have in place and to report on through documents such as your annual governance statement.

We are only required to determine whether there are any risks that we consider significant, which the Code of Audit Practice defines as:

"A matter is significant if, in the auditor's professional view, it is reasonable to conclude that the matter would be of interest to the audited body or the wider public"

Our risk assessment supports the planning of sufficient work to enable us to deliver a safe conclusion on arrangements to secure value for money and enables us to determine the nature and extent of further work that may be required. If we do not identify any significant risks there is no requirement to carry out further work. We consider business and operational risks insofar as they relate to proper arrangements at both sector and organisation-specific level. In 2018/19 this has included consideration of the steps taken by the PCC & CC to consider the impact of Brexit on its future service provision, medium-term financing and investment values. Although the precise impact cannot yet be modelled, we anticipate that Authorities will be carrying out scenario planning and that Brexit and its impact will feature on operational risk registers.

Our risk assessment has therefore considered both the potential financial impact of the issues we have identified, and also the likelihood that the issue will be of interest to local taxpayers, the Government and other stakeholders. This has resulted in the identification of the significant risk noted on the following page which we view as relevant to our value for money conclusion.





Value for Money Risks

What is the significant value for money risk?	What arrangements does the risk affect?	What will we do?
Multi-Force Shared Services (MFSS) Adequacy of arrangements for governance and risk management on the implementation of Project Fusion.	Take informed decisions Deploy resources in a sustainable manner	We will follow-up KPMG's except for qualification on the governance arrangements for MFSS and the implementation of Project Fusion. We have noted from KPMG LLP's prior year Audit Results Report and their Annual Audit Letter the steps taken by management at PCC and CC to rectify the situation and improve project governance, accountability and oversight. We will review the PCC and CC arrangements including: <ul style="list-style-type: none">• Project governance and accountability.• Risk management.• Consideration of financial, service and reputational implications and risks from further project slippage.



04

Audit materiality

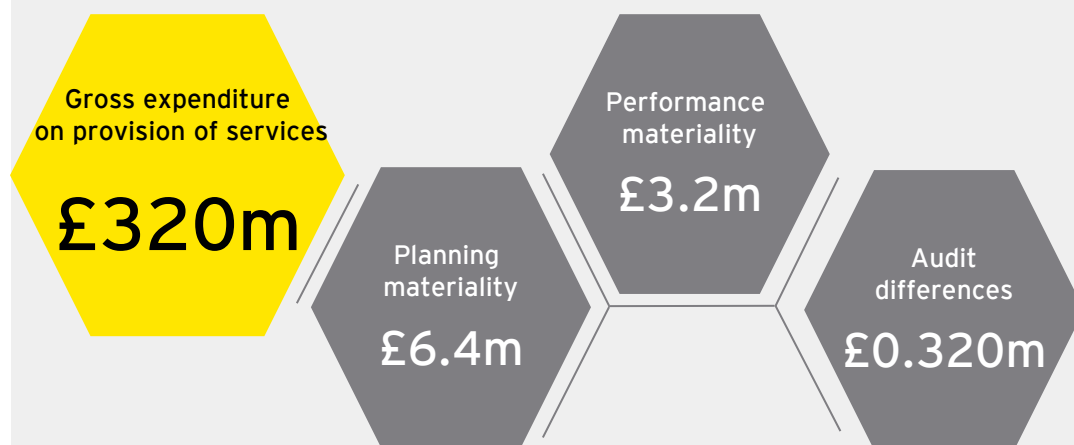


Materiality

Materiality

For planning purposes, materiality for the Group, PCC and CC Single Entity for 2018/19 has been set at £6.4m, £1.8m & £6.2m respectively. This represents 2% of the Group and CC Single Entity's prior year gross expenditure on provision of services. Materiality for the PCC Single Entity has been set at 2% of the PCC Single Entity's prior year gross assets. Materiality for the Police Pension Fund has been set at 2% of the higher of the prior year contributions receivable/benefits payable of the Police Pension Fund. It will be reassessed throughout the audit process.

We have provided supplemental information about audit materiality in Appendix C.



We request that the PCC and CC confirm their understanding of, and agreement to, these materiality and reporting levels.

Key definitions

Planning materiality - the amount over which we anticipate misstatements would influence the economic decisions of a user of the financial statements.

Performance materiality - the amount we use to determine the extent of our audit procedures. We have set performance materiality for the Group, PCC and CC Single Entity Accounts & Police Pension Fund at £3.2.4m, £0.9m, £3.1m & £0.7m which represents 50% of planning materiality.

Audit difference threshold - we propose that misstatements identified below this threshold are deemed clearly trivial. The same threshold for misstatements is used for component reporting. We will report to you all uncorrected misstatements over this amount relating to the comprehensive income and expenditure statement, balance sheet and the police pension fund financial statements that have an effect on income or that relate to other comprehensive income.

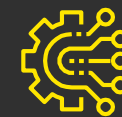
Other uncorrected misstatements, such as reclassifications and misstatements in the cashflow statement and movement in reserves statement or disclosures, and corrected misstatements will be communicated to the extent that they merit the attention of the Joint Audit and Scrutiny Panel, or are important from a qualitative perspective.

Specific materiality - We have set a materiality of £0.310k for the Pension Fund Account which reflects our understanding that an amount less than our materiality would influence the economic decisions of users of the financial statements in relation to this.



05

Scope of our audit



Our Audit Process and Strategy

Objective and Scope of our Audit scoping

Under the Code of Audit Practice our principal objectives are to review and report on the PCC and CC's financial statements and arrangements for securing economy, efficiency and effectiveness in their use of resources to the extent required by the relevant legislation and the requirements of the Code.

We issue an audit report that covers:

1. Financial statement audit

Our objective is to form an opinion on the financial statements under International Standards on Auditing (UK and Ireland).

We also perform other procedures as required by auditing, ethical and independence standards, the Code and other regulations. We outline below the procedures we will undertake during the course of our audit.

Procedures required by standards

- Addressing the risk of fraud and error;
- Significant disclosures included in the financial statements;
- Entity-wide controls;
- Reading other information contained in the financial statements and reporting whether it is inconsistent with our understanding and the financial statements; and
- Auditor independence.

Procedures required by the Code

- Reviewing, and reporting on as appropriate, other information published with the financial statements, including the Annual Governance; and
- Reviewing and reporting on the Whole of Government Accounts return, in line with the instructions issued by the NAO

2. Arrangements for securing economy, efficiency and effectiveness (value for money)

We are required to consider whether the PCC and CC has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on their use of resources.

Our Audit Process and Strategy (continued)

Audit Process Overview

Our audit involves:

- ▶ Identifying and understanding the key processes and internal controls; and
- ▶ Substantive tests of detail of transactions and amounts.

For 2018/19 we plan to follow a substantive approach to the audit as we have concluded this is the most efficient way to obtain the level of audit assurance required to conclude that the financial statements are not materially misstated.

Analytics:

We will use our computer-based analytics tools to enable us to capture whole populations of your financial data, in particular journal entries. These tools:

- ▶ Help identify specific exceptions and anomalies which can then be subject to more traditional substantive audit tests; and
- ▶ Give greater likelihood of identifying errors than random sampling techniques.

We will report the findings from our process and analytics work, including any significant weaknesses or inefficiencies identified and recommendations for improvement, to management and the Joint Independent Audit Committee.

Internal audit:

We will review internal audit plans and the results of their work. We will reflect the findings from these reports, together with reports from any other work completed in the year, in our detailed audit plan, where they raise issues that could have an impact on the financial statements.



06

Audit team



Audit team

Audit team structure:

EY Pension
Specialist

EY Actuaries

EY Real Estates

Neil Harris
Associate Partner

Chris Hewitt
Manager

Working together with the PCC and CC

We are working together with management to establish strong communication and processes for the 2018/19 audit.

We will continue to keep our audit approach under review to streamline it where possible.

Use of specialists

When auditing key judgements, we are often required to rely on the input and advice provided by specialists who have qualifications and expertise not possessed by the core audit team. The areas where either EY or third party specialists may be required to provide input for the current year audit are:

Area	Specialists
Valuation of Land and Buildings	EY Real Estates Team (to be confirmed once we have received and reviewed current year valuation information)
Pensions disclosure	EY Pensions Advisory Team

In accordance with Auditing Standards, we will evaluate each specialist's professional competence and objectivity, considering their qualifications, experience and available resources, together with the independence of the individuals performing the work.

We also consider the work performed by the specialist in light of our knowledge of the PCC and CC's business and processes and our assessment of audit risk in the particular area. For example, we would typically perform the following procedures:

- ▶ Analyse source data and make inquiries as to the procedures used by the specialist to establish whether the source data is relevant and reliable;
- ▶ Assess the reasonableness of the assumptions and methods used;
- ▶ Consider the appropriateness of the timing of when the specialist carried out the work; and
- ▶ Assess whether the substance of the specialist's findings are properly reflected in the financial statements.



07

Independence



Introduction

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

Required communications

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

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

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

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

Relationships, services and related threats and safeguards

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

Overall Assessment

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

Self interest threats

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

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

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

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

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

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

Self review threats

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

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

Relationships, services and related threats and safeguards

Management threats

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

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

Other threats

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

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

Other communications

EY Transparency Report 2018

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

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

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



08

Appendices



Appendix A

Fees

Public Sector Audit Appointments Ltd (PSAA) has published the fee scale for the audit of the 2018/19 accounts of opted-in principal local government and police bodies. This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the requirements of the Code of Audit Practice and supporting guidance published by the National Audit Office, the financial reporting requirements set out in the Code of Practice on Local Authority Accounting published by CIPFA/LASAAC, and the professional standards applicable to auditors' work.

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

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

All fees exclude VAT

Note 1:

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

- ▶ Setting Performance Materiality at 50% of planning materiality pending the review of KPMG files, rather than at 75% as assumed via the scale fee, would increase our sample sizes;
- ▶ The audit of new significant risks covering capitalisation of revenue expenditure and Private Finance Initiative (PFI) accounting;
- ▶ The audit of new inherent risks covering collaboration and arrangements at the Multi Force Shared Service; and
- ▶ The audit of significant risks reviewing the PCC and CC arrangements for informed decision making associated with their interest and exposure to the MFSS Project Fusion implementation.

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

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



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

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

Appendix B




Required communications with the PCC and CC

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

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




Appendix B

Required communications with the PCC and CC (continued)

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




Appendix B

Required communications with the PCC and CC (continued)

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

Appendix B

Required communications with the PCC and CC (continued)

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

Additional audit information

Other required procedures during the course of the audit

In addition to the key areas of audit focus outlined in section 2, we have to perform other procedures as required by auditing, ethical and independence standards and other regulations. We outline the procedures below that we will undertake during the course of our audit.

Our responsibilities required by auditing standards

- ▶ Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- ▶ Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- ▶ Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Concluding on the appropriateness of management's use of the going concern basis of accounting.
- ▶ Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtaining sufficient appropriate audit evidence regarding the financial information of the entities or activities within the Group to express an opinion on the consolidated financial statements. Reading other information contained in the financial statements, the Joint Independent Audit Committee reporting appropriately addresses matters communicated by us to the Joint Independent Audit Committee and reporting whether it is materially inconsistent with our understanding and the financial statements; and
- ▶ Maintaining auditor independence.

Additional audit information (continued)

Purpose and evaluation of materiality

For the purposes of determining whether the accounts are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the economic decisions of the users of the financial statements. Our evaluation of it requires professional judgement and necessarily takes into account qualitative as well as quantitative considerations implicit in the definition. We would be happy to discuss with you your expectations regarding our detection of misstatements in the financial statements.

Materiality determines:

- ▶ The locations at which we conduct audit procedures to support the opinion given on the Group financial statements; and
- ▶ The level of work performed on individual account balances and financial statement disclosures.

The amount we consider material at the end of the audit may differ from our initial determination. At this stage, however, it is not feasible to anticipate all of the circumstances that may ultimately influence our judgement about materiality. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the accounts, including the total effect of the audit misstatements we identify, and our evaluation of materiality at that date.

Paddy Tipping
The Police and Crime Commissioner for Nottinghamshire
Arnot Hill House,
Arnot Hill Park
Arnold
Nottingham
NG5 6LU

29 April 2019

Ref: Fee Letter/19-20

Direct line: 01223 394459

Email: NHarris2@uk.ey.com

Dear Paddy

Annual Audit 2019/20

We are writing to confirm the audit that we propose to undertake for the 2019/20 financial year at the Police and Crime Commissioner for Nottinghamshire.

From 2018/19, local government and police bodies have been responsible for making their own arrangements for the audit of the accounts.

The Secretary of State for Housing, Communities and Local Government has specified Public Sector Audit Appointments (PSAA) as an appointing person under provisions of the Local Audit and Accountability Act 2014. PSAA has appointed auditors for bodies that opted into the national scheme. Appointments were made for the duration of the five-year appointing period, covering the audits of the accounts for 2018/19 to 2022/23.

Indicative audit fee

For the 2019/20 financial year, PSAA has set the scale fee for each opted in body. Following consultation on its Work Programme and Scale of Fees, PSAA has maintained scale audit fees at the same level as for 2018/19, unless there are specific circumstances which require otherwise.

The fee reflects the risk-based approach to audit planning set out in the National Audit Office's Code of Audit Practice for the audit of local public bodies.

The audit fee covers the:

- Audit of the financial statements;
- Value for money conclusion; and
- Whole of Government accounts.

Our final fee will include the impact of additional risks and/or circumstances that are out of the scope of the scale fee, for example additional work covering:

- Asset valuations, including the involvement of our valuation specialists;
- The valuation of the net pension liability, including the involvement of our pension specialists;
- The implementation of IFRS 16 Leases;
- Private Finance Initiative accounting; and
- The adequacy of arrangements for governance and risk management as regards the Multi-Force Shared Services and the implementation of Project Fusion.

At this stage, the indicative fee is set at the scale fee.

This indicative fee is based on certain assumptions, including:

- The overall level of risk in relation to the audit of the financial statements is not significantly different to that of the prior year;
- Management meet the agreed timetable of deliverables;
- Our accounts opinion and value for money conclusion are unqualified;
- Appropriate quality of documentation is provided by management;
- There is an effective control environment; and
- Prompt responses are provided to our draft reports.

Meeting these assumptions will help ensure the delivery of our audit at the indicative audit fee which is set out in the table below.

As we have not yet completed our audit for 2018/19, our audit planning process for 2019/20 will continue as the year progresses. Fees will be reviewed and updated as necessary, within the parameters of our contract.

Summary of fees

	Indicative fee 2019/20 £	Planned fee 2018/19 £
Scale Fee	27,119	27,119: Note 1
Total Code audit fee	27,119	27,119

Note 1: Our 2018/19 Audit Plan indicated that the planned fees for 2018/19 may be subject to a scale fee variations due to changes the scope of the audit.

Any additional work that we may agree to undertake (outside of the Code of Audit Practice) will be separately negotiated and agreed with you in advance. All variations to the scale fee will be subject to PSAA approval.

Billing

The scale fee will be billed in 4 quarterly instalments of £6,780.

Audit plan

Our plan is expected to be issued in March 2020. This will communicate any significant financial statement and value for money risks identified, planned audit procedures to respond to those risks and the estimated fee implications of these additional procedures. Should we need to make any significant amendments to the audit fee during the course of the audit, we will discuss this in the first instance with the Chief Finance Officer and communicate the revised fee and the matters giving rise to any adjustments to the scale fee in our Audit Results Report which we will present to the Joint Audit and Scrutiny Panel.

For a high level overview of our approach and further information on how we intend to work with you under the PSAA contract, please refer to our leaflet 'EY working with you' which is enclosed.

We remain committed to providing you with a high quality service. If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, please contact me, or Janet Dawson as our Government and Public Sector Assurance Leader at jdawson1@uk.ey.com. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, by writing to him at 1 More London Place, London, SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute.

Yours sincerely

Neil Harris
Associate Partner
For and on behalf of Ernst & Young LLP

cc. Charlotte Radford, Director of Finance
Mr Stephen Charnock, Chair of the Joint Audit and Scrutiny Panel.

Craig Guilford
Chief Constable
The Chief Constable of Nottinghamshire Police
Sherwood Lodge,
Arnold
Nottinghamshire
NG5 8PP

29 April 2019

Ref: Fee Letter/19-20

Direct line: 01223 394459

Email: NHarris2@uk.ey.com

Dear Craig

Annual Audit 2019/20

We are writing to confirm the audit that we propose to undertake for the 2019/20 financial year at the Chief Constable of Nottinghamshire Police

From 2018/19, local government and police bodies have been responsible for making their own arrangements for the audit of the accounts.

The Secretary of State for Housing, Communities and Local Government has specified Public Sector Audit Appointments (PSAA) as an appointing person under provisions of the Local Audit and Accountability Act 2014. PSAA has appointed auditors for bodies that opted into the national scheme. Appointments were made for the duration of the five-year appointing period, covering the audits of the accounts for 2018/19 to 2022/23.

Indicative audit fee

For the 2019/20 financial year, PSAA has set the scale fee for each opted in body. Following consultation on its Work Programme and Scale of Fees, PSAA has maintained scale audit fees at the same level as for 2018/19, unless there are specific circumstances which require otherwise.

The fee reflects the risk-based approach to audit planning set out in the National Audit Office's Code of Audit Practice for the audit of local public bodies.

The audit fee covers the:

- Audit of the financial statements;
- Value for money conclusion; and
- Whole of Government accounts.

Our final fee will include the impact of additional risks and/or circumstances that are out of the scope of the scale fee, for example additional work covering:

- The valuation of the net pension liability, including the involvement of our pension specialists;
- Private Finance Initiative accounting; and
- The adequacy of arrangements for governance and risk management as regards the Multi-Force Shared Services and the implementation of Project Fusion.

At this stage, the indicative fee is set at the scale fee.

This indicative fee is based on certain assumptions, including:

- The overall level of risk in relation to the audit of the financial statements is not significantly different to that of the prior year;
- Management meet the agreed timetable of deliverables;
- Our accounts opinion and value for money conclusion are unqualified;
- Appropriate quality of documentation is provided by management;
- There is an effective control environment; and
- Prompt responses are provided to our draft reports.

Meeting these assumptions will help ensure the delivery of our audit at the indicative audit fee which is set out in the table below.

As we have not yet completed our audit for 2018/19, our audit planning process for 2019/20 will continue as the year progresses. Fees will be reviewed and updated as necessary, within the parameters of our contract.

Summary of fees

	Indicative fee 2019/20 £	Planned fee 2018/19 £
Scale Fee	11,550	11,550: Note 1
Total Code audit fee	11,550	11,550

Note 1: Our 2018/19 Audit Plan indicated that the planned fees for 2018/19 may be subject to a scale fee variations due to changes the scope of the audit.

Any additional work that we may agree to undertake (outside of the Code of Audit Practice) will be separately negotiated and agreed with you in advance. All variations to the scale fee will be subject to PSAA approval.

Billing

The scale fee will be billed in 4 quarterly instalments of £2,888.

Audit plan

Our plan is expected to be issued in January 2020. This will communicate any significant financial statement and value for money risks identified, planned audit procedures to respond to those risks and the estimated fee implications of these additional procedures. Should we need to make any significant amendments to the audit fee during the course of the audit, we will discuss this in the first instance with the Chief Finance Officer and communicate the revised fee and the matters giving rise to any adjustments to the scale fee in our Audit Results Report which we will present to the Joint Audit and Scrutiny Panel.

For a high level overview of our approach and further information on how we intend to work with you under the PSAA contract, please refer to our leaflet 'EY working with you' which is enclosed.

We remain committed to providing you with a high quality service. If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, please contact me, or Janet Dawson as our Government and Public Sector Assurance Leader at jdawson1@uk.ey.com. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, by writing to him at 1 More London Place, London, SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute.

Yours sincerely

Neil Harris
Associate Partner
For and on behalf of Ernst & Young LLP

cc. Mark Kimberley, Chief Finance Officer
Mr Stephen Charnock, Chair of the Joint Audit and Scrutiny Panel.

Confidential

EY working with you

An overview of our approach

March 2019

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Our commitment to you

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Working with you

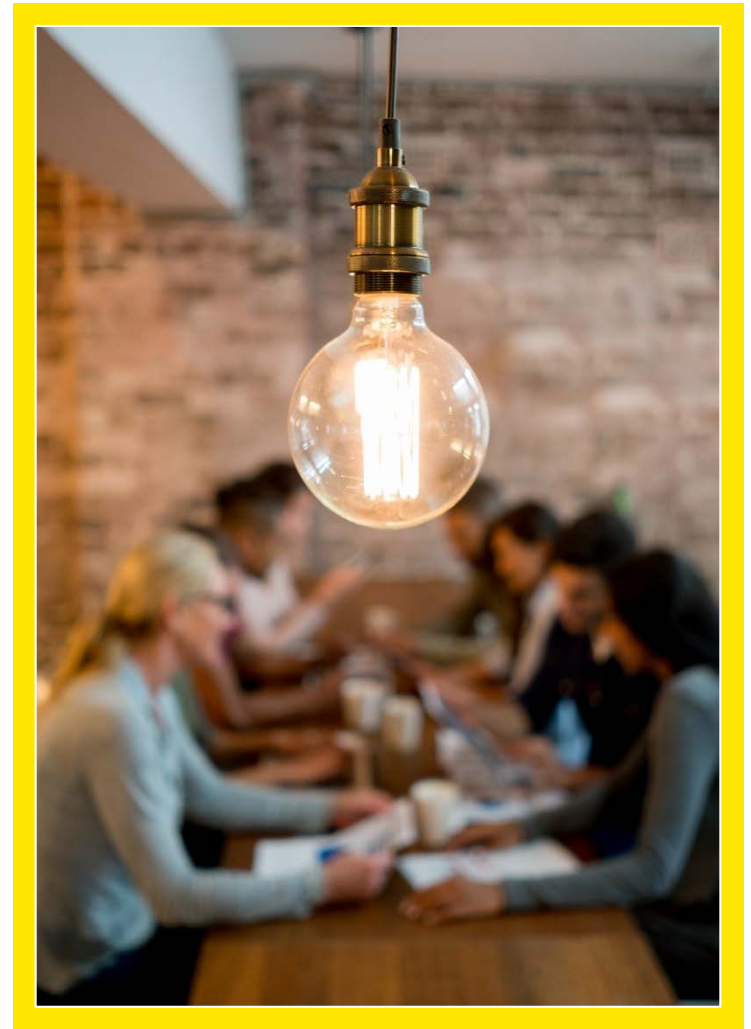
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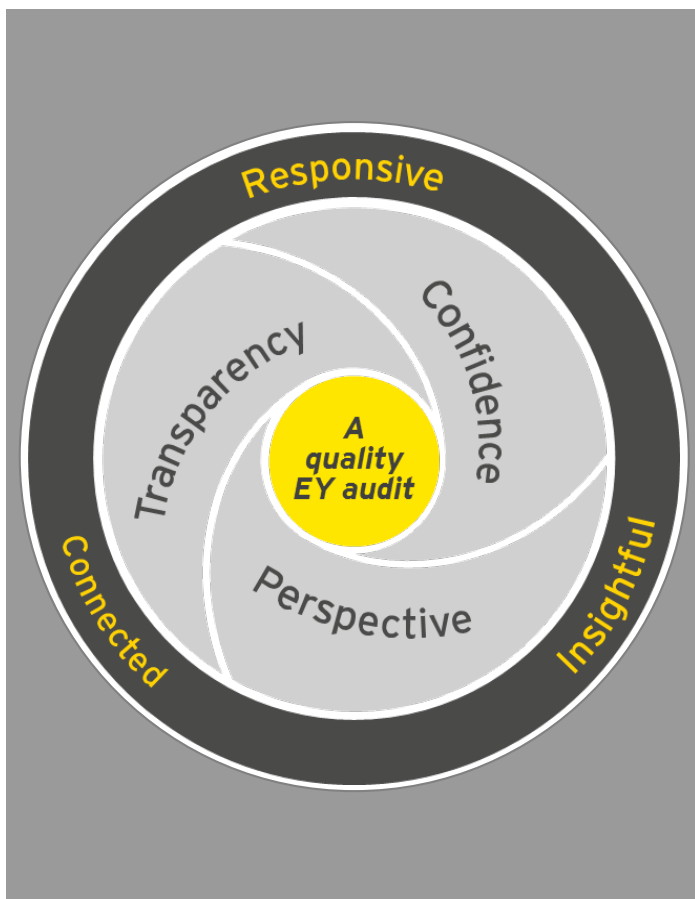
Value beyond the audit

3





Our commitment to you



The Police and Crime Commissioner for Nottinghamshire opted into the Public Sector Audit Appointments (PSAA) Appointing Person scheme which started in 2018/19. PSAA appointed EY as your auditors. PSAA is responsible under the Local Audit (Appointing Person) Regulations 2015 for monitoring compliance with the contract and is committed to ensuring good quality audit services are provided by its suppliers. Details of PSAA's audit quality monitoring arrangements are available from its website, www.psaa.co.uk.



Janet Dawson - Partner

I am the lead partner for this contract, and EY's Global Government and Public Sector Assurance Leader. I have been a partner in Government and Public Sector (GPS) assurance services for 14 years, and have over 20 years of experience and knowledge from working in the sector. My work across health and central government brings an understanding of the broader context of the environment that you operate within.

My appreciation of the value of audit, transparency, and the importance of working in partnership with the public sector aligns with PSAA in promoting and supporting those values through our work. I have asked Neil Harris to lead your engagement on behalf of EY. Our commitment to quality and culture of consultation means that they will draw on the expertise within the firm in fulfilling this responsibility.

Our extensive experience of providing a range of assurance services has demonstrated that strong relationships, clear communication, and investing time with our clients to understand their issues delivers the highest quality outcomes.

This is our commitment to you.

Our contract with PSAA contains a method statement which sets out the firm's commitment to deliver quality audit services, our audit approach, and what clients can expect from us. A summary of the key points of the method statement follows. It is provided as a guide and reference for liaising with us, and a benchmark for you to provide feedback on our performance to PSAA via its survey in Autumn 2019.



Working with you

Communication

Our experience shows that close, constructive working relationships are built on trust and open dialogue.

Neil Harris is your engagement lead and responsible for our relationship protocols, overall audit service and quality. We meet regularly with Officers and Members, discussing sector challenges and bringing insights from our network. Your engagement manager, Chris Hewitt, is a key contact and brings significant experience of managing local authority audits.

Our relationship protocols allow you to escalate concerns to Janet Dawson (Contact Partner) or Steve Varley (UK Managing Partner) should you need to.

Our Audit Planning Report contains further information on our planning approach and timetable, giving you a risk based, tailored audit. We ensure our senior leaders are accessible for management and members.



Knowledge and training

Significant investment in the development of dedicated GPS teams is part of our commitment to improve skills in the public sector. Our structured recruiting and training approach delivers the best audit quality.

All our training is developed by technical specialists and is quality and risk assessed. Staff must pass online tests following training, to demonstrate they can apply the learning in practice.

GPS sector specific training including emerging opportunities and risks, new requirements and specific technical areas, e.g., capital accounting, group accounts, LG pensions and other areas.

Topics are derived from our sector knowledge and stakeholder engagement.

We share these insights with you via our Audit Committee Briefings, Public Sector Accounting Workshops, Audit Committee Forums and other bespoke training sessions.



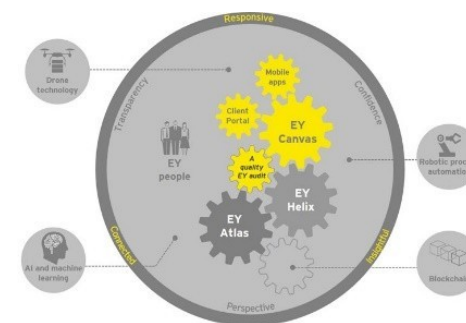
Quality and Innovation

Audit quality is our primary goal in ensuring confidence in public services in a landscape of constant change and uncertainty. Factors which contribute to achieving consistently high quality audits are our people, tailored audits, consultation, and engagement quality reviews.

Our consultation policies are built upon a culture of collaboration, whereby audit professionals are encouraged to share perspectives on complex accounting, auditing and reporting issues.

Audit quality is at the heart of our innovation strategy.

We will continue to innovate and integrate new technologies into our audit process. The technologies discussed so far are just the start of our journey, designed to grow and be enhanced with additional functionalities.





Value beyond the audit

In line with the firm's broader vision to build a better working world, EY's commitment to, and investment in, the public sector is focussed on delivering sustainable social value.

We are the first of the Big 4 firms to establish an apprenticeship programme awarded 'employer status' by the Skills Funding Agency, that specifically addresses the needs of deprived communities. 'EY Business Apprenticeships' is a way of investing in local people, directly challenging the UK skills gap, whilst prioritising those from deprived communities, and disadvantaged backgrounds. Our work under the PSAA contract enable us to create around 165 additional apprentice roles.

EY was also the major graduate recruiter to change our minimum entry requirements, increasing inclusivity by opening up opportunities for talented individuals regardless of their background and education.



Economic and Social

We deliver socio-economic improvements by carefully aligning existing initiatives to our clients' objectives, for example, local authorities' focus on local employability.

Examples include: Removing barriers to employment and education: our 'Smart Futures' initiative provides Year 12 students access to paid work experience, employability workshops and career talks plus 10-months of mentoring from an EY employee. We deliver this from 11 EY offices across the UK. The benefit to you is that we focus on state schools and prioritise those on free school meals. In addition, our 'Stay Curious' and 'Employability Support' initiatives raise awareness of audit career opportunities to STEM students and provide CV advice, networking, mock interviews and assessment centres. Collectively the improvement outcomes include increased employability for young people in the community, connecting schools, universities, employers and building confidence in the students themselves.

Supporting local businesses for prosperity in the community: the EY Foundation, our independent charity, supports collaboration between young people and local businesses. The benefit is a community better connected, focussed on key issues, and providing a voice to the under privileged.

Our global EY Ripples programme enables our staff to donate time to make use of their knowledge, skills and experience to support young people and impact entrepreneurs, by providing mentoring support, business skills training, and more equitable access to resources - to drive sustainable inclusive growth.

Environmental

We protect the environment by minimising waste and using resources efficiently, e.g., we proactively manage and monitor the environmental impacts of our supply chain, and our own people. We encourage carbon footprint reduction through initiatives such as Bike to Work, Flexible Working Policy, and our sustainable travel strategy. We have also made changes to our processes from procurement to recruitment to minimise the environmental impact of them on the wider world.

EY | Assurance | Tax | Transactions | Advisory

About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

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Ernst & Young LLP

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ED None

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For Information	
Public/Non Public*	Public
Report to:	Joint Audit and Scrutiny Panel
Date of Meeting:	29th May 2019
Report of:	Deputy Chief Constable
Report Author:	Amanda Froggatt, Strategic Support Officer
E-mail:	amanda.froggatt@nottinghamshire.pnn.police.uk
Other Contacts:	Amanda Froggatt, Strategic Support Officer
Agenda Item:	11

Strategic Risk Management Report for Force and Nottinghamshire Police and Crime Commissioner (NOPCC), Quarter 1, 2019/20

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 the Nottinghamshire Office of the Police and Crime Commissioner (NOPCC).

2. Recommendations

- 2.1 It is recommended that the JASP notes the current approach to strategic risk management and considers the assurance that this report provides as to the effectiveness of those arrangements within the Force and NOPCC.
- 2.2 JASP note the three very high strategic risks on the Force's risk register namely, Multi-Force Shared Service (MFSS) transfer of payroll system to the new Fusion solution, compliance with the new General Data Protection Regulations (GDPR), and the building of the new Bridewell custody facility.
- 2.3 In relation to the Force's Strategic risk register, JASP note the addition of one new medium risk, Stabilisation of the new Force model and the accompanying mitigation.
- 2.4 JASP also note the high risks relating to the NOPCC, Multi-Force Shared Service (MFSS) transfer of payroll system to the new Fusion solution, the uncertainty in relation to the announcement of the comprehensive spending review and the police funding formula, and the risk relating to having no agreed funding in place for sexual violence support service in the county.
- 2.5 JASP note accompanying Appendix 3 – which outlines more in-depth explanations of the mitigation in place in relation to the Force's very high level strategic risks.

3. Reasons for Recommendations

- 3.1 A Strategic Risk Report is provided to the JASP on a quarterly basis in order to keep the Board informed as to the level of strategic risk within the Force and NOPCC and provide assurance as to the effectiveness of risk management arrangements.

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 and Chief Executive of the NOPCC, respectively.

12. Appendices

- 12.1 **Appendix 1** – Force Strategic Risk Register
Appendix 2 – NOPCC Strategic Risk Register
Appendix 3 – Mitigation to Force's Strategic Risks

NOTTINGHAMSHIRE POLICE CORPORATE RISK REGISTER - APRIL 2019

RISK			MITIGATION OF RISK		ASSESSMENT		
Risk / Objective	Description and Owner	Impact	Strategy and Assurances	Unmitigated / Current Risk		Commentary and Review date	
		- Government penalties		Probability	Impact	Risk Score	
						▲	
SR6 Information Management & Data Quality Engage our communities	Poor data quality compliance impacts upon understanding of crime patterns, the identification and referral of vulnerable people and public confidence in crime recording. Owner:- Deputy Chief Constable	- Reputation / public confidence - Delivery failure - Ineffective planning and problem solving - Government penalties	Treat Audit Committee / Internal Audit FCIR Review meetings HMICFRS Inspection Annual Assurance Statement	4	4	16	
				3	3	9	
						◄◄	
SR7 Analytical capacity and capability Engage our communities	Lack of force and partner agency analytical capacity impacting on provision of analytical products and assurance reports Owner:- Deputy Chief Constable	- Force and partners inability to direct resources according to need; identify emerging risks; assess impact of interventions; provide accountability - Reputation / public confidence risk	Treat Forward planning on the development of key analytical products. Direct access to intranet-based tools and functionality.	4	3	12	
				3	3	9	
						◄◄	
						Ongoing liaison with heads of Intelligence and Management Information. Departmental restructure and recruitment underway. Proposals to enhance 'self-service' functionality are being progressed. Review date: Ongoing	
						HMICFRS Crime Integrity Inspection highlighted a number of areas for concern. These are being reviewed and addressed within force in the Crime Data Integrity meeting chaired by ACC Local Policing Review date: Ongoing	

NOTTINGHAMSHIRE POLICE AND CRIME COMMISSIONER CORPORATE RISK REGISTER - APRIL 2019

RISK			MITIGATION OF RISK		ASSESSMENT			
Risk / Objective	Description and Owner	Impact	Strategy and Assurances	Unmitigated / Current Risk			Commentary and Review date	
				Probability	Impact	Risk Score		
SR6 Financial uncertainty Transforming Services and Delivering Quality Policing	Delays and uncertainty in the government announcement of comprehensive spending review. Delays in the review of the police funding formula Owner: Chief Finance Officer Organisation: OPCC	<ul style="list-style-type: none">- Ineffective planning- Instability of key services- Impact on service delivery- Reputational / public confidence impact	Treat Engagement with central government, APCC/NPCC Police Finance workstream Police Reform and Transformation Board	3	3	9	Engagement with central government, APCC/NPCC Police Finance workstream Police Reform and Transformation Board. Review date: Ongoing	
				3	3	9		
						▲		
SR7 Information Management & Data Quality Tackling crime and ASB	Poor data quality compliance impacts upon understanding of crime patterns, the identification and referral to vulnerable people and public confidence in crime recording. Owner: Head of Performance & Assurance Organisation: OPCC	<ul style="list-style-type: none">- Reputation / public confidence- Delivery failure- Ineffective planning and problem solving- Government penalties	Transfer Audit Committee / Internal Audit FCIR Review meetings HMICFRS Inspection Annual Assurance Statement	3	3	9	HMICFRS Crime Integrity Inspection highlighted a number of areas for concern. Indicative NCRS compliance for 2018/19 is strong with rates in excess of 95%. Ongoing regular oversight from the OPCC. Review date: Ongoing	
				2	2	4		
						◀▶		
SR8 Significant gaps in analytical capacity and capability Tackling Crime and ASB	Lack of force and partner agency analytical capacity impacting on provision of analytical products and assurance reports Owner: Head of Research and Information Organisation: OPCC	<ul style="list-style-type: none">- Force and partners inability to direct resources according to need; identify emerging risks; assess impact of interventions; provide accountability- Reputation / public confidence risk	Treat Forward planning on the development of key OPCC analytical products. Direct OPCC access to intranet-based tools and functionality. Development of independent assurance mechanisms such as the Police and Crime Survey	3	2	6	Ongoing liaison with heads of Intelligence and Management Information. Departmental restructure and recruitment underway. Proposals to enhance 'self-service' functionality are being progressed. County researchers appointed and operational. Review date: Ongoing	
				2	2	4		
						◀▶		

SR8			Treat	4	4	16	
Custody Provision	Building of new Bridewell to provide a more appropriate and effective custody function	Reputation / public confidence - Performance / delivery risks - Poor assessment / inspection outcomes	New custody provision being managed through a project chaired by ACC Local Policing. Regular inputs are also made into Force Executive Board			1G	New custody provision being managed through a project chaired by ACC Local Policing. Regular inputs are also made into Force Executive Board
Create a service that works for local people	Owner:- ACC Local Policing			4	4	▲	Review date: Ongoing

The new custody suite project is progressing towards the planning application stage with the general layout agreed allowing accurate costings to be prepared. Work is ongoing to complete the surveys necessary for planning above and beyond those carried out before the purchase of the land, for example into the accident data for the vicinity of the new build over the last three years. An agreement has been reached with the Environment Agency regarding the works that are needed to address the contaminated ground water and Willmott Dixon have obtained three quotations for the work which will commence ahead of the main contract. The site itself has been cleared and levelling work will be undertaken shortly. At the same time hoarding and fencing will be erected. The project is progressing in line with the anticipated programme.

For Information	
Public/Non Public	Public
Report to:	Joint Audit and Scrutiny Panel (JASP)
Date of Meeting:	April 2019
Report of:	Amanda Froggatt, Strategic Support Officer
Report Author:	Amanda Froggatt, Strategic Support Officer
E-mail:	amanda.froggatt@nottinghamshire.pnn.police.uk
Other Contacts:	n/a
Agenda Item:	12

Audit and Inspection Update

1. Purpose of the Report

- 1.1 To provide the Joint Audit and Scrutiny Panel (JASP) with an update on progress against recommendations arising from audits and inspections which have taken place during Quarter 4, 2018/19.
- 1.2 To inform the Board of the schedule of planned audits and inspections.
- 1.3 To provide further information on the area identified for further scrutiny as requested at the last JASP (Appendix 2 – Use of Force, presentation to follow).

2. Recommendations

- 2.1 That the Panel notes the status of audits and inspections carried out over the last quarter.
- 2.2 That the Panel review Appendix 1 and if required request further detail which will be reported at the next meeting.

3. Reasons for Recommendations

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

4. Summary of Key Points

Audit and Inspection Action Updates

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

Recent Inspection Activity

Date of Inspection	Inspection Area	Date Report Received	Final Grading	Status
October 2018	Biometrics Commissioner Visit	-	-	Report received. Actions being monitored on 4Action
December 2018	PREVENT Counter Terrorism	-	-	Report received. Actions all addressed

Forthcoming HMICFRS Inspections

Date of Inspection	Inspection Area	Status
No scheduled Inspections		

Publications

Date of Publication	Inspection Area	Status
February 2019	The Police Response to Domestic Abuse (Update)	Report received. Actions being monitored through 4Action

April 2019	Stalking and Harassment (Update to National Recommendations)	Report received. Actions being monitored through 4Action
April 2019	Time to Choose – An Inspection of the Police Response to Fraud	Report received. Actions being monitored through 4Action

4.5 Recent and Forthcoming Audits

Recent Audit Activity

Date of Audit	Auditable Area	Date Report Received	Final Grading	Status
July 2018	Collaboration – Strategic Financial Planning	September 2018	Satisfactory Assurance	Draft report issued. No recommendations for Nottinghamshire
August 2018	Collaboration – Risk Management	-	Satisfactory Assurance	Awaiting copy of report
September 2018	Collaboration – Business Planning	-	Satisfactory Assurance	Awaiting copy of report
September 2018	Health and Safety	October 2018	Limited Assurance	Report received. Actions being monitored on 4Action
November 2018	Core Financial Systems	November 2018	Satisfactory Assurance	Report received. Actions being monitored on 4Action
December 2018	GDPR	December 2018	Limited Assurance	Report received. Actions being monitored on 4Action
December 2018	Late Time Levy	December 2018	Limited Assurance	Draft report issued out for management comment

January 2019	IT Strategy	-	-	Report received. Actions being monitored on 4Action
April 2019	Partnership Working	-	-	Draft report issued out for management comment
April 2019	Seized Property	-	-	Draft report issued out for management comment

Forthcoming Audits

Date of Audit	Auditable Area	Status
May 2019	Business Continuity and Emergency Planning	Terms of reference received, audit will commence w/c 7 th May
May 2019	MFSS Contract Management	-
May 2019	Performance Management	-
August 2019	Data Quality	-
October 2019	Programme Management	-
December 2019	Core Financials	-
January 2020	Health and Safety	-
January 2020	Custody Arrangements	-
Date to be confirmed	GDPR	-
Date to be confirmed	IT Security	-

Overview of all on-going actions from Audits & Inspections - Appendix 1

Area Identified for further scrutiny – Use of Force – Presentation to follow

5. Financial Implications and Budget Provision

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

6. Human Resources Implications

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

7. Equality Implications

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

8. Risk Management

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

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

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

10. Changes in Legislation or other Legal Considerations

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

11. Details of outcome of consultation

- 11.1 Following receipt of a final audit or inspection report a member of the Governance and Planning team consults with the appropriate Lead Officer and other stakeholders to plan appropriate actions in response to each

relevant recommendation, or to agree a suitable closing comment where no action is deemed necessary.

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

12. Appendices

- 12.1 Appendix 1 - Overview of all ongoing actions from Audits and Inspections
- 12.2 Appendix 2 – Use of Force (Presentation to follow)

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

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

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

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

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

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

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

Audit/Inspection	Source Title	Date	Number of Actions	Number Open	Number Closed	Number on Target	Number At Risk	Number Overdue
Inspection-HMIC	Prevent – Counter Terrorism	December 2018	4	0	4	0	0	0
Inspection-HMIC	The Police Response to Domestic Abuse (Update)	February 2019	7	7	0	7	0	0
Inspection-HMIC	Stalking and Harassment (Update to National Recommendations)	April 2019	2	2	0	2	0	0
Inspection-HMIC	Time to Choose – An Inspection of the Police Response to Fraud	April 2019	6	6	0	6	0	0

For Consideration	
Public/Non Public*	Public
Report to:	Audit and Scrutiny Panel
Date of Meeting:	8 May 2019
Report of:	Paddy Tipping Police and Crime Commissioner
Report Author:	Kevin Dennis
E-mail:	Kevin.dennis@nottinghamshire.pnn.Police.uk
Other Contacts:	Kevin Dennis
Agenda Item:	13

POLICE AND CRIME COMMISSIONER'S UPDATE REPORT TO JANUARY 2019

1. PURPOSE OF THE REPORT

- 1.1 This report presents the Audit and Scrutiny (Panel) with the Police and Crime Commissioner's (Commissioner) update on progress against the Police and Crime Plan (2018-21).
- 1.2 In accordance with section 13 of the Police Reform and Social Responsibility (PR&SR) Act 2011 and subject to certain restrictions, the Commissioner must provide the Panel with any information which the Panel may reasonably require in order to carry out its functions. The Commissioner may also provide the Panel with any other information which he thinks appropriate.
- 1.3 This report provides the Panel with an overview of Police and Crime Plan performance covering the period 1st April 2018 to 31st January 2019 based on the available data. A report covering the full financial year is scheduled to be presented to the Police and Crime Panel in June 2019.

2. RECOMMENDATIONS

- 2.1 The Panel to note the contents of this update report and to consider and discuss the issues highlighted.

3. REASONS FOR RECOMMENDATIONS

- 3.1 To provide the Panel with information so that they can review the steps the Commissioner is taking to ensure effective implementation of his Police and Crime Plan and provide sufficient information to enable the Panel to fulfil its statutory role.

4. Summary of Key Points

POLICING AND CRIME PLAN (2018-21)

Performance Summary

- 4.1 Performance against targets and measures across all four themes is contained in the Performance section of the Commissioner's website^a to January 2019. This report details performance from 1st April 2017 to 31st January 2019 where data is available.
- 4.2 The Commissioner's Police and Crime Plan (2018-21) incorporates 57 performance measures across four themes in addition to a further 12 sub-measures. This report provides an update on performance against a smaller number of headline measures, while also highlighting notable performance exceptions – both positive and negative – that have been observed over the most recent quarter. Exceptions include indicators that have seen a significant divergence from the level or trend expected.

5. Police and Crime Plan Performance Headlines

- 5.1 Performance in relation to 'protecting people from harm' remains relatively strong and improving, with ongoing rises in disclosure of domestic and sexual abuse, improvements in safeguarding assessments, recording and referrals and improvements in proactive street triage and early intervention activity that has helped to reduce mental health related service demand over recent months. HMICRFS's 2018 integrated PEEL Report will be published in April 2019 and will include an independent assessment of progress made in protecting vulnerable people from harm over the previous year. .
- 5.2 Baselines have been established for the cope and recover outcome framework for PCC commissioned victim services in line with new Ministry of Justice reporting requirements. Around 89% of victims leaving these services between April and September 2018 reported improvements in cope and recover outcomes. It should be noted however, that improvement in crime recording and victim disclosure alongside increased pressures on local policing services has led to a steady decline in the percentage of positive outcomes for victim based crimes, including cases of domestic and sexual abuse.
- 5.3 There are clear indications from the police recorded crime profile and Police and Crime Survey that the level and prevalence of victim-based crime has increased over the last year, reflecting trends seen nationally. While police recorded crime data can be skewed by a range of administrative factors, some rises in vehicle crime, robbery and knife crime recorded over the previous year are believed to reflect genuine increases. Partner agencies continue to demonstrate considerable success in reducing risk of reoffending among the cohort engaging with the Integrated Offender Management Scheme.

^a <https://www.nottinghamshire.pcc.police.uk/Public-Information/Performance/>

5.4 Further work has been undertaken during the last quarter to improve understanding of demand as preparations are underway to revise and refresh Nottinghamshire's Force Management Statement for 2019. This has included initial findings from a PCC commissioned 'understanding police demand' research project which has profiled available management statistics and will be consulting relevant officers and practitioners on the implications of their findings over the coming months. Public confidence in the police, as monitored by the Police and Crime Survey, remains relatively stable. £1.1m revenue overspend and £4.0m capital underspend are currently forecasted for 2018/19.

Theme	Measure	Baseline	Current	Trend	Comment
Protecting people from harm	Police Effectiveness: Protecting vulnerable people	Requires Improvement (2017)	Pending: (Apr 2019)	TBC	HMICFRS PEEL Assessment 2017 . Areas for improvement including consistency of response to victims of domestic abuse
	Adult and child safeguarding referrals	4,872 (Jan 2018)	5,369 (Jan 2019)	+10.2%	Ongoing improvements in identification, recording and referral of safeguarding concerns. Additional 500 police safeguarding referrals made over the last year.
	Violent knife crime recorded by police	806 (Jan 2018)	881 (Jan 2019)	+9.3%	Police recorded violent knife crimes increased between April and August 2018, before showing a steady reducing trend. This will be monitored closely throughout 2019.
Helping and supporting victims	Victim Services: Improvement in cope/recover outcomes	89.4% (Sep 2018)	Pending (Apr 2019)	TBC	PCC Commissioned victim services MOJ return. Notable improvement in health and wellbeing (92.9%). 82.6% reported feeling 'better able to cope'.
	Repeat victims of domestic abuse presenting to police	33.2% (Jan 18)	32.7% (Jan 19)	↓ 0.5% pts	Despite a 33% increase in domestic abuse disclosure to police over the last year, repeat victimisation rates remain relatively stable at 32.7%.
	Positive outcome rate for serious sexual offences	11.6% (Jan 18)	8.9% (Jan 19)	↓ 0.5% pts	Positive outcomes rates for serious sexual offences have declined steadily following increases in disclosure over recent years. Volume of positive outcomes remains stable.
Tackling Crime and ASB	Police Effectiveness: Preventing / tackling crime and ASB	Good (2017)	Pending: (Apr 2019)	TBC	HMICFRS PEEL Assessment 2017 recognised need to minimise neighbourhood policing abstractions and improve resource-modelling and understanding of demand
	% residents experiencing crime in last 12 months	17.3% (Jun 2018)	19.4% (Dec 2018)	↑ 2.1% pts	Police & Crime Survey: Robust data available from Jun 2018. Nottingham City saw the most notable rise during this period (+4% pts) while Mansfield & Ashfield saw a 1.1% pt reduction
	Integrated Offender Management – reduction in reoffending risk	-78.4% (Jun 2018)	-76.8% (Jan 2018)	-1.6% pts	77% reduction in reoffending among the 187 (40% of cohort) removed from the scheme since Jan 2016. IOM continues to be adapted to take account of changing risk profile
Transformation and quality policing	Police efficiency: Reducing crime and keeping people safe	Requires Improvement (2017)	Pending: (Apr 2019)	TBC	HMICFRS PEEL Assessment 2017 . Areas for improvement include risk-led planning, workforce development and leadership in meeting current and future demand.
	% residents feeling the police 'do a good job'	45.6% (Jun 2018)	46.0% (Dec 2018)	↑ 0.4% pt	Police & Crime Survey: No significant change since June 2018. Positive perceptions remain strongest in the city (53%) and lowest in BNS (39%).
	Achieving a balanced budget: Budget vs Spend	+£1.0m rev -£3.0m cap (Nov 2018)	+£1.1m rev -£4.0m cap (Jan 2019)	+£0.1m -£1.0m	Currently forecasting a revenue overspend of £1.1m largely caused by delays in MFSS move to cloud based model and officer pay mix. Forecast capital underspend of £3.98m

6. Police and Crime Plan Performance – Positive Exception Reporting

- 6.1 A number of Police and Crime Plan indicators have shown significant improvement over the last 12 months. These include

Theme	Measures	Current
Protecting from harm	Adult and child safeguarding referrals	+10.2%
Supporting victims	Domestic abuse crimes	+33.5%
Tackling crime and ASB	Drug trafficking and supply offences	+11.6%
	People killed or seriously injured on the roads	-40.7%
Quality Policing	Compliance with crime recording standards	+5% pts

- 6.2 Increases in recorded **adult and child safeguarding referrals** have continued throughout 2018/19 following peaks in November 2018 and January 2019, with the force recording around 41 additional referrals per month compared to 2017/18. Improvements in assessment, identification and recording of safeguarding risk are providing the force and partner agencies with a greater degree of confidence that appropriate safeguarding actions are being taken to reduce risk of harm.
- 6.3 The force continues to record an increasing number of **domestic abuse crimes**, having risen by 33.5% over the last year to around 13,770. While rising levels of disclosure and identification are regarded as a positive outcome, it should be noted that this increase continues to place pressure on local MARAC and victim support services. Positively, police recorded repeat victimisation for domestic abuse (32.7%) and survivor satisfaction with their experience of the police (90%) have remained relatively stable over the previous year.
- 6.4 Recorded **drug trafficking and supply offences** have seen an 11.6% increase over the previous 12 months which generally reflect levels of police proactivity in this area. While recorded offences have remained relatively stable in the longer term, Nottinghamshire Police continue to record a higher level of drug trafficking and supply offences than the national average. The PCC's Police and Crime Survey shows that around 48.6% of residents would like to see the police and other agencies do more to tackle drug use and dealing in their area – a figure which has increased marginally (from 44.7%) over the last year. Concern remains markedly higher in the Mansfield and Ashfield area (62.1%).
- 6.5 The number of adults (-37%) and children (-70%) **killed or seriously injured on Nottinghamshire's roads** has fallen significantly since the 2005-2009 baseline average, with performance on track to achieve a 40% reduction against the baseline by 2020. There were 53 fewer KSI casualties in January to September 2018 compared to the same period in 2017, with reductions evident across all user groups with the exception of pedal cyclists (+11.5%).
- 6.6 Notable improvements in compliance (up from 88% to 93%) with and timeliness of **crime recording standards** have been seen over recent months as new First Contact and Early Resolution arrangements within Contact Management are embedded. A new method for monitoring indicative compliance with the National

Crime Recording Standard (NCRS) is set to enable better identification of areas for improvement. The force is working hard to embed changes in recording practices which require an additional 'course of conduct' offence to be recorded alongside the most serious victim based crime. This administrative change in recording practices does not affect the tailored service victims receive as a result.

7. Police and Crime Plan Performance – Negative Exception Reporting

7.1 A number of Police and Crime Plan indicators have shown notable deterioration in performance over the previous 12 months. These include

Theme	Measures	Jan 2019
Tackling crime and ASB	Victim-based crime	+8.8%
	Fraud offences	+31.3%
Supporting victims	Positive outcome rate for victim-based crime	-2.3% pts
	Positive outcome rate for serious sexual offences	-2.7% pts
Quality policing	Urgent (Grade 2) response times	-4.7%

7.2 Levels of **victim-based crime** recorded by the police (+8.8%) and PCC's Police and Crime Survey (+2.1% pts) have increased over the previous 12 months, some of which is believed to reflect a genuine increase – particularly in the more urban areas (+8.2%), online offending (+46.8%) and among the offences of vehicle crime (+2%), robbery (21%) and knife crime (+9%). While this reflects national trends, it is positive to note that Nottinghamshire maintains a lower rate of burglary and violence against the person than the average for police forces nationally. Partner agencies continue to demonstrate success in reducing risk of reoffending among the cohort engaging with the Integrated Offender Management Scheme, and in the proactive identification of possession of weapon offences (+7.7%), driven in part by increases in the targeted use of stop and search activity (+24.7%).

7.3 **Fraud offences** recorded by the police and Action Fraud have increased by around 31.3% over the previous 12 months. As self-reported experience of online fraud captured via the PCC's Police and Crime Survey has also increased from 7.8% to 12.6% since March 2018, this is likely to in part reflect a genuine increase in victimisation rates. Managing this increasing demand remains a significant challenge to the police, with investigations often being complex and time consuming. Analysis has revealed that around three quarters of fraud offences recorded in Nottinghamshire are filed with no suspect being identified. Partnership-led education and awareness raising activity plays a critical role in reducing risk of victimisation and the impact of these crimes on vulnerable people.

7.4 **Positive outcome rates for victim-based crimes** have seen a steady (-2.3% pt) reduction over the previous year, falling from 14.4% to 12.1%. This correlates with improvements in compliance with crime recording standards and increases in the number of offences where the victim does not support further action. Consequently, the number of crimes filed as 'unresolved' despite a named suspect being identified is increasing.

- 7.5 **Positive outcomes rates for serious sexual offences** have reduced steadily over the previous year, from 11.6% to 8.9%. This has been affected by a 16.6% increase in reported serious sexual offences during the year, with reports reaching a peak in July 2018. Third party reports from partner agencies comprised a significant element of the increase in recorded sexual offences, with many victims not supporting further police action. It should also be noted that while the proportion of serious sexual offences resulting in a positive outcome has declined, the absolute number of positive outcomes has remained relatively stable.
- 7.6 Police **attendance for 'urgent' (grade 2) incidents** have seen a steady (-4.7% point) deterioration over the previous 12 months, falling from 55.9% attendance within the advised 1 hour attendance time to 51.2%. The mean average time taken to attend Grade 2 incidents is around 345 minutes, however this figure is skewed by a small number of significant outliers, including instances where the victim requests attendance at a later date. The median average attendance time is 51 minutes and provides a more representative indicator of the length of time for officers to arrive on scene in the majority of Grade 2 incidents. Between 74% and 78% of immediate (Grade 1) incidents are attended within the target time for urban (15 minute) and rural (20 minutes) areas.
- 7.7 It should also be noted that levels of identified 'hidden harm' have plateaued in a number of low volume but high harm crime areas over recent months, including **Child Sexual Exploitation** and **Modern Slavery**. This indicates opportunities for further proactive work to identify and safeguard potential victims and tackle high harm offending in these areas.

Holding the Chief Constable to Account

- 7.8 The Commissioner is represented at the key Thematic, Partnership and Force Local Performance board meetings in order to obtain assurance that the Force and Partners are aware of the current performance threats, and are taking appropriate action to address the emerging challenges. Should there be any issues of concern these are relayed to the Commissioner who holds the Chief Constable to account on a weekly basis.
- 7.9 In addition, the Commissioner meets quarterly with the Head of Investigations and Intelligence and Head of Operations to gain a deeper understanding of threats, harm and risk to performance.
- 7.10 Panel Members have requested the presentation of a case study for each meeting. Previous case studies have included:
1. Shoplifting
 2. The Victims Code
 3. Improving BME Policing Experiences
 4. Hate Crime
 5. Knife Crime
 6. Stop and Search
 7. Rural Crime
 8. The new victim services CARE
 9. Evaluation of Community Remedy

10. ECINS database
11. Data Integrity and Compliance with NCRS
12. Prosecution File Quality Improvements
13. Knife Crime
14. Police and Crime Survey
15. OPCC's Sexual Violence Engagement Manager

7.11 For this meeting, a further case study has been prepared in respect of (16) progress report of the PCC commissioned Nottinghamshire Victim CARE Service (see **Appendix A**).

Estates Update

7.12 This section provides a list of Nottinghamshire police stations sold since 2016 alongside details of their proposed future use and capital receipts from completed sales.

Police Station Sites Sold Since 1 April 2016

POLICE STATION SITE	COMPLETION OF SALE	PROPOSED FUTURE USE
Central , Nottingham	9 June, 2016	Mixed re- development – principally residential
Meadows	31 July, 2016	Residential
Sneinton	19 October, 2016	Library and Police Station
Canning Circus, Nottingham	22 December, 2016	Offices
Retford	28 April, 2017	Hotel
Arnold	31 August, 2017	Petrol Station
Carlton	12 June, 2018	Residential and offices
Eastwood	25 September, 2018	Funeral directors
Cotgrave	6 December, 2018	Public open space - town centre redevelopment
Mansfield Woodhouse	16 January, 2019	Offices

Total capital receipt from above completed sales = £5,128,400

Contracts Exchanged subject to planning

POLICE STATION SITE	STATUS	PROPOSED FUTURE USE
Bingham	Application submitted	Care home
Sutton in Ashfield	Permission received	Residential
Hilltop House site, Eastwood	Application submitted	Residential

Total capital receipt to be received on completion of above = £2,104,000

Activities of the Commissioner

7.13 The Commissioner continues to take steps to obtain assurances that the Chief Constable has not only identified the key threats to performance but more importantly that swift remedial and appropriate action is being taken to tackle the problems especially in the Priority Plus Areas in the County and High Impact Wards in the City. Key activities are reported on the Commissioner's web site.^b

DECISIONS

7.14 The Commissioner has the sole legal authority to make a decision as the result of a discussion or based on information provided to him by the public, partner organisations, Members of staff from the Nottinghamshire Office of the Police and Crime Commissioner (NOPCC) or Chief Constable. The Commissioner's web site provides details of all significant public interest decisions.^c

7.15 A list of all forthcoming decisions (Forward Plan) rather than those already made. This Forward Plan of Key Decisions for the OPCC and the Force has been updated and is contained in **Appendix B**.

7.16 The Police and Crime Delivery framework (**Appendix D**) has been revised and updated for 2019/20 informed by findings from the 2018 Police and Crime Needs Assessment and consultation with key partners and stakeholders. Panel members are invited to note the following newly added objectives to the delivery plan:-

- Commission an independent review of modern slavery support pathways and explore opportunities for a more co-ordinated regional approach
- Provide funding to embed the Knife Crime Strategy and delivery plan as a multi-agency approach to identifying and managing risk across the area
- Work with independent external partners to further improve the understanding and management of policing demand
- Embed Schools and Early Intervention Officers to improve engagement and early intervention among young people at risk of harm, crime or exclusion
- Strengthen the response to stalking and harassment via multi-agency stalking clinics and targeted support for victims of non-domestic stalking
- Invest in further provision to safeguard victims of Honour Based Abuse, including application of forced marriage protection orders
- Consider a pilot of the alcohol monitoring system ('alcohol' monitoring tags) to combat domestic violence
- Co-commission new substance misuse services and develop a substance misuse pathway for people attending voluntary attendance appointments
- Implement and embed a new offender out of court disposals framework to improve rehabilitative outcomes and engagement with treatment services

^b <http://www.nottinghamshire.pcc.police.uk/News-and-Events/Latest-News.aspx>

^c <http://www.nottinghamshire.pcc.police.uk/Public-Information/Decisions/Decisions.aspx>

- Work with CCGs and other partners to enhance support for adults who were sexually abused in childhood and respond to recommendations of IICSA
- Embed the National Enabling Programmes and Digital Policing Strategy 2025 to modernise the management and delivery of IT services
- Embed College of Policing neighbourhood policing guidelines and new policing model across the area to ensure continued quality of service

8. Financial Implications and Budget Provision

- 8.1 The Commissioner holds the Chief Constable to account formally at his Strategic Resources and Performance meetings (SSRP). At this meeting the Chief Constable submits a number of financial reports for scrutiny.
- 8.2 At the 7th March 2019 SSRP meeting the Force submitted its Finance Revenue Budget Outturn for 2018-19 as at 31st December 2018 to the Commissioner.
- 8.3 The full year net revenue budget for 2018-19 is £193,100k. This is split the Force Budget £188,209k and the Office of the Police and Crime Commissioner (OPCC) £4,891k.
- 8.4 During December, the Finance department in conjunction with the organisation has continued to review the year end position. At the end of December the projected year end outturn is £194.152k which is an increase of £36k from November.

Entity	Budget £'000	Forecast Outturn £'000	Variance to Budget £'000
Force	188,209	189,260	1,052
OPCC	4,891	4,891	-
	193,100	194,152	1,052

- 8.5 The table above identifies an estimated overspend of £1,052k which is predominately being driven by collaboration contributions, Police officer and staff pay costs, overtime' other employee costs and other supplies & services. These have been partly offset by payroll savings from PCSO pay costs, comms and computing, forensics & investigative costs, capital financing and additional income.
- 8.6 **Appendix C** The Out-turn Report is elsewhere on the agenda and this will detail the revenue out-turn position.

9. Human Resources Implications

- 9.1 None - this is an information report.

10. Equality Implications

10.1 None

11. Risk Management

11.1 Risks to performance are identified in the main body of the report together with information on how risks are being mitigated.

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

12.1 This report provides Members with an update on performance in respect of the Police and Crime Plan.

13. Changes in Legislation or other Legal Considerations

13.1 The Commissioner publishes a horizon scanning document^d every two weeks and can be downloaded from his website. The horizon scanning undertaken involves reviewing information from a range of sources, including emerging legislation, government publications, audits and inspections, consultation opportunities and key statistics and research findings, in order to inform strategic planning and decision making locally.

14. Details of outcome of consultation

14.1 The Chief Constable has been sent a copy of this report.

15. Appendices

- A. Case Study – the Nottinghamshire Victim Care Service
- B. Forward Plan of Key Decisions for the OPCC and the Force
- C. Withdrawn
- D. Police and Crime Delivery Plan 2019/20

16. Background Papers (relevant for Police and Crime Panel Only)

- [Police and Crime Plan 2016-2018 \(published\)](http://www.nottinghamshire.pcc.police.uk/Public-Information/Horizon-Scanning/Horizon-Scanning.aspx)

For any enquiries about this report please contact:

^d <http://www.nottinghamshire.pcc.police.uk/Public-Information/Horizon-Scanning/Horizon-Scanning.aspx>

Kevin Dennis, Chief Executive of the Nottinghamshire Office of the Police and Crime Commissioner

Kevin.dennis@nottinghamshire.pnn.police.uk

Tel: 0115 8445998

Dan Howitt, Head of Strategy and Assurance of the Nottinghamshire Office of the Police and Crime Commissioner

daniel.howitt13452@nottinghamshire.pnn.police.uk

Tel: 0115 8445998

APPENDIX A

Case Study – Progress Report of the Nottinghamshire Victim CARE Service

Katherine Cant – Nottinghamshire Victim CARE

Summary

Victim CARE opened as a new service for victims of crime in Nottinghamshire in January 2017, commissioned by the OPCC and delivered by Catch22. The service was commissioned to provide support for victims of all ages for all crime apart from Domestic and Sexual Violence. The team also included provision for victim initiated Restorative Justice Interventions. From January 2017 to December 2018 the service received 16,707 referrals – the majority of which come from Nottinghamshire Police, referring a victim soon after the crime is reported.

The number of self-referrals to the service has steadily increased over the previous two years to around 449 as outreach across the county has improved. It is anticipated that self-referral rates will increase further in 2019 as a new website is launched, enabling the victim care services to be further publicised.

Support

Out of all referrals, support has been provided to 7,803 victims, with longer-term intensive support being undertaken with 2,566. Between January 2017 and December 2018, the service has undertaken:-

- 1,614 Instances of advocacy
- 5,148 Phone support calls
- 7,613 Emotional support sessions
- 175 Community visits
- 925 Target Hardening items
- 747 Home visits
- 1,222 instances of Information and Advice
- Supported 51 Criminal Injuries Compensation Authority (CICA) applications

Restorative Justice

The service has also received 497 referrals to their Restorative Justice (RJ) team during this period, of which 10 interventions have been delivered comprising 5 face to face conferences and 5 letters written. A further 31 cases were closed following a 'restorative conversation' – where the victim was interested in RJ but the intervention was not possible. A further 127 cases had to be closed due to the victim withdrawing from the process either directly, or through non-engagement, while a further 77 cases were closed due to a lack of information on the Offender.

In order to address lower than expected uptake for RJ interventions, the service has:-

- Worked more closely the Witness Care Unit (WCU) and as of October 2018, embedded a member of staff within the unit for 2 days a week to process more appropriate referrals

- Implemented a similar process with the local Youth Justice Service (YJS) in the city
- Developed an RJ engagement plan to link RJ with Community Points and community outreach
- Attended training sessions with the Police Prison Handling team in the city to increase direct Police RJ referrals
- Developed an app for all Police mobile devices with information on the Victim CARE service and how to refer.

As of January 2019, a further 7 RJ cases are being prepared for an intervention indicating that improvements in RJ outcomes are likely to be evidenced in 2019.

Outcomes

Since introducing a Victim Self-Assessment, to measure the new Ministry of Justice (MoJ) outcomes for victims, in April 2018, the service has reported in each successive quarter improvements in victim outcomes among over 95% of victims leaving the service. This includes improvements across health and wellbeing; ability to cope; increased feelings of safety, and better informed and empowered.

Similarly, from April 2017 to December 2018 out of all closed cases surveyed, 98% were completely satisfied with the service received; 97% would use the service again, and 98% would recommend the service to a friend.

Community Points

A significant element of the new service model involves work to develop the Community Point programme. This was intended to extend support for victims who might be 'hidden' from existing outreach, or find it difficult to access support through traditional routes, for example the Police or other statutory organisations. The Community Points are local organisations that have signed up to work with Victim CARE to support victims that they may come across in their own communities through the work they already do day to day. To date, Victim CARE has engaged with over 100 community organisations to expand their reach and develop the programme.

Establishing this project has been challenging, and taken longer than anticipated, however as of January 2019, the service has 29 Community Points established across Nottinghamshire (including 60 county libraries), with at least one point in every borough or district, city and county. The full list of current community points is shown below.

Victim CARE held their inaugural Community Point event in December 2018, attended by the Police and Crime Commissioner, which brought together many of our Community Points to discuss how the programme can be developed and to hear about funding opportunities the service is opening up for the Community Points.

The service continues to receive regular referrals from the Community Points, most notably RedThread – a youth violence intervention programme which has provided positive feedback on the partnership –

'You have been outstanding with your support to young people who have achieved some fantastic outcomes since working with our services. Furthermore you have helped us settle in as a new service and provided us with advice and support when needed. It has really been so refreshing as a new service not to face any hostility but to be greeted with thanks and support and it makes our team 100% confident in referring into your service knowing young people are not going to be let down.'

RedThread Project Manager

Victim Care Community Points as at January 2019

NOTTINGHAM	COUNTY WIDE	MANSFIELD	BROXTOWE
Emmanuel House Bulwell Healthy Living Centre Community Protection Nottingham City Homes Improving Lives University of Nottingham Notts Deaf Society The Vine Community Centre Nottingham Women's Centre	Inspire Libraries Nottingham Mencap RedThread	Portland College Mansfield Woodhouse Community Dev Group West Notts College	Middle Street Resource Centre Broxtowe Citizens Advice Bureau
	BASSETLAW	NEWARK & SHERWOOD	RUSHCLIFFE
	Centre Place Bassetlaw MIND Working Win	Newark & Sherwood Homes Newark and Sherwood Citizen's Advice Bureau Newark and Sherwood District Council	Rushcliffe Council Community Safety Rushcliffe Council Contact Points Bridges Community Trust
	GEDLING	ASHFIELD	
	The Ark	Our Centre Ashfield Citizens Advice B	

Decisions of Significant Public Interest: Forward Plan

February 2019

1.0 Business cases						
Ref	Date	Subject	Summary of Decision	Cost (£) <i>Where available</i>	Contact Officer	Report of OPCC / Force
None to report with the exception of those noted under 2.0 Contracts and 3.0 Estates, ICT and Asset Strategic Planning						

2.0 Contracts (above £250k)						
Ref	Date	Subject	Summary of Decision	Cost (£) <i>Where available</i>	Contact Officer	Report of OPCC / Force
2.1	March 2019	Hucknall EMAS Works	Building Contractors	£515,000	Ronnie Adams EMSCU	Force
2.2	TBC	Water Services	Contract for Water Services	>£250k	Ronnie Adams EMSCU	Force
2.3	March 2019	Appropriate Adult Service	Award of contractor following procurement	>£250k	Ronnie Adams EMSCU	Force
2.4	March 2019	Sexual violence counselling support	Procurement of sexual violence counselling and other therapeutic support for victims and survivors	£400k	Ronnie Adams EMSCU	OPCC
2.5	March 2019	Gates, Barriers and Doors replacement and maintenance	Procurement of contractor and award of contract	>£250k	Ronnie Adams EMSCU	Force
2.6	March 2019	Telephony Licensing	Award of contract	Potentially over £250k	Ronnie Adams EMSCU	Force
2.7	March 2019	Persistent Network Connection	Procurement and award of contract	>£250k	Ronnie Adams EMSCU	Force
2.8	February 2019	Travel - Rail	Award of contractor	>£250k	Ronnie Adams EMSCU	Force



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2.9	March 2019	Building Condition Contractor Phase 1+2	Procurement and award of contract	>£250k	Ronnie Adams EMSCU	Force
2.10	March 2019	Driver Awareness	Award of contractor	>£250	Ronnie Adams EMSCU	Force
2.11	TBC	Building Condition Contracting Phase 3+4	Procurement and award of contract	>£250	Ronnie Adams EMSCU	Force
2.12	March 2019	Airwave Extension	Extension of contract	>£250	Ronnie Adams EMSCU	Force

3.0 Estates, ICT and Asset Strategic Planning						
Ref	Date	Subject	Summary of Decision	Cost (£) <i>Where available</i>	Contact Officer	Report of OPCC / Force
3.1	TBC	Ollerton Police Station	Proposal to dispose of surplus former Police Houses on the Ollerton Police Station site.	The proposal will result in a capital receipt.	Tim Wendels, Estates and Facilities	Force
3.2	TBC	Replacement SARC	Proposal to replace the existing adult SARC with new, more suitable premises	Interim Business Case in course of preparation	T/DCI Clare Dean and Tim Wendels, Estates and Facilities	Force/OPCC
3.3	March 2019	Replacement accommodation for City IOM team	Proposal for the City IOM team to move to more suitable, smaller, lower cost premises.	Business Case in course of preparation.	DCI Liz Rogers and Tim Wendels, Estates and Facilities	Force/OPCC



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4.0 Workforce Plan and Recruitment Strategies

Ref	Date	Subject	Summary of Decision	Cost (£) <i>Where available</i>	Contact Officer	Report of OPCC / Force
None to report.						

5.0 Strategic Issues including Finance

Ref	Date	Subject	Summary of Decision	Cost (£) <i>Where available</i>	Contact Officer	Report of OPCC / Force
None to report.						

6.0 Other OPCC Commissioning

Ref	Date	Subject	Summary of Decision	Cost (£) <i>Where available</i>	Contact Officer	Report of OPCC / Force
6.1	January 2019	Support for victims of non domestic stalking	What and how to pilot support	£90k	Nicola Wade	OPCC
6.2	January 2019	Investment into Community Safety partnerships	Funding for community safety partnerships	£1.4m	Kevin Dennis OPCC	OPCC
6.3	March 2019	Community Safety Fund	Award of grants to Community Safety Fund small grant scheme	£250k	Nicola Wade OPCC	OPCC
6.4	November 2018	County criminal justice substance misuse support	Re co-commissioning of substance misuse support services in the county (County Council is the lead commissioner)	£1.4m	Nicola Wade	OPCC
6.5	January 2019	City criminal justice substance misuse support	Re co-commissioning of substance misuse support services in the city (City Council is the lead commissioner)	£900k	Nicola Wade	OPCC
6.6	March – September 2019	County domestic abuse support	Re co-commissioning of domestic abuse support services in the county (County Council is the lead commissioner)	£1.4m	Nicola Wade	OPCC



POLICE & CRIME COMMISSIONER

APPENDIX A



POLICE AND CRIME DELIVERY PLAN (2018-21)

Working with you for a safer Nottingham and Nottinghamshire

COMMISSIONER'S STRATEGIC THEME 2 UPDATE - QRT 3 UPDATE (Feb 2019)

Final

STATUS KEY and Results: The overall rating is therefore very good

Green	Achieved or Adequate Progress being Made
Number & %	14/14 (100%)

Amber	Started but Inadequate Progress or Risk that it won't be achieved
Number & %	0/14 (0%)

Red	Unachieved or strong likely that it won't be achieved
Number & %	0/14 (0%)

White (NS)	Not Started but Planned to take place during later Qrt
	0/14 (0%)

THEME 2: HELPING AND SUPPORTING VICTIMS

No	Organisation	SPECIFIC DELIVERABLES OF COMMISSIONER, CHIEF CONSTABLE AND PARTNERS	RAG Status
1	NOPCC	Develop a dedicated website for victims on where to go to access support	G
Update 14.02.2019: In September 2018 a Request for Proposals was issued to six specific organisations with previous known experience of designing, developing and hosting similar websites. Unfortunately this resulted in no bids and feedback from this was that cost was the main barrier. As a result, in October 2018 a Request for Information was sent out to the market, via EMSCU (East Midlands Strategic Commercial Unit), asking for advice around more realistic costings for this piece of work. 13 responses were received and the PCC utilised these responses to revise the website specification and costings. In December 2018 the PCC published the revised tender for the design, development, hosting and support of the Nottinghamshire Victim CARE website. Following a robust procurement process the PCC has awarded the contract to PDMS. The contract began in January 2019 and it is envisaged that the new website will go live by the end of April 2019.			

2	FORCE	Continue to support both City and County MASH to identify top repeat victims for partnership interventions	G
<p>Update 19.2.19: There are well established governance structures and processes in place. There are two MASH (Multi-Agency Safeguarding Hub) with Nottinghamshire. The County MASH is based at Annesley and the City MASH at Loxley House. Both have multi-agency working and information sharing well embedded.</p> <p>There is a very mature arrangement between the Police and Partners across the City and County of Nottinghamshire that is delivering increased awareness and understanding of CSE (Child Sexual Exploitation) which has culminated in a multi- agency Nottinghamshire CSE profile.</p> <p>A few examples of the type of work that is happening is:</p> <ul style="list-style-type: none"> • CSE strategy meetings: these involve social care, the Police the CSE Coordinator, Health, Education and any other involved professional. Parents and young people are encouraged to attend these meetings, or at least part of them. • The Multi-Agency Sexual Exploitation Panel (MASE) is a multi-agency forum chaired by the Director of Children's Integrated Services. The MASE provides a quality assurance function for work undertaken in relation individual young people and correlates information to identify risks associated with possible perpetrators and locations of concern • Concerns Network Meeting: The concerns network meeting is chaired by police and the NSPCC (National Society for the Prevention of Cruelty to Children). It is a bi-monthly multi agency meeting where pieces of 'soft' intelligence are shared to gain a bigger picture of CSE across Nottingham City ultimately to disrupt CSE activity. <p>At a strategic level both the City and County have a CSE Coordinator Post. This post is essential in the operation of the MASE. The CSE Coordinator also manages the small team based in the City Council that lead on return interviews for young people reported as missing. Analysis of Return Interview's has allowed the Force to identify vulnerable young people who otherwise would not have been visible within the system and make connections between young people, locations and possible perpetrators. The Coordinator also leads multi-agency work in relation to children who sexually harm as we know this provides another lens through which it is possible to identify possible sexual exploitation.</p> <p>Nottingham City Safeguarding Children Board has a specific sub-group that focuses on sexual exploitation. The Child Sexual Exploitation Cross Authority Group is a joint group with Nottinghamshire Safeguarding Children Board. The group leads on the development of multi-agency policy and practice.</p>			
3	NOPCC	Continue to improve the partnership response to support victims, preventing hate crime and raising public awareness	G
<p>Update - 19.04.2018: The Force will continue to have a Hate Crime Lead who will work with Partners to deliver a response to hate crime in the City and County. Nottingham City Council continues to resource a Hate Crime Project Officer and during 2017/18 the Council has re-recruited to this post indicating an on-going commitment to invest in their hate crime resource.</p> <p>The Force is currently awaiting outcomes of the findings from the Nottingham Citizen's Hate Crime Commission research, which is expected in May 2018 and will respond in due course.</p>			
4	NOPCC	Continue to invest in outcomes focussed domestic abuse services for victims and survivors	G
<p>Update 24.2.19: The PCC has maintained his investment into outcomes focussed domestic abuse support services. This includes maintaining funding for the two new MARAC IDVA posts which he agreed in 2017-8.</p> <p>The PCC has also agreed to co-commission a new domestic abuse support contract in the city (awarded to WAIS following an open tender process in 2018) and is working with the County Council to do the same.</p>			

The PCC's co-commissioned domestic abuse support services continue to deliver outcomes focussed support for victims and survivors. In December 2017, to improve the response to high risk victims and survivors in the city, the PCC agreed new additional funding for MARAC (Multi-Agency Risk Assessment Conference) Independent Domestic Violence Advisors (IDVAs).

5	NOPCC	Invest in and co-commission a new ISVA and CHISVA support service for victims and survivors of sexual abuse	G
<p>Update 24.2.19: The PCC commissioned new Independent Sexual Violence Adviser ISVA and CHISVA (Children & Young People's Independent Sexual Violence Advisor) services in early 2018 and the services began in July 2018. The services are delivered by Notts SVS Services and Imara. Between July and December 2018 the services helped almost 600 victims and survivors to cope and recover.</p> <p>The PCC published a tender for (ISVA) and CHISVA children's ISVA in December 2017. Following a robust procurement process, where victims and survivors were actively involved in assessing bids, the PCC has awarded contracts to NSVSS (Nottinghamshire Sexual Violence Support Services) (ISVA) and Imara (CHISVA). The services are mobilising and will begin on 1 July 2018.</p>			

6	NOPCC	Work with health partners to drive forward improvements to therapeutic support for sexual violence victims and survivors	G
<p>Update 24.2.19: The PCC has continued to drive forward work with the clinical commissioning groups (CCG) to improve the therapeutic support available. This has resulted in a new specialist Sexual Violence pathway through mainstream mental health services in mid Notts, and a pilot in Greater Notts. It has also safeguarded the specialist SV service in the city for 2019-0.</p> <p>The PCC's office is continuing to work closely with CCGs to embed further improvements. A task and finish group has been set up which will take the work forward. The PCC's office is working with survivors to ensure that the end result is fit for purpose.</p> <p>Following discussions between the PCC and clinical commissioning group (CCG) Chief Officers, the OPCC has been supporting a sexual violence commissioners' task and finish group, which is chaired by mid Notts CCG. The group has agreed to develop a specialist therapeutic support pathway for victims and survivors in the county.</p>			

7	NOPCC	Work with partners to invest in new facilities for the adult Sexual Assault Referral Centre (SARC)	G
<p>Update 26.2.19: New SARC Steering Group continues to meet on a regular basis. A list of new build sites and refurbishment options are under active consideration. Public Health England has commissioned a clinical review of the existing facility. The results of this review are expected at the end of March 2019. Survivors/victims of sexual abuse are actively involved in shaping options and design ideas. A feasibility study will be commissioned in April 2019 to investigate the main options.</p> <p>The current SARC building (Topaz Centre) is not fit for purpose. Work has begun and negotiations are in hand for a new facility to be located adjacent to the paediatric SARC at the Queen's Medical Centre (QMC) Nottingham. A joint estates board has been set up this project forward and it is expected that an outline business case be signed off over the next two months. Work is underway to involve victims and survivors in the design, look and feel for the new facility. It is the ambition for the new SARC facility to be open by 1st April 2019.</p>			

8	NOPCC	Further embed the new Victim CARE model and expand the number of local community points to improve access to services	G
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Update 24.2.19: The Victim CARE service now has 20 registered community points, with another 14 applications in the pipeline. Victim CARE facilitated an event with the community points in late 2018 and is currently in the process of awarding small grants to them. So far there have been a small number of referrals. However, the referrals are from individuals such as knife crime victims who might otherwise not have taken up support. Referrals are expected to grow much more significantly in 2019.

Victim CARE has significantly expanded the number of community points in 2018. At the end of March 2018 there were 14 community points in place, another 41 completing the application forms and over 100 organisations interested. Victim CARE now has work planned to bring together the community points and further develop the working relationships.

9	NOPCC	Significantly expand the take up of victim led restorative justice	G
<p>Update 24.2.19: Increasing the take up of restorative justice continues to be a challenge. As of January 2019 Victim Care currently only have 7 cases being actively reported for a restorative justice intervention. Work is underway with the Victim Care Unit and National Probation Service/CRC to improve the information exchange with regards to both victims and offenders. In addition the OPCC and Victim Care are planning to launch a restorative justice video of 'Shad's story'. This is film about a victim's journey to meet an offender in prison and a restorative justice intervention. The intention is to use this film to improve the awareness and take up of Restorative Justice across Nottinghamshire.</p> <p>The take up of victim led restorative justice remains a challenge. Discussion is taking place between Victim Care and Witness Care Unit to agree seconding a victim care worker into the unit in order to assess the Court outcomes and victim details. Contact will then be made with victims to obtain written consent to be referred for a restorative justice intervention. This arrangement is expected to substantially expand restorative justice across Nottingham and Nottinghamshire once operational.</p>			
10	NOPCC	Seek assurance that the police and criminal justice system are compliant with the 'Code of practice for victims of crime'	G
<p>Update 26.2.19: Work has been undertaken with Chief Inspector James Woolley to establish a report monitoring Nottinghamshire Police's compliance with the Victims' Code. This involves extracting data from Niche as well as dip sampling on an annual basis. The report is on the agenda for the next Audit and Scrutiny meeting in March. In addition, an initial meeting has taken place with other OPCC, APCC and Home Office colleagues towards a common framework and template for monitoring Victim Code compliance. It is likely this will be phased in over the next year.</p>			
11	NOPCC	Explore and seek support for introducing a Court observer panel for specific crime types	G
<p>Update 26.2.19: Court Observer Panels are being explored for rape cases, with a visit on the 1st April 2019 from representatives from Northumbria who published 'Seeing is Believing', their findings from observing 30 rape trials in 2015-16.</p>			
12	NOPCC	Improve the criminal justice system's response to female offenders	G
<p>The NOPCC (Nottinghamshire Office of the Police and Crime Commissioner) convened a Women Offenders Working Group in April 2018 with involvement of the Nottingham Women's Centre, Opportunity Nottingham, DLNR (Derbyshire, Leicestershire, Nottinghamshire and Rutland) Community Rehabilitation Company and Changing Lives. The group considered early findings from a partnership profile of the prevalence, needs and services available to women and girls in the Criminal Justice System in Nottinghamshire which is being used to inform the development of a local</p>			

partnership action plan. Further work is underway to finalise membership, terms of reference and scope of the working group in response to the range of issues identified. Changing Lives are also commencing work to rolling out Women-Specific Cautions in Nottinghamshire following a successful bid to the PCC's Community Safety Fund. This will aim to ensure early identification and response to the bespoke needs of female offenders and effective diversion from the criminal justice system where appropriate.

13	NOPCC	Improve the performance management and quality assurance of victim services	G
<p>Update 24.2.19: During 2018 the new MoJ (Ministry of Justice) outcomes framework has been embedded into all victims' support services. This has resulted in much more consistent information from each service.</p> <p>A quality assurance template has been developed and quality visits conducted to a number of services (Victim CARE, DSV helpline, county substance misuse support service). Further visits are planned for 2019.</p> <p>The Ministry of Justice (MoJ) finalised its victim's services outcomes framework in early 2018. Whilst performance management is in place for all commissioned services, work is now planned with providers to embed the new reporting required.</p> <p>Quality assurance: the OPCC has visited one domestic abuse support service and also conducted a quality visit to the co-commissioned DSV (Domestic and Sexual Violence Abuse) helpline. A quality assurance visit to Nottinghamshire Victim CARE is planned in June 2018.</p>			

14	FORCE	Mainstream fund the historic and sexual abuse enquiry team	G
<p>Update 19.2.19: Operation Equinox was established as part of the new Force Operating Model in April 2018 to continue to ensure sufficient resource is allocated to the investigation and detection of historical sex offences. A review of the resources took place in December 2018, the current <u>investigative</u> resources will be maintained with an increased terms of reference to capture all non-recent abuse allegations where:</p> <ul style="list-style-type: none"> • Offender is in a Position of Trust (does not include familial abuse) • Offences reported by a complainant aged 18 years and above • Allegations are reported over a year since the occurrence • Offences fall within the Sexual Offences Act or are historic physical abuse • Additional allegations made by the above victim/survivors outside the terms of reference but where it is beneficial to maintain victim continuity <p>Equinox has achieved improved survivor engagement, increased public/ survivor confidence alongside enhanced partnership working. This has directly contributed to positive criminal justice outcomes.</p>			

NOTTINGHAMSHIRE POLICE AND CRIME DELIVERY PLAN 2019/20 – V1.4

1. Protecting People from Harm	2. Helping and Supporting Victims	3. Tackling Crime and ASB	4. Transforming Services
Protecting young people from harm, with a focus on tackling serious violence and exploitation	Improving access to, outcomes from and quality of local victim support services	Developing the strategic response to serious, organised and high impact crime	Securing sustainable and efficient policing services and value for money
<p>1. Fund targeted engagement and awareness raising initiatives with young people to reduce risk of harm and divert children and young people from crime and ASB</p> <p>2. Invest in initiatives to keep young people safe on-line, with a focus on preventing exploitation, bullying and technologically-assisted harmful sexual behaviour</p> <p>3. Provide funding to embed the Knife Crime Strategy and delivery plan as a multi-agency approach to identifying and managing risk across City and County</p> <p>4. Embed 'Schools and Early Intervention Officers' to improve youth engagement and early intervention activity, particularly in minimising risk of school exclusion</p> <p>5. Work with partners to develop a comprehensive understanding of youth-related risk and vulnerability across the area and map available service provision</p>	<p>1. Further embed the new Victim CARE model and expand the number of local community points to improve access to services</p> <p>2. Develop a dedicated website for victims to improve awareness of and access to available support</p> <p>3. Significantly expand the offer and take up of victim-led restorative justice</p> <p>4. Continue to work with local agencies to improve reporting of hate crime and access to support services among victims of hate crime</p> <p>5. Strengthen the response to stalking and harassment via multi-agency stalking clinics and targeted support for victims of non-domestic stalking</p>	<p>1. Continue to support targeted programmes of partnership activity to tackle serious and organised crime and maximise the use of the disruption tools and powers available</p> <p>2. Improve the partnership response to safeguarding vulnerable people against fraud and tackling high harm criminality in this area</p> <p>3. Support ongoing development of the Nottinghamshire Cybercrime Strategy and continue to develop the specialist skills and capabilities required to counter this threat</p> <p>4. Identify high severity 'harm spot' locations in Neighbourhood Policing Areas and produce detailed intelligence profiles to support problem solving</p> <p>5. Maximise the efficient and effective use of force resources in tackling and investigating online paedophilia</p>	<p>1. Ensure the force achieves a balanced budget and reduces non-pay costs to grow officer numbers and increase service capacity</p> <p>2. Continue to put forward a strong national case for Nottinghamshire to receive a fair share of policing resources</p> <p>3. Work with independent external partners to further improve understanding and management of policing demand</p> <p>4. Continue to develop understanding and response to higher than average 999 and 101 call rates and address inappropriate or misplaced calls for service</p> <p>5. Continue to invest in and promote the welfare of officers, staff and volunteers</p>
Improving the identification of and response to vulnerability and hidden harm	Improving support and service outcomes for survivors of domestic and sexual abuse	Improving offender management outcomes and work to address the drivers of offending behaviour	Strengthening integrated partnership working and collaboration
<p>6. Continue to support both City and County MASH to identify top repeat victims for partnership interventions</p> <p>7. Improve public understanding, awareness and reporting of exploitation and modern slavery in order to increase referrals</p> <p>8. Commission an independent review of modern slavery support pathways and explore opportunities for a more co-ordinated regional approach</p> <p>9. Expand the use of E-Cins case management system to protect people from harm and improve information sharing</p> <p>10. Work to safeguard vulnerable people from radicalisation and improve sharing of information to protect the public from terrorism and extremism</p>	<p>6. Continue to invest in outcome-focussed domestic abuse services for victims and survivors</p> <p>7. Invest in further provision to safeguard victims of Honour Based Abuse and maximise use of forced marriage protection orders where appropriate</p> <p>8. Work with partners to invest in new facilities for the adult Sexual Assault Referral Centre (SARC)</p> <p>9. Work with CCG partners to develop a specialist therapeutic pathway for non-recent sexual abuse victims and survivors</p> <p>10. Work with CCGs and other partners to enhance support for adults who were sexually abused in childhood and respond to recommendations of IICSA</p>	<p>6. Continue to promote the Integrated Offender Management of high risk offenders and assess the effectiveness of the approach in managing high risk domestic abuse suspects</p> <p>7. Consider a pilot of the alcohol monitoring system ('alcohol' monitoring tags) to combat domestic violence</p> <p>8. Co-commission new substance misuse services and develop a substance misuse pathway for people attending voluntary attendance appointments</p> <p>9. Implement and embed a new out of court disposals framework to drive improvements in rehabilitative outcomes and engagement with treatment services</p> <p>10. Improve the response to female offenders within the criminal justice system, particularly in increasing use of out of court disposals and strengthening community support services</p>	<p>6. Work with partners to identify further collaboration opportunities for pooled budgets, efficiencies and improved services</p> <p>7. Develop a programme of collaboration with the Fire and Rescue Service, including sharing estates, vehicles and training</p> <p>8. Increase co-location of public services and where beneficial the sharing of information, buildings and people</p> <p>9. Consider any Government opportunities for further devolution of criminal justice services, victims, witnesses and offenders</p> <p>10. Embed the National Enabling Programmes and Digital Policing Strategy 2025 to modernise the management and delivery of IT services</p>
Working with partners to improve crisis care and the service response to multiple complex need	Improving victim and witness experience of the criminal justice system	Improving service responses to the crime and ASB issues of greatest community concern	Improving community engagement and public trust and confidence in policing
<p>11. Continue to provide leadership and commitment to delivering against the ambitions of the mental health crisis care concordat</p> <p>12. Maximise provision in the Street Triage Team to deal with mental health incidents, reducing inappropriate detention in hospital or custody and repeat calls</p> <p>13. Continue to work in partnership to provide an effective response to missing children and persons from hospital, home and care settings</p> <p>14. Support community led early help services and problem solving approaches for people complex needs who are perpetrators of crime and ASB</p> <p>15. Work with partners to ensure agencies are meeting safeguarding responsibilities under the Care Act 2014 and new duties under the Homelessness Reduction Act 2017</p>	<p>11. Seek assurance that the police and criminal justice system are compliant with the 'Code of practice for victims of crime'</p> <p>12. Further improve monitoring and understanding of the victim journey, including experience of and satisfaction with the police and criminal justice system</p> <p>13. Work with police to improve understanding of the impact of serious crime on witnesses, friends and families – including access to the support services available</p> <p>14. Explore opportunities to strengthen scrutiny of specific crime types, including the potential for the introduction of Court observer panels</p> <p>15. Strengthen links with regional Criminal Justice Board in order to improve sharing of best practice and alignment of regional outcomes and local activity</p>	<p>11. Invest in local problem-solving approaches to tackle community specific priorities such as rural crime, motorcycle noise and alcohol-related ASB</p> <p>12. Continue to improve 101 responses to low level drug dealing, ASB and noise related ASB through joint Partnership working in urban and rural areas</p> <p>13. Provide support to Nottinghamshire Road Safety Partnership in reducing road traffic casualties and addressing issues of community concern</p> <p>14. Continue to drive reductions in serious acquisitive crime and maintain a dedicated resource in burglary reduction teams in the City and County</p> <p>15. Embed College of Policing neighbourhood policing guidelines and new policing model across the area to ensure continued quality of service for communities</p>	<p>11. Undertake research and co-engagement activity to build a better understanding of communities</p> <p>12. Invest in community-led initiatives to facilitate positive relationships between BME and/or new and emerging communities and the police</p> <p>13. Develop a police workforce that is more representative of the communities it serves and implement HR Strategy to fulfil requirements of the Equality Act 2010</p> <p>14. Support innovative customer-led approaches to better informing and engaging with local communities and support the transition to Single Online Home</p> <p>15. Introduce a new model and accountability arrangements for dealing with complaints against the police</p>

For Information	
Public	
Report to:	Joint Audit and Scrutiny Panel
Date of Meeting:	29th May 2019
Report of:	Deputy Chief Constable
Report Author:	Detective Superintendent Leona Scurr Professional Standards Department (PSD)
E-mail:	Leona.scurr@nottinghamshire.pnn.police.uk
Other Contacts:	
Agenda Item:	14

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

Complaint and Misconduct Investigations

1. Purpose of the Report

- 1.1 The purpose of this report is to update the Joint Audit and Scrutiny Panel (JASP) about new and open cases relating to complaints and misconduct investigations over the previous 12 months. It seeks to reassure the Panel that the force is committed to learning from complaints to inform how it delivers a service to the public.

2. Recommendations

- 2.1 It is recommended that the Joint Audit and Scrutiny Panel note the contents of this update report.

3. Reasons for Recommendations

- 2.2 To ensure that the JASP receives assurance that the Force is compliant in its duty to record and investigate complaints and misconduct matters.

4. Summary of Key Points

- 4.1 In order to improve community and victim satisfaction the Force must continue to transform its services and deliver quality policing. A performance measure within the the Police and Crime Plan is to monitor the volume of complaints received and the timeliness of resolving those complaints.
- 4.2 Complaints can be separated into two categories:
- Those amounting to service recovery where no misconduct is identified. The complaint is resolved by local resolution by a dedicated Complaints and Learning Sergeant.
 - Those complaints where there may be an indication that a person serving with the police has breached the Standards of Professional Behaviour. Complaints

of this nature are dealt with by specialist investigators within the Professional Standards Directorate (PSD) by way of local investigation.

- 4.3 'Local resolution' and 'local investigation' are the terms used in legislation governing how police complaints are dealt with.
- 4.4 In December 2018 the Force obtained the posting of two full time Complaints and Learning Sergeants. The Sergeant's role is to resolve all complaints suitable for local resolution and ensure personal and organisational learning is identified and delivered.
- 4.8 The table below and subsequent information outlines the performance headlines for the 12 months to March 2019 compared with the 12 months to March 2018.

4.9 **Table 1: Performance Headlines Complaint Cases Recorded**

	Apr 17 - Mar 18	Apr 18 - Mar 19	Change	% Change
Complaint Cases Recorded	868	1011	143	16.5%
Complaint cases recorded within 10 working days	94.8%	87.8%	-7.0pp	-
Timeliness of Local Resolutions	45.5	57.5	11.9	26.1%
Timeliness of Local Investigations	115.4	123.4	8.0	6.9%

- 4.10 The number of complaint cases recorded in the last 12 months has increased by 16.5% compared to the previous 12 months. This increase is within normal bounds. Complaints categorised as 'neglect or failure in duty' represent 46.2% of all complaints. This is consistent with national statistics. Closer inspection shows an increase in complaints where the public are dissatisfied when low disputes such as anti-social behaviour, neighbour issues or driving matters are not found in their favour. A lack of impartiality or bias seems to be an increasing theme of complaint for those subjects of a criminal investigation. The Complaints and Learning Sergeants quickly engaging with members of the public affected. Issues are resolved by providing more comprehensive updates on cases and fuller rationales as to why particular decisions have been made. Complaints categorised as 'neglect or failure in duty' represented 55.4 % of all complaints in the previous 12 months which is an indicator that the force is learning to provide better quality updates to the public.
- 4.11 The legislation governing complaints requires a decision to record a complaint, or otherwise, to be made within 10 days. Nottinghamshire Police's performance in this area fell over the Christmas period to 60 % however this has now improved to 92.2% for the month of March.
- 4.13 The timeliness of local resolutions is still ahead of the national average by 15 days however the average time to finalise complaints has increased in the past 12 months from an average of 46.3 days to an average of 56.7 days.

Performance is expected to improve with the dedicated Complaints and Learning Sergeants now in post. On average it takes these sergeants 34 days to finalise a complaint.

- 4.14 The timeliness of local investigations is still above of the national average. It currently takes a PSD investigator 123.4 days to finalise a case compared to the national average of 155 days.

5. Financial Implications and Budget Provision

- 5.1 There are no financial implications arising from this report.

6. Human Resources Implications

- 6.1 No HR implications

7. Equality Implications

- 7.1 Equality data is recorded in relation to recording, compliance and monitoring of complaints and misconduct matters.

8. Risk Management

- 8.1 Any risks associated with the recording and compliance of complaints and misconduct are reported on an exception basis to the Force Organisational, Risk, and Learning Board chaired by the Deputy Chief Constable.

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

- 9.1 The recording and monitoring of complaints and misconduct matters is linked with the Police and Crime Plan Priority, Transforming Services and Delivering Quality Policing.

10. Changes in Legislation or other Legal Considerations

- 10.1 There are no changes in legislation in relation to this report.

11. Details of outcome of consultation

- 11.1 There has been no consultation in relation to this report as it is an update for the JASP.

12. Appendices

- 12.1 There are no appendices attached to this report.

For Information	
Public/Non Public*	Public
Report to:	Joint Audit and Scrutiny Panel
Date of Meeting:	29th May 2019
Report of:	IOPC Investigations, Recommendations and Actions
Report Author:	Superintendent Leona Scurr
E-mail:	Leona.scurr@nottinghamshire.pnn.police.uk
Other Contacts:	
Agenda Item:	15

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

Independent Officer for Police Conduct (IOPC) Investigations, Recommendations & Actions

1. Purpose of the Report

- 1.1 To update the Joint Audit and Scrutiny Panel (JASP) in respect of the complaint and conduct matters which have been referred by Nottinghamshire Police to the Independent Office for Police Conduct (IOPC) during the relevant period 1st October 2018 to 31st March 2019, together with relevant recommendations and actions.

2. Recommendations

- 2.1 It is recommended that the panel receives assurance that Nottinghamshire Police work in adherence to Approved Professional Practice (APP) and the operational guidance issued by National Police Chief's Council (NPCC) when managing the risk of suicide to persons under investigation for online child sexual exploitation and abuse.
- 2.2 That the panel receive assurance that Nottinghamshire Police is transparent in referring itself to the IOPC in relation to all instances which meet the criteria defined at 4.1.

3. Reasons for Recommendations

- 3.1 Law enforcement in the UK has significantly increased the amount of coordinated activity to address the threat of harm posed from child sexual exploitation and abuse. Consequently there has been an increase in the numbers of suicides committed by offenders after law enforcement intervention. The data contained within this report differs from that in the previous reporting period. Previously there were some instances of suicide where those under investigation had been interviewed for on line sexual exploitation. There have been none in this reporting period. This may be due to the risk assessment process changing for those under investigation for producing indecent images of children (IIOC).

4. Summary of Key Points

- 4.1 Death or serious injury matters (DSI) are not necessarily linked to a public complaint or any identified misconduct. The full definition of a DSI can be found in section 29 Police Reform Act 2002; in brief it is where there is/may be a causal link between a member of the public having contact with the police and death or serious injury occurring to that person. On receipt of a DSI referral the IOPC will determine the mode of investigation; usually an independent IOPC investigation or referred back to Force to investigate.
- 4.2 The data summary below outlines those DSI matters referred to the IOPC during the period 1st October 2018 to 31st March 2019. Overall the average number of referrals per month has remained the same as the previous reporting period but the category of referral has changed. This period has seen more violence and resistance being offered by subjects under spontaneous arrest necessitating lawful use of force. These are isolated incidents due to the presentation of the subjects. Where applicable these incidents are raised at the Use of Force Meeting, Health and Safety Meetings and Organisational Risk and Learning Board. No suicides following investigation for IIOC have been recorded in this period.

Injury from use of force during arrest	Local
Injury from use of force during arrest	Independent
Suicide following investigation	Local
Injury from use of force during arrest	Local
Suicide while classified missing from home	Local
Injury from use of force during arrest	Local
Injury from a collision during police pursuit	Independent
Suicide following investigation for domestic violence	Local
Suicide following investigation for sexual offence	Local
Suicide while classified missing from home	Independent
Injury during arrest	Local
Cardiac arrest in custody	Local
Self-inflicted injury in custody	Local
Suicide following investigation for sexual offence	Force Deal
Injury following a collision during police pursuit	Local
Suicide following bail for sexual offence	Local
Self-inflicted injury in custody	Force deal

*Independent investigations are carried out by the IOPC's own investigators.

*Local investigations are carried out by police officers in the force area.

*Force deal – these are cases for the force to decide on.

4.3 In addition to DSI's the Police must refer to the IOPC complaints and recordable conduct matters that include allegations of conduct which constitute:

- Serious assaults
- Serious sexual offences
- Serious corruption (includes Abuse of Position Trust for Sexual Gain)
- Criminal offence or behaviour aggravated by discrimination
- Relevant offence (where the sentence is fixed by law or 7 years on first conviction)

The table below shows the number in each category recorded by Nottinghamshire Police in the reporting period 1st October 2018 to 31st March 2019.

Type of Conduct	Total
Serious assault	1
Serious sexual offences	1
Serious corruption	0
Relevant offence	3
Offence aggravated by discrimination	0

Of the complaints and recordable conduct matters the sexual offence resulted in a conviction. Gross misconduct proceedings determined that the officer concerned would have been dismissed if still serving. He has also been placed on the Barred List preventing him from working in law enforcement. The other matters detailed in the table are still under investigation or have been determined no case to answer.

5. Financial Implications and Budget Provision

5.1 There are no specific financial implications in respect of this report.

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.

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. There have been no specific organisational learning recommendations issued by the IOPC necessitating any change in policy, procedure, training or resourcing. Individual learning has been addressed where required.
- 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 IOPC 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 IOPC investigators.

10. Changes in Legislation or other Legal Considerations

- 10.1 There are no changes in legislation to consider with regards to this report.

11. Details of outcome of consultation

- 11.1 This is an update report to the JASP so there has been no consultation.

12. Appendices

- 12.1 There are no appendices attached to this report.

For Information	
Public/Non Public*	Public
Report to:	Joint Audit and Scrutiny Panel
Date of Meeting:	29th May 2019
Report of:	Deputy Chief Constable
Report Author:	Detective Superintendent Leona Scurr
E-mail:	Leona.scurr@nottinghamshire.pnn.police.uk
Other Contacts:	
Agenda Item:	16

PROFESSIONAL STANDARDS CONFIDENTIAL REPORTING PROCEDURE (Whistle Blowing)

1. Purpose of the Report

- 1.1 The purpose of this report is to update the Joint Audit and Scrutiny Panel (JASP) regarding the above area of business.
- 1.2 Specifically, the update will outline how the organisation and the Professional Standards Directorate (PSD) 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.
- 1.3 Also to update the JASP regarding the Crimestoppers Integrity Hotline; this was due to start in November 2018 – please see section 5 of this report.

2. Recommendations

- 2.1 It is recommended that the Panel receive assurance from the processes in place relating to confidential reporting as detailed within the report.
- 2.2 It is recommended that the panel receives assurance that Nottinghamshire Police Professional Standards Directorate actively seeks information and intelligence from a variety of sources in order to prevent corruption.

3. Reasons for Recommendations

- 3.1 The number of confidential referrals has reduced year-on-year from 2017 to 2019. This is a trend experienced across all five regional forces. In July 2018 Nottinghamshire Police identified the counter corruption strategic priorities for the following 12 months, these being:
 - Infiltration and corrupted individuals
 - Abuse of position of trust for sexual gain
 - Disclosure of information

4. Summary of Key Points

- 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.

In the reporting period 01.10.2018 to 31.03.2019 a total of 19 confidential referrals were received by the CCU. These are listed in accordance with National Counter Corruption categories as set by the National Crime Agency (NCA):

Misuse of Force systems x 1

Inappropriate association x 1

Commit/assist an offender in commission of crime x 3

The following are those that fall outside of the NCA corruption categories:

Business interest x 3

Vetting Information x 2

Social media/Open Source x 1

Bullying/grievance x 1

Division/line manager/performance issue x 7

Of those falling outside the NCA corruption categories, the majority related to performance issues. The number of referrals in this category has more than halved since the last reporting period which has contributed to the reduction in referrals year on year overall. This is seen as a positive reduction as this was never the purpose of the Integrity Messenger platform. This also demonstrates a change in culture towards learning and development and not punishment where performance and dispute resolution issues are concerned. The Force has recently revised the processes for dealing with dispute and grievance and wherever possible informal resolution will be considered first.

- 4.10 No information exists within the Force to suggest that there has been a reduction in the confidence of the confidential reporting gateways provided to police officers, police staff and volunteers. The organisation appear comfortable reporting issues openly in person to PSD. The department still receive overt queries and give regular advice on how to deal with unsatisfactory performance. The Force achieved 'good' for its HMICFRS (Her Majesty's Inspectorate of Constabulary and Fire and Rescue Service) inspection rating in relation to how well it maintains and ethical culture and lawful workforce behaviour.
- 4.11 The Force has an effective counter-corruption strategic assessment and control strategy. The Force makes good use of the integrity registers regarding notifiable associations and business interests.

5. Financial Implications and Budget Provision

- 5.1 The purpose of the Crimestoppers Integrity Hotline was to support internal confidential reporting processes and in addition actively seek information from the public particularly around those serving with the police abusing their position of trust for sexual gain. Nottinghamshire police employees could also use Crimestoppers should they be concerned about confidentiality. The proposition offered by Crimestoppers was not financially viable due to the limitations of reach to the public.
- 5.2 In order to raise awareness around abuse of position of trust for sexual gain the Counter Corruption Unit will focus on engaging with partner organisations and third sector providers who support vulnerable women. The first event is scheduled with Women's Aid and will reach 60 volunteers who have one to one contact with vulnerable women in Nottinghamshire.

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 that 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

- 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 Force vision and values.

10. Changes in Legislation or other Legal Considerations

- 10.1 There are no changes in legislation or other legal considerations relating to this report.

11. Details of outcome of consultation

- 11.1 No consultation has been undertaken in relation to this report as the purpose is to provide an update to JASP only.

12. Appendices

- 12.1 There are no appendices attached to this report.

For Information	
Public/Non Public	Public
Report to:	Joint Audit and Scrutiny Panel (JASP)
Date of Meeting:	29th May 2019
Report of:	Deputy Chief Constable
Report Author:	Andrew Burton, Risk and Business Continuity Officer Amanda Froggatt, Strategic Support Officer
E-mail:	andrew.burton16158@nottinghamshire.pnn.police.uk Amanda.froggatt@nottinghamshire.pnn.police.uk
Other Contacts:	Amanda Froggatt, Strategic Support Officer
Agenda Item:	17

Business Continuity Report – Current Status and Future Plans

1. Purpose of the Report

- 1.1 To provide the Joint Audit and Scrutiny Panel (JASP) with an update on progress against the Business Continuity completion and testing timetable.
- 1.2 To provide reassurance to JASP that all Plans and Business Impact Areas (BIA's) have been tested, individual reports completed and matters escalated where appropriate.
- 1.3 To inform the Panel of further in-depth testing through 2019-20 together with the rational.

2. Recommendations

- 2.1 That the Panel notes the progress made against 2018 Business Continuity timetable.
- 2.2 That the Panel identify any subject area to be reported on, where additional and in depth detail can be explored allowing greater scrutiny.
- 2.3 Panel note areas chosen for 'Deep Dive' testing through 2019-20.

3. Reasons for Recommendations

- 3.1 To enable the Panel to fulfil its scrutiny obligations with regard to the force's response to Business Continuity.
- 3.2 To provide the Panel with greater scrutiny opportunities.
- 3.3 To allow the Panel to shape the focus and priority areas of Business Continuity Testing.
- 3.4 To enable the Panel to note the details of the Business Continuity 'Deep Dive' testing, to be conducted in 2019-20. This provides greater reassurance that the

Force has appropriate and effective response plans in high risk, priority areas of the Force.

4. Summary of Key Points

Current Status

- 4.1 The force currently has Business Continuity Plans together with BIA's, in each critical area. This includes disciplines that have more than one function under their remit (Serious and Organised Crime includes, Serious Investigations, Offender management and DIEU – each have separate individually tested plans).
- 4.2 The testing programme proposed for 2018 has been completed. The only exceptions being Information Network Services (INS) and Chief Officer Team. INS is to be the subject of a regional exercise later in the year and also tested as part of the Internal Audit Plan, and the Chief Officer Team is a common thread running through all Departmental testing.
- 4.3 Outcomes through desktop testing have been identified and addressed appropriately either through Departmental intervention or escalated to the Force's Organisational Ethics Risk and Learning Board, of which a member of the JASP attends. (Terms of Reference Appendix 2).

Future Plans

- 4.4 A proposed 'Deep Dive' Testing programme has now been agreed with the Chief Officer Team to further explore, throughout 2019, key functional areas of the Force to provide greater assurance that plans and BIA's are practicable and appropriate to the Force's current and future risks. Any revision to plans, as a result of deeper dive testing, will incorporate new additions to the ISO Standard (ISO22330).
- 4.5 Outcomes from the deeper dive programme will be presented at the Organisational Ethics Risk and Learning Board, chaired by the DCC and actioned accordingly. The process will be repeated at the quarterly meetings.

5. Financial Implications and Budget Provision

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

6. Human Resources Implications

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

7. Equality Implications

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

8. Risk Management

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

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

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

10. Changes in Legislation or other Legal Considerations

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

11. Details of outcome of consultation

- 11.1 Following testing of a specific discipline/Department a full report is completed and actions agreed with the Head of the Department. This also includes a course of action to address the issue and who is accountable to take it forward. The Governance and planning team monitor and record updates where Force escalation is not appropriate. Where escalation arises this is considered at the Organisational Ethics Risk and Learning Board where action points are formally recorded.

12. Appendices

- 12.1 Appendix 1: Business Continuity Deep Dive Proposals
- 12.2 Appendix 2: Organisational Risk, Learning, Standards and Integrity Board terms of reference.

Appendix 1

Proposed Deep Dive Timetable 2019-20

Date	Purpose
<u>April 2019</u> - Contact Management	Essential for maintaining effective communication, responding to Emergency Calls and protection of the vulnerable by prioritising attendance at incidents. Contact Management is a vital element in ensuring an appropriate response is dispatched to address all major critical incidents including serious crime and threats to life. It is pivotal to service delivery as initial point of contact together with the effective Command and Control of incidents.
<u>July 2019</u> - Custody	Focus of recent HMICFRS Unannounced Custody Inspection. This visit highlighted serious Force challenges in the way in which it deals with detained and vulnerable individuals whilst in custody. The subsequent report questioned the Forces ability to provide 'effective custody facilities'. Although some issues raised are being challenged, the greater in depth testing would provide reassurance that agreed priorities are recognised and acted upon.
<u>October 2019</u> - Response Policing	The main resource that facilitates the Forces' service delivery. Provides the appropriate response to incidents, visible presence and reassurance to the public in the event of a major incident. Resources that are vital but the function is susceptible to loss of staff, IT, accommodation and partnership support.
<u>January 2020</u> - Archive and Exhibits	Underpins all aspects of Policing activity and vital to Critical Case Progression (Critical Function). The Department until recently has not been the subject of a Business Continuity Plan or testing (subject to Desk top test in December 2018). The area of Business still remains a potential Force risk. A deeper test would allow greater areas to be examined together with key dependencies both internal/external.

Terms of Reference: Organisational Risk, Learning, Standards & Integrity Board

1. **Purpose:** To provide an organisation-wide forum for thematic leads and heads of departments to discuss key areas of learning and identify any emerging strategic opportunities and risks, whilst monitoring compliance with Force values and thereby the Force reputation and public trust and confidence.

2. **Objectives:**
 - Identification and provision of strategic governance to advance organisational wide learning and address potential blame culture.
 - Commitment to scrutiny, both internal and external, responding to feedback through organisational learning.
 - Provision of strategic leadership, direction and governance, ensuring our commitment to our Force Values specifically in relation to integrity and transparency across the organisation.
 - Identification and the appropriate management of organisational wide strategic, tactical and operational matters, which require change and improvement.
 - Identification and capture of emerging strategic risks, ensuring that controls are identified and appropriately applied.
 - Identification and capture of threats, trends, risks and issues associated with integrity, complaints and conduct and vetting and information security with appropriate mitigating action.

3. **Frequency:**
Quarterly

4. **Core membership:**
 - Deputy Chief Constable (Chair)
 - Assistant Chief Constable Operations
 - Assistant Chief Constable Business Change
 - Head of Professional Standards
 - Head of Public Protection
 - Representative from Regional Review Unit
 - Information Management Lead
 - Representative from Legal Services
 - Chief Superintendent Investigations and Intelligence
 - Chief Superintendent, Operations and Planning
 - Head of Corporate Development
 - Head of Corporate Communications
 - Head of Finance
 - Head of Human Resources
 - Head of EMCJS
 - Head of EMOpSS
 - Supt, Force Lead for Code of Ethics
 - Representative from Office of Police and Crime Commissioner
 - Risk and Business Continuity Officer

Author: Governance and Planning Team	Version: 2.0
Date agreed: October 2017	Review date: March 2018

NOT PROTECTIVELY MARKED

If a core member is unable to attend, they must send someone to deputise who is able to provide information and make decisions on behalf of the core member.

Attendees should be vetted to management vetting level.

It may be appropriate to refer to specific Professional Standards cases including the discussion of sensitive and personal material prior to case conclusion. In this instance the DCC may hold a closed meeting following any other business.

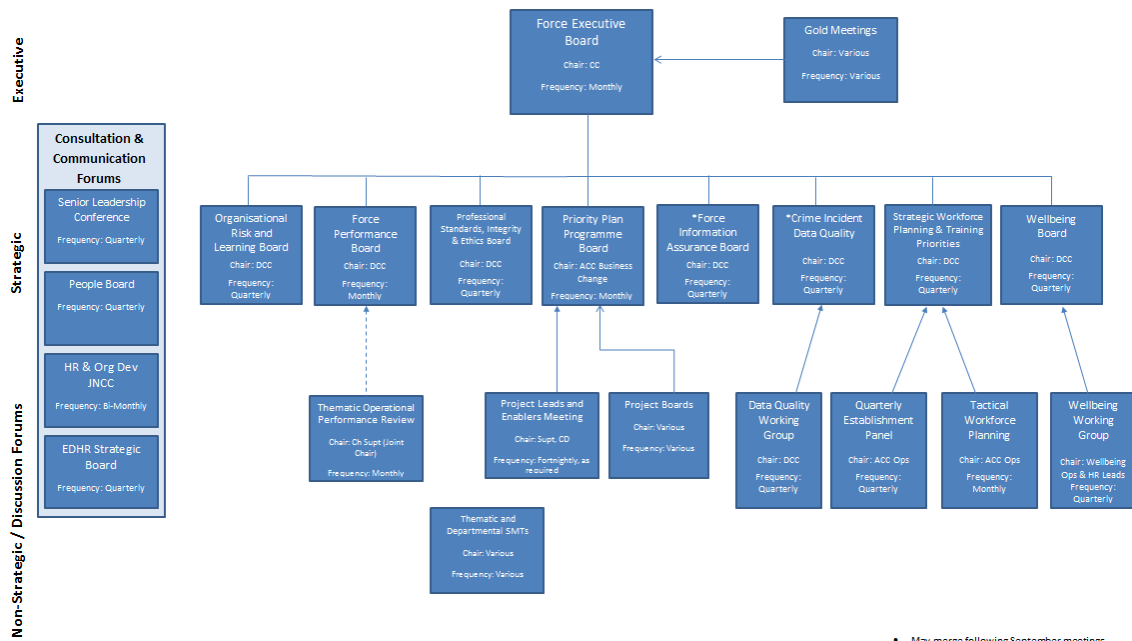
A representative of the Police and Crime Commissioner will be invited to attend the meeting, but at the discretion of the DCC, and will not be invited to take part in any process that may compromise the PCC's role in conduct and complaint matters.

5. **Administration:**

Executive Support will record key actions and decisions.

All papers to be submitted within three working days of the meeting.

6. **Governance of Force activity:**



7. **Key information sources (this list is not exhaustive):**

- ACPO Integrity Model
- Serious Case Reviews, Serious Adult Reviews and Domestic Violence Homicide Review Recommendations
- EMSOU Regional Review Unit Recommendations
- Professional Standards data including Public Complaints and Misconduct matters and Vetting issues.
- Grievances
- Employment Tribunals
- FOI Requests
- Civil Claims
- External/Internal Inspection Recommendations, eg HMIC/Mazars

Author: Governance and Planning Team	Version: 2.0
Date agreed: October 2017	Review date: March 2018

- Learning from other Forces or agencies
- Business Continuity Tests
- Health and Safety and Environmental Policy
- On-going Force Gold Groups

8. Quality assurance review:

This meeting will undergo an annual review from the Governance and Planning Team to ensure it continues to add value for the Force.

Author: Governance and Planning Team	Version: 2.0
Date agreed: October 2017	Review date: March 2018

For Information	
Public/Non Public	Public
Report to:	Joint Audit and Scrutiny Panel (JASP)
Date of Meeting:	29th May 2019
Report of:	DCC Barber Charlie Radford, Chief Finance Officer OPCC
Report Author:	Amanda Froggatt, Strategic Support Officer
E-mail:	amanda.froggatt@nottinghamshire.pnn.police.uk
Other Contacts:	
Agenda Item:	18

Joint Audit and Scrutiny Panel Proposed Work Plan 2019/20

1. Purpose of the Report

- 1.1 The purpose of this report is to present the proposed work plan for the Joint Audit and Scrutiny Panel for the 2019/20 year.

2. Recommendations

- 2.1 That Joint Audit and Scrutiny Panel members note the report and attached appendix, and agree the contents.
- 2.2 That a nominated member of the Joint Audit and Scrutiny Panel attends the Information Management Board to obtain assurance in relation to Information Sharing protocols (monitoring, assurance and outcomes) and Force Information Management Policy monitoring, assurance and improvement outcomes.

3. Reasons for Recommendations

- 3.1 To enable the Panel to fulfil its scrutiny obligations with regard to Force activity.

4. Summary of Key Points

- 4.1 The proposed workplan has been discussed with members and prepared based on the business planning cycle for both the OPCC and Nottinghamshire Police.
- 4.3 The proposed Joint Audit and Scrutiny work plan has been prepared in consultation with the Chief Finance Officer in order to fulfil our statutory obligations with regards to reporting in these areas of business.

5. Financial Implications and Budget Provision

- 5.1 There are no financial / budget implications arising from this report.

6. Human Resources Implications

- 6.1 There are no direct HR implications as a result of this report.

7. Equality Implications

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

8. Risk Management

- 8.1 There are no risk management issues arising from this report.

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

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

10. Changes in Legislation or other Legal Considerations

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

11. Details of outcome of consultation

- 11.2 The proposed work plan has been produced in partnership between the Force and the OPCC.

12. Appendices

- 12.1 Appendix 1: Proposed Joint Audit and Scrutiny Panel Work Plan 2019-20.

PROPOSED JOINT AUDIT AND SCRUTINY PANEL WORK PLAN 2019/20

WEDNESDAY 29th MAY 2019 YEAR END MEETING			
1.	Revenue Budget Out-turn Report		Force
2.	Capital Budget Out-turn Report		Force
3.	Treasury Management Annual Report	Annually	OPCC – Charlie Radford
4.	Annual Internal Audit Assurance Report (including review of past year and audit schedule for 2018/19)	Annually	Mazars – Brian Welch
5.	Draft Annual Force Governance Statement 2017/18 Draft Annual OPCC Governance Statement 2017/18	Annually	Force – DCC OPCC – Charlie Radford
6.	Draft CC's Statement of Accounts 17/18 Draft Group Statement of Accounts 17/18	Annually	OPCC – Charlie Radford Force – Mark Kimberley
7.	New Internal Audit Plan 2019/20	Annually	Mazars – Brian Welch
8.	External Audit Plan	Annually	Ernst and Young
9.	Review of OPCC Risk Management arrangements Review of Force Risk Management arrangements	6 Monthly	OPCC – Kevin Dennis Force – DCC
10.	Update on actions from audits, inspections and reviews (Includes Internal audit, External Audit, HMIC, AGS improvements)	Each meeting	OPCC - as required Force – DCC
11.	PCCs Update Report	Each Meeting	OPCC – Phil Gilbert
12.	Force Report on Complaints and Misconduct, Investigations, New and Open Cases	6-Monthly	Force – Supt PSD
13.	Force Report on IPCC Investigations, Recommendations and Actions	6-Monthly	Force – Supt PSD

14.	Force Report of Whistle Blowing and Anti-Fraud and Corruption Policies and Review of Compliance	6-Monthly	Force – Supt PSD
15.	Force Report on Business Continuity Compliance and Assurance Testing and Exercising	Annually	Force – Corporate Development

WEDNESDAY 24th JULY 2018 **FINAL ACCOUNTS MEETING**

	External Audit ISA260 Governance Report	Annually	
	Final Force Statement of Accounts 17/18 Final Group Statement of Accounts 17/18 (OPCC and Force AGS to be incorporated)	Annually	OPCC – Charlie Radford Force – Paul Dawkins
	Summary set of Accounts for Publication	Annually	OPCC – Charlie Radford
	Internal Audit Progress Report	Each Meeting	Mazars – Brian Welch
	Update on actions from audits, inspections and reviews (Includes Internal audit, External Audit, HMIC, AGS improvements)	Each meeting	OPCC - as required Force – DCC
	Review Working Together Agreement incorporating SoD, Fin Regs and SOs	Annually	OPCC – Kevin Dennis
	Force Assurance Mapping Report	Annually	Force – Corporate Development
	OPCC Report on Compliance with Freedom of Information Requests and the Specified Information Order	6-Monthly	OPCC – Lisa Gilmour
	Force Assurance Report on Compliance with Freedom of Information and Data Protection Requests	6-Monthly	OPCC – Pat Stocker
	ICV Annual Report		OPCC – Kayt Radford

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15 TH NOVEMBER 2018		CHAIR TOPIC	
	Report on New Custody Building		Force – Duncan Collins
	Internal Audit Progress Report	Each Meeting	Mazars – Brian Welch
	Review of OPCC Risk Management arrangements	6 Monthly	OPCC – Kevin Dennis
	Review of Force Risk Management arrangements		Force – DCC
	Update on actions from audits, inspections and reviews (Includes Internal audit, External Audit, HMIC, AGS improvements)	Each meeting	OPCC - Where appropriate Force – DCC
	Annual Audit Letter – External Audit	Annual	Ernst and Young
	Briefing on MFSS		
	PCC Update Report	Each Meeting	OPCC – Phil Gilbert
	Force Report on Complaints and Misconduct, Investigations, New and Open Cases	6-Monthly	Force – Supt PSD
	Force Report on IPCC Investigations, Recommendations and Actions	6-Monthly	Force – Supt PSD
	Force Report of Whistle Blowing and Anti-Fraud and Corruption Policies and Review of Compliance.	6-Monthly	Force – Supt PSD

Review of key areas to support Corporate Governance arrangements: *(review of requirements to be finalised and then prioritised. Areas to be identified for reports or internal audits and will be informed by assurance mapping)*

Sources of assurance to include:

- Effectiveness of partnerships
- Monitor the application of the pension schemes
- Review of delegated powers
- Review Register of Interests
- Financial Management/Financial Systems

- Legislative change
- Scheme of delegation
- Annual report from PSD on their activity - i.e. no of dismissals final letters and nature of the event
- By exception report on Insurance Claims covering Public Liability, Employer's Liability, Motor Liabilities including Costing and Lessons Learned
- By exception report on Outcomes of Public Finance Initiative Contracts

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