

For Information / Consideration	
Public/Non Public*	Public
Report to:	Joint Audit and Scrutiny Panel
Date of Meeting:	7th November 2018
Report of:	Chief Finance Officer
Report Author:	Charlotte Radford
Other Contacts:	Pam Taylor
Agenda Item:	12

SUMMARY STATEMENT OF ACCOUNTS 2017-18

1. Purpose of the Report

1.1 To provide members with the Summary Statement of Accounts for 2017-18.

2. Recommendations

2.1 Members are recommended to consider the attached Statement.

3. Reasons for Recommendations

3.1 This complies with good governance.

4. Summary of Key Points

4.1 The Statement of Accounts by their nature is technical and includes some significant figures relating to pensions that can distort the financial performance of the PCC Group.

4.2 A simplified Summary Statement of Accounts, in plain English and excluding technical adjustments particularly relating pensions, has therefore been produced. This attached at **Appendix A**.

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 – Summary Statement of Accounts 2017-18



Summary Group Financial Information 2017-18



Summary Group Financial Information 2017-18



The Police and Crime Commissioner for Nottinghamshire and the Chief Constable for Nottinghamshire have a statutory requirement to produce and publish their annual Financial Statements.

The Summary Financial Information for the Police and Crime Commissioner (PCC Group) provides a simple view of the consolidated financial position as at 31 March 2018 and for the year 2017-18.

The published set of accounts for the PCC Group and the Annual Report are available on the website of the Police and Crime Commissioner in the section 'Our Money' at www.nottinghamshire.pcc.police.uk.

Copies of the documents can be obtained from:

The Chief Finance Officer
Arnot Hill House
Arnot Hill Park
Arnold
NG56LU

Telephone: 0115 844 5998 or Email:
nopcc@nottinghamshire.pnn.police.uk

COMMISSIONER'S FOREWORD



There are many measures of success in policing, from solving crime and supporting victims, through to communicating effectively with local people, meeting expectations and preventing harm.

Throughout 2017-18 we've continued to push the boundaries of good service and this year's statements reflect the positive changes.

As always, we've had to balance our aspirations against the pressures of demand, financial constraints, emerging risks and resource restrictions, but the scale of progress has once again been significant.

The proportion of crimes resulting in a positive outcome for example, continues to exceed the average rate for England and Wales and we've continued to improve our response to high risk crime, hidden harm and safeguarding, which has increased reporting of domestic abuse, sexual abuse and child exploitation, as well as strengthening public awareness of how to access help.

This progress has been recognised by Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) which assessed the force as "good" at keeping people safe, reducing crime and treating the public with fairness and respect in its 2017 inspection.

We're continuing to transform the way we work and the recent budget will see much needed 'meat on the bone' in our frontline with the planned recruitment of 80 additional officers across the Force.

It will also give us an opportunity to increase diversity across the Force and fulfil my commitment to build a truly balanced workforce.

Financially, we're in a strong position with reserves being repaid at a faster rate than budgeted. This will allow future planning in relation to the Force estate and continued investment in IT to support the newly recruited police officers.

Victims of crime in Nottinghamshire are receiving enhanced support through newly funded services, including a new adult Sexual Assault Referral Centre (SARC) which was co-commissioned with NHS England to deliver forensic examination and crisis support in one place. Additionally, a new regional paediatric SARC has been co-commissioned with NHS England to provide more comprehensive support to children and young people from hubs in Nottinghamshire and Northamptonshire.

Meanwhile, we've commissioned a new Independent Sexual Violence Advisor (ISVA) ensuring all victims and survivors of sexual violence will have access to practical, emotional and advocacy support.

COMMISSIONER'S FOREWORD

I've also joint-funded with the City and County Councils a new support service for survivors of sexual abuse which occurred in an institutional care setting and invested extra funding into the city's Independent Domestic Violence Advisors (IDVA) service in order to meet rising demand. Elsewhere, there have been significant improvements to how well we engage with local people. The introduction of my Police and Crime Survey in 2017-18 has enhanced our understanding of local communities, their experiences, perceptions and needs.

Similarly, the Youth Commission is building relationships with young people. Its research saw the launch of the "Know Your Rights" film giving a frank and detailed insight into the use of stop and search powers. This project went on to win third place in the National Crimebeat Awards in 2018.

None of these improvements of course, would be possible without the dedication and commitment of our staff and partners. Our police officers, PCSOs, police staff, volunteers and community workers go above the call of duty every day and are the reason why Nottinghamshire is safe. We really do appreciate their efforts.

Paddy Tipping
Nottinghamshire Police and Crime Commissioner



Background Information

NOTTINGHAMSHIRE		GOVERNANCE
<p>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 is the City and it's surrounding conurbation is mainly in the south with the majority of the north and east of the County being rural.</p> <p>There is a population of approximately 1.1m within the City and County.</p> <p>The majority of properties across the City and County fall within Council Tax bands of A and B.</p> <p>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.</p> <p>Nottinghamshire also collaborates with other forces for the provision of transactional services relating to Human Resources, Payroll and Finance.</p> <p>Central Government funding provides the Commissioner with approximately 70% of the funding required to police Nottinghamshire. The remainder is met from local council tax payers.</p>	<p>For 2017-18 the Government Grant was cut by £1.8m reflecting the assumptions of increased income from council tax. This still required savings of £5.5m to be achieved by the Force. This has been exceeded and is detailed in the Financial Performance section of this statement.</p> <p>The funding formula review has been further delayed and it is unlikely to be changed before the next General Election. The current funding formula has never been fully implemented, as a result Nottinghamshire continues to lose out under a mechanism that protects over-funded forces.</p> <p>Brexit will continue to create uncertainty about the future of Central Government funding, and therefore the impact this may have on police funding in the future. The results could be positive or negative, but are not currently quantifiable.</p>	<p>The Commissioner is responsible for the totality of policing within the policing area; with operational policing being the responsibility of the Chief Constable.</p> <p>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.</p> <p>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.</p>

Revenue Account

This table sets out the costs of running expenses for the Nottinghamshire Police Group in major headings and show how that was financed.

These figures are different to those reported in the statutory accounts because they do not include the actuarial valuation adjustments for future pension liabilities or revaluations of property. The pension adjustments are huge in comparison to the rest and distort the financial picture. There is more detail here as to what money is spent on.

Nottinghamshire Police also participate in some collaboration activities which are fully incorporated into the statutory accounts in the relative proportion. In these accounts the cost is included as an expense to those organisations..

Income received in 2017-18 was £215.4 million. The majority of the income was from Central Government, with 26.6% funded locally from Council Tax. The policing element of the Council Tax for a standard Band D property was £183.42 and £122.28 for a Band A property. Most properties in Nottinghamshire are classified as Band A or Band B.

Revenue Income and Expenditure Account	2016-17	2017-18
	£m	£m
Employees: Employee expenditure on police officers, police staff and police community support officers	156.4	158.3
Premises: Operating the buildings	5.7	6.3
Transport: Operating vehicles	5.4	5.4
Supplies and Services: This includes IT and all other running costs	17.3	16.9
Grants: These include supporting victims of crime and initiatives to prevent crime	5.7	4.1
Collaborations and partnerships: This includes working with police partners and local authorities to provide services	13.7	14.9
Capital Financing: The revenue cost of borrowing to pay for major assets	4.3	3.9
Total Expenditure	206.6	209.8
Income: Generated from services, grants and contributions	(21.4)	(24.0)
Main Grants: Core government funding	(135.8)	(134.0)
Council Tax Income: Paid by Nottinghamshire households	(55.4)	(57.4)
Total Income	(212.6)	(215.4)
Net Expenditure / (Income) movement in useable reserves	(6.0)	(5.6)
Statutory and group adjustments (excluding pensions) required by proper accounting practice	9.1	(0.1)
Deficit / (Surplus)	3.1	(5.7)

WHO WORKS FOR NOTTINGHAMSHIRE POLICE

The main area of running expense is staff related (75%) Nottinghamshire Police (including the Office of the Police and Crime Commissioner) employs approximately 1,965 police officers, 193 PCSOs, 175 specials and 1,275 staff in full-time and part-time positions.

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

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

This will allow areas with skills shortage and future skills growth areas to be focused upon.

Overall Equality Characteristics

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

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

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

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

Balance Sheet

The Balance Sheet is a snap shot of net worth at the year end.

This differs to the statutory accounts in that there is no adjustment for actuarial assessments on pensions.

The future pension liability is £2,624.4m which will be paid for in increased contributions over the coming years.

2016-17	Balance Sheet	2017-18
£m		£m
41.2	Property, Plant and Equipment	41.1
0.4	Investment Property	0.5
0.5	Intangible Assets	0.4
42.1	Long Term Assets	42.0
2.8	Assets Held for Sale	2.4
0.3	Inventories	0.2
32.2	Short-Term Debtors	32.4
2.0	Cash and Cash Equivalents	10.8
37.3	Current Assets	45.8
(7.3)	Short-Term Borrowing	(8.2)
(23.2)	Short-Term Creditors	(27.8)
(3.3)	Provisions	(4.4)
(33.8)	Current Liabilities	(40.4)
(33.6)	Long-Term Borrowing	(28.9)
(1.9)	Other Long-Term Liabilities	(2.7)
(35.5)	Long Term Liabilities	(31.6)
10.1	Net Assets	15.8
(22.2)	Usable Reserves	(27.8)
12.1	Unusable Reserves	12.0
(10.1)	Total Reserves	(15.8)

Reserves

The Reserves carried on the Balance Sheet represents monies held for future purposes.

The Unusable Reserves will be matched by an accounting adjustment.

The Usable Reserves have been set aside to spend on future needs with specific purposes. These have been split into whether this is for a future running cost need (revenue) or whether it is intended to contribute towards the purchase of an asset of a longer term nature such as a building (capital).

More information regarding these reserves and how they are used are published annually in the Reserves Strategy. This can be found on the PCC website.

2016-17	Usable Reserves	2017-18
£m		£m
7.0	General Fund	7.0
3.3	Medium Term Financial Planning	2.0
2.7	Revenue Grants	2.8
2.5	Grants & Commissioning	3.4
1.2	Tax Base	1.0
0.6	PCC Project	0.7
0.3	Night Time Levy	0.2
0.4	Other Earmarked	1.7
0.9	Retained Share of Joint Operations	1.3
0.0	IT Investment	1.1
18.9	Held For Revenue Purposes	21.2
3.3	Capital Receipts	3.9
0.0	Asset Replacement	2.7
3.3	Held to Fund future Capital Assets	6.6
22.2	Total Usable Reserves	27.8

Capital Expenditure

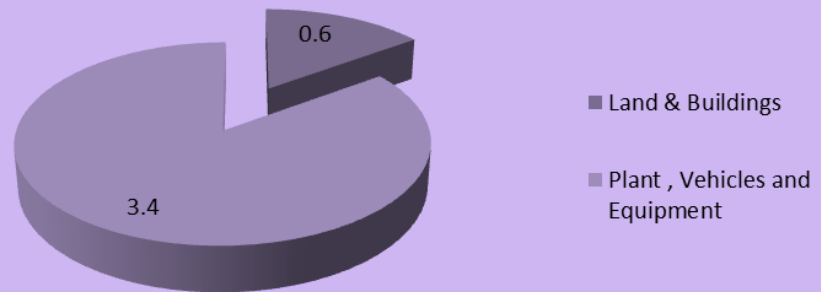
Capital expenditure is used for acquiring assets of a more valuable and lasting nature. These include buildings, major improvements and larger pieces of equipment. Because of the lasting nature of capital expenditure borrowing is allowed within affordable parameters.

Repayment of the debt is a revenue expense.

There is an ambitious capital programme over the next few years including:

- New custody Suite
- Works to improve existing buildings
- Updating IT
- Exploring opportunities with the Fire Service and EMAS

Capital Expenditure (£million)



Capital Financed by (£million)

