

# **JOINT AUDIT AND SCRUTINY PANEL**

**MONDAY 24 FEBRUARY 2020 at 2.00 PM  
RUFFORD SUITE, COUNTY HALL, WEST BRIDGFORD,  
NOTTINGHAMSHIRE NG2 7QP**

**(pre-meeting for Panel Members in Committee Room B at County Hall from 1.15pm)**

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## **Membership**

Stephen Charnock (Chair)

Leslie Ayoola

Peter McKay

Philip Hodgson

Alan Franks

## **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 15 November 2019
4. Progress Against Action Tracker
5. Police and Crime Commissioner's Update Report
6. Audit and Inspections Update
7. Assurance Mapping 2020-2021
8. Draft Internal Audit Annual Plan 2020-2021
9. Internal Audit Progress Report 2019-2020
10. External Audit Summary Plan

11. Precept and Budget Reports
12. OPCC Publication Scheme Monitoring, Review and Assurance
13. Nottinghamshire Police Information Management – Freedom of Information and Data Protection Information Requests Update for calendar year 2019
14. Force Report on Monitoring, Review and Assurance of the Publication Scheme
15. Joint Audit and Scrutiny Panel Proposed Work Plan 2020-2021
16. Summary of Actions (verbal)

## **NOTES**

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

**MINUTES OF THE MEETING OF THE NOTTINGHAMSHIRE POLICE AND CRIME COMMISSIONER JOINT AUDIT AND SCRUTINY PANEL HELD ON WEDNESDAY 15<sup>TH</sup> NOVEMBER 2019 AT NOTTINGHAMSHIRE POLICE HEADQUARTERS, SHERWOOD LODGE, ARNOLD, NOTTINGHAMSHIRE NG5 8PP, COMMENCING AT 10AM**

**MEMBERSHIP**

(A – denotes absent)

Mr Stephen Charnock (Chair)

Mr Leslie Ayoola

Dr Phil Hodgson

Mr Peter McKay

Alan Franks

**ALSO PRESENT**

|                 |   |
|-----------------|---|
| Duncan Collins  | Nottinghamshire Police                              |
| Paul Cook       | Nottinghamshire Police                              |
| Craig Guildford | Chief Constable, Nottinghamshire Police             |
| Neil Harris     | EY  |
| Mark Lunn       | Mazars  |
| Mark Kimberley  | Head of Finance, Nottinghamshire Police             |
| Noel McMenamin  | Democratic Services, Nottinghamshire County Council |
| Charlie Radford | Chief Finance Officer, NOPCC                        |
| Paddy Tipping   | Nottinghamshire Police and Crime Commissioner       |

**1) APOLOGIES FOR ABSENCE**

Apologies for absence were received from David Hoose, Mazars.

**2) DECLARATIONS OF INTEREST BY MEMBERS AND OFFICERS**

Dr Phil Hodgson declared an interest in item 8 'Force Audit and Inspection Update' as he was the Head of Law and Social Services, University of Derby who had the contract for apprenticeship training.

**3) MINUTES OF THE PREVIOUS MEETING**

The minutes of the last meeting held on 24 July 2019, having been circulated to all members, were taken as read and were confirmed and signed by the Chair.

**4) PROGRESS AGAINST ACTION TRACKER**

Action 024: to be addressed at February 2020 meeting – keep open.

Action 025: to be addressed at February 2020 meeting – keep open.

Action 026: Scheduled for November 2019 – complete and close.

## 8) **AUDIT AND INSPECTION UPDATE**

The Committee agreed to amend the agenda order to consider the above item.

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.

The Panel considered a report and received a presentation from Paul Cook, attached as Appendix A to these minutes. The presentation highlighted the rationale and principles of the National Crime Recording Standard (NCRS), as well as summarising governance arrangements, in-year compliance across a range of indicators and indicating future external scrutiny of the NCRS.

Mr Cook confirmed that the Force had moved from requiring improvement to the point of the internal auditors having significant assurance in respect of the NCRS process.

During discussion, the following points were raised:

- It was confirmed that there was specialist support on hand to help victims of on-line fraud who felt embarrassed at having fallen for on-line scams;
- The view was expressed that it would take up to 2 years for the new Command and Control model to become fully embedded. It was important to balance 'getting it right' with keeping frontline staff engaged, informed and on board;
- The point was made that the variance between the initial HMIC and the current Mazars assessments might be down to differing approaches and methodologies as well as to improved compliance. In response, Mr Cook explained that the Force had made significant changes to its practices in order to deliver NCRS more effectively, which he believed was reflected in the current Mazars assessment.
- Concern was expressed that there were several audit/inspections at Appendix 1 to the report that were ongoing or outstanding for a period of more than 2 years. The Chair undertook to speak to the Deputy Chief Constable about how best to bring these to a close.

## **RESOLVED 2019/051**

- 1) that the Chair of the Panel raise with the Deputy Chief Constable the issue of audits/inspections being open or outstanding for more than a period of 2 years.
- 2) To note the update and to thank Mr Cook for his attendance.

## **5) PROGRESS ON THE NEW CUSTODY SUITE**

Inspector Duncan Collins provided an update on the new custody suite, highlighting the following points:

- Planning permission for the facility was now in place, and the final design had taken into account feedback from a wide range of stakeholders;
- The innovative design ensured co-accused were held separately, and that juveniles and vulnerable people would not come into contact with other detainees;

During discussion, the following points were made:

- The original business case was for 40 cells, but this had increased to 50 cells in the latest plans, in line with projected demand;
- The current Bridewell facility was no longer fit for purpose, and in time would be sold, possibly for hostel or student accommodation use.

## **RESOLVED: 2019/052**

To note the update and to thank Inspector Collins for his attendance.

## **6) STAFFING LEVELS IN NOTTINGHAMSHIRE POLICE CUSTODY SUITES**

The Panel considered the report, which highlighted concerns expressed about the levels of staffing in police custody and resulting findings following further investigation.

The Panel commented that raising concerns via the Independent Custody Visitor process was unorthodox, given the established chain of command already in place. It was assured that no further action was required in view of the positive outcomes arising from data sampling in the first half of 2019, as detailed in the report.

## **RESOLVED: 2019/053**

that no further dip samples of data in respect of staffing levels in Nottinghamshire Police Custody suites were required.

7) **STRATEGIC RISK MANAGEMENT REPORT FOR FORCE AND NOTTINGHAMSHIRE POLICE AND CRIME COMMISSIONER (NOPCC) QUARTER 2 2019-2020**

The Panel considered the report, which provided an update on strategic risk management across the Force and the Nottinghamshire Office of the Police and Crime Commissioner. The risks identified as most critical were for Multi-Force Shared Service (MFSS) business continuity, the building of the new Bridewell custody suite and non-compliance with GDPR requirements.

The following points were raised during discussion:

- The Chair accepted that senior officers were fully focussed on resolving the key issues highlighted above, and that the origin of the difficulties with MFSS in particular lay primarily elsewhere;
- However, he expressed the view that the Risk Register mitigation commentary on MFSS that there was 'ongoing oversight' of the issues with a review date of 'ongoing' did not capture the urgency and importance of addressing the issue;
- The Force had managed to make emergency payments and had put in place interim payroll measures, but the fact remained that resource was being diverted from other tasks, the Force was in effect paying twice for a service. The point was approaching that a decision on the future viability of MFSS would need taking;
- It was confirmed that GDPR issues were being addressed as part of an action plan to address wider information management, and that the Force was due to be audited on GDPR compliance in December 2019
- The Police and Crime Commissioner advised that a final grant settlement was not expected until mid-January 2020, and the implications of the establishment of 20,000 extra Police officers in England and Wales on budgets remained unclear.

**RESOLVED: 2019/054**

To note the following:

- (1) 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) 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.

- (3) In relation to the Force's Strategic risk register, the reduction in the level of risk for the Bridewell custody facility.
- (4) the high risks relating to the NOPCC, Multi-Force Shared Service (MFSS) transfer of payroll system to the new Fusion solution and the uncertainty in relation to the announcement of the comprehensive spending review and the police funding formula.
- (5) Appendix 3 of the report, which outlines more in-depth explanations of the mitigation in place in relation to the Force's very high level strategic risks.

## **9) INTERNAL AUDIT PROGRESS REPORT**

Mark Lunn, Mazars introduced the report which provided an update on progress against the Internal Audit Annual Plan for 2019-2020, and the findings from the audits completed to date.

The Panel noted the update without substantive comment

**RESOLVED: 2019/055**

To note the internal audit progress update.

## **10) EXTERNAL AUDIT – VERBAL UPDATE**

Neil Harris of EY provided a verbal update on the current position in respect of the External Audit, making the following points:

- EY had experienced resourcing constraints, which were being addressed through additional recruitment. The wider sector was also experiencing significant disruption because of increasingly complex local authority audits, which, because of increased commercialisation, required more specialised audit skills;
- There had been a number of issues with the accuracy, readiness and availability of the documentation received once the audit started at end October 2019, but these were being resolved and the audit was progressing, with no significant issues arising to date;
- The McLeod judgement in respect of age discrimination had meant that significant changes to the accounts was required;
- Field work was expected to conclude by end December 2019, with an audited version of the accounts available by mid-January 2020 for use for budget setting;
- Despite the issues and delays described above, all statutory obligations had been discharged to date. However, Mr Harris did not believe that the current audit schedule for sign-off by 31 July was sustainable

During discussion, a number of issues were raised and points made:

- It was acknowledged that there had been a rocky start to the audit process, but a solid rapport was developing. The operation of the portal still proved problematic, but staff were bypassing the portal to provide the required information directly to the appropriate contacts;
- EY sample testing differed significantly to that under the previous audit regime, and was much less 'light touch' than was previously the case;
- The Panel expressed its disappointment that documentation was not sufficiently robust and accurate at the outset of the audit process, but noted the progress being made;
- The Chair agreed to meet Mark Kimberley, Head of Finance at Nottinghamshire Police and Charlie Radford, Chief Finance Officer NOPCC to discuss what the Panel should have for consideration at its next meeting in February 2020

**RESOLVED: 2019/056**

To note the verbal update and supporting comments.

Mr Ayoola left the meeting at this point.

**11) POLICE AND CRIME COMMISSIONER'S UPDATE REPORT**

The Panel considered the report, which had been submitted to the Police and Crime Panel on 23 September 2019, providing an update on progress in delivering Police and Crime Plan 2018-2021.

The following points were made during discussion:

- The Panel welcomed the future modelling work undertaken by Crest Advisory to identify future demand and help identify appropriate resource, but expressed concern that violent crime figures, particularly sexual crime, continued to increase;
- In response, the Chief Constable explained that while the number of incidents was stable, compliance with NCRS requirements meant incident recording had become more complex. Incidents of malicious communications and stalking/harassment had increased significantly and secondary investigations were taking up an increasing amount of time;
- The Panel commended the success of Operation Reacher in tackling knife crime, noting that the programme had been academically endorsed with a view to it being rolled out more widely;
- The Chair requested that the Panel receive a presentation on the joint new-build Headquarters at a future meeting.

**RESOLVED: 2019/057**

- 1) To note the update
- 2) To receive a presentation on the new joint-build Headquarters at a future meeting.

**12) COMPLAINTS AND MISCONDUCT INVESTIGATIONS**

**RESOLVED: 2019/058**

To note the update without substantive discussion.

**13) IOPC INVESTIGATIONS, RECOMMENDATIONS AND ACTIONS**

The Panel considered a report, informing the Panel of complaint and conduct matters that have been referred to the Independent Office of Police Conduct (IOPC) in the period 1 April to 31 August 2019, with recommendations and actions highlighted.

The Panel commended the Force for getting to grips in a pragmatic way with wellbeing issues, and for close partnership working locally and nationally.

**RESOLVED: 2019/059**

That the Panel was assured that Nottinghamshire Police:

- 1) was transparent in referring itself to the IOPC in relation to all instances which meet the criteria, as highlighted in the report:
- 2) considered and responded to IOPC recommendations.

**14) PROFESSIONAL STANDARDS CONFIDENTIAL REPORTING PROCEDURE ('WHISTLEBLOWING')**

The Panel considered the report, updating the Panel on the work of the Professional Standards Directorate and its Counter-Corruption Unit in dealing with suspected instances of corruption.

The Panel noted that in the period 1 April to 31 August 2019 only 2 of the 12 referrals were in accordance with National Counter Corruption categories as set by the National Crime Agency. The Chief Constable advised that he was to speak to all sergeants to make sure all were clear as to what constituted corruption, and the appropriate reporting routes for non-corruption categories.

**RESOLVED: 2019/060**

That the Panel was assured:

- 1) by the processes in place relating to confidential reporting of corruption;
- 2) that the Force Professional Standards Directorate actively sought information and intelligence from a variety of sources to prevent corruption.

**15) JOINT AUDIT AND SCRUTINY WORK PLAN 2019-2020**

**RESOLVED: 2019/061**

Subject to expanding GDPR as a key Theme for Risk at its May 2020 meeting to include wider IT considerations, to note and approve the Work Plan for 2019-2020.

**16) SUMMARY OF ACTIONS**

**RESOLVED 2019/062**

To agree that the following actions be added to the action tracker:

Action 027: Audit and Inspection Update: Chair to speak to DCC Barber about reviewing inspection actions outstanding for more than 2 years;

Action 028: Chief Constable to check average detention times and confirm;

Action 029: External Audit: Chair to meet Charlie Radford and Mark Kimberley to discuss report content for the February 2020 meeting from the Panel perspective.

Action 030: PCC Update Report: Request to have a presentation to a future meeting on the joint-build new Headquarters.

The meeting closed at 12.00pm

## AUDIT & SCRUTINY PANEL MEETING

### Actions arising from previous meetings and progress against action tracker

|            | ACTION  | ALLOCATED TO | TIMESCALES<br>FOR UPDATES   | UPDATE  |
|------------|---|--------------|---|---|
| <b>024</b> | Use of force info graphs and raw data to be brought to a future meeting   | DCC Barber   | February 2020<br><br><b>Proposed deferral<br/>until July 2020</b> | CI Williams to be invited to provide update on Use of Force   |
| <b>025</b> | Panel to receive an update on the new Force Model at Force HQ   | DCC Barber   | February 2020   | To be considered as part of Change Programme Outcomes – (Audit and Inspection Update) – – then complete and close |
| <b>027</b> | Audit and Inspection Update: Chair to speak to DCC Barber about reviewing inspection actions outstanding for more than 2 years; | DCC Barber   | February 2020   |   |
| <b>028</b> | Chief Constable to check average detention times in custody suites and confirm;   | CC Guildford | February 2020   | Information circulated separately to the February 2020 agenda – complete and close                                |

|            |   |  |               |   |
|------------|---|--|---------------|---|
| <b>029</b> | External Audit: Chair to meet Charlie Radford and Mark Kimberley to discuss report content for the February 2020 meeting from the Panel perspective | Chair, Charlie Radford, Mark Kimberley | February 2020 |   |
| <b>030</b> | PCC Update Report: Request to have a presentation to a future meeting on the joint-build new Headquarters   | CC Guildford                           | May 2020      | Supt Winter and Bryn Coleman to present |

|                           |  |
|---------------------------|--|
| <b>For Consideration</b>  |  |
| <b>Public/Non Public*</b> | <b>Public</b>                                      |
| <b>Report to:</b>         | <b>Joint Audit and Scrutiny Panel</b>              |
| <b>Date of Meeting:</b>   | <b>24 February 2020</b>                            |
| <b>Report of:</b>         | <b>Paddy Tipping Police and Crime Commissioner</b> |
| <b>Report Author:</b>     | <b>Kevin Dennis</b>                                |
| <b>E-mail:</b>            | <b>Kevin.Dennis@nottinghamshire.pnn.Police.uk</b>  |
| <b>Other Contacts:</b>    | <b>Kevin Dennis</b>                                |
| <b>Agenda Item:</b>       | <b>5</b>   |

## **POLICE AND CRIME COMMISSIONER'S UPDATE REPORT TO DECEMBER 2019**

### **1. PURPOSE OF THE REPORT**

- 1.1 This report provides the Joint Audit and Scrutiny Panel with an update on progress in delivery against the Police and Crime Commissioner's (Commissioner) Police and Crime Plan (2018-21), as reported to the Police and Crime Panel on 6 February 2020 in compliance with the Commissioner's statutory duties<sup>a</sup>.
- 1.2 The report also provides a summary of performance headlines over the 1<sup>st</sup> January to 31<sup>st</sup> December 2019 period (Appendix A), the latest available revenue and capital financial position (Appendices B and C) and a summary of key OPCC and force decisions made over the current planning period (Appendix D).

### **2. RECOMMENDATIONS**

- 2.1 The Joint Audit and Scrutiny Panel is asked to note this report. The Police and Crime Panel has primary responsible for scrutinising the contents of this report, seeking assurance from the Commissioner on any specific areas of concern, requesting further information where necessary and making recommendations where appropriate and within the scope of their role<sup>b</sup>.
- 2.2 The information provided as part of the Commissioner's update report is designed to assist the Police and Crime Panel in fulfilling their duties under the Police Reform and Social Responsibility Act 2011 to provide scrutiny of and support to the Commissioner in relation to the Police and crime plan and maintain a regular check and balance on the performance of the PCC in that context (Section 14 of the Policing Protocol 2011).

<sup>a</sup> Section 13 of the Police Reform and Social Responsibility (PR&SR) Act 2011 requires the Commissioner to, subject to certain restrictions, provide the Panel with any information which they may reasonably require in order to carry out their functions, and any other information which the Commissioner considers appropriate

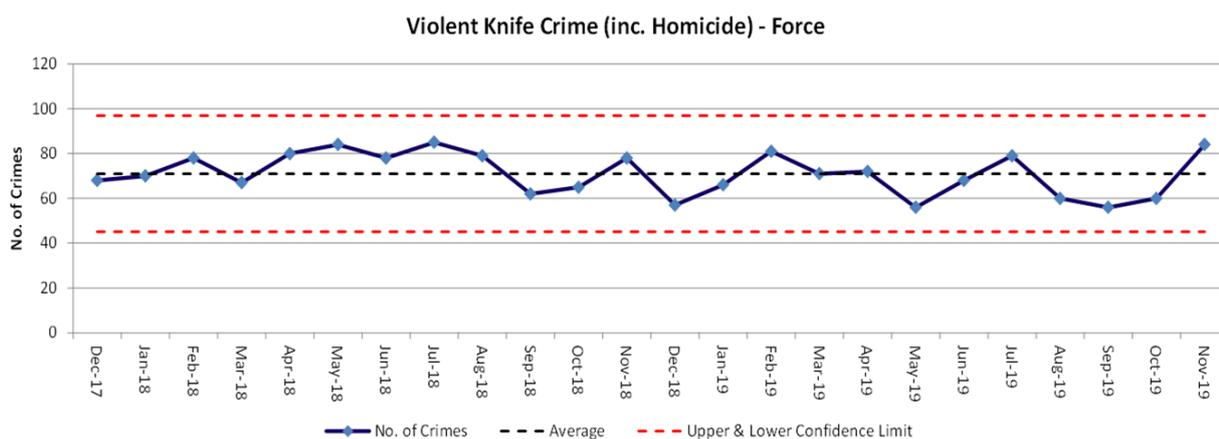
<sup>b</sup> [Police and Crime Panels: A Guide to Scrutiny](#), Local Government Association (Updated 2016)

### 3. POLICE AND CRIME PLAN PERFORMANCE (2018-21)

- 3.1 The Commissioner's Police and Crime Plan (2018-21) set 57 performance indicators and 12 sub-measures across four strategic themes. These indicators are tracked by the force and OPCC on a quarterly basis, with the next comprehensive update scheduled for February 2020. The full suite of performance measures across all four themes for the current year can be viewed in the Performance section of the Commissioner's website<sup>c</sup>.
- 3.2 Work is currently underway to refresh the reporting template for tracking Police and Crime Plan performance following engagement between the Police and Crime Panel, OPCC and force alongside learning from national examples of good and effective practice. The revised template aims to capture quarterly variation in numerical performance indicators and provide a greater degree of contextual narrative relevant to the broader Police and Crime Plan objective.
- 3.3 In addition to feedback on findings from the 2019 Police and Crime Needs Assessment and December 2019 Police and Crime Survey (reported below), Panel members are advised of the following interim performance updates:
- 3.4 **Protecting vulnerable people from harm:** Adult and child safeguarding referrals continue to increase (+24.5%) as a result of improvements in identification and referral processes. Increases in the level of domestic abuse recorded by police (+15.2%) are beginning to stabilise following improvements in recording practices and new categories introduced as specific offences under Protection of Freedoms Act 2012 in 2016. Findings from the Nottinghamshire Police and Crime Survey indicate that the likelihood of survivors reporting their experience of domestic abuse to the police has increased marginally over the last year from 71.5% to 73.5% in December 2019.
- 3.5 **Violent knife crimes** recorded by police have reduced by around 8.4% over the last year following a peak in August 2018. This has been coupled with increased police pro-activity which led to a significant increase in recorded possession of weapons offences during this period – largely attributable to Operation Reacher. Every possession of weapons offence dealt with by the police is potentially preventing the future use of a weapon in a violent offence, and therefore, the upward trend in the recording of these offences is viewed positively.

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<sup>c</sup> <https://www.nottinghamshire.pcc.police.uk/Public-Information/Performance/>



**3.6 PCC Commissioned Victim Services:** The OPCC continues to report on ‘cope and recover’ outcomes as part of the Ministry of Justices’ bi-annual monitoring arrangements. Around 1,840 victim service cases were closed during the April to September 2019 reporting period, of which, 80.7% reported improvements in their ability to ‘cope and recover’ from the harm that they had experienced. This marks an increase on the proportion of positive outcomes recorded during the 2018/19 baseline year (73%).

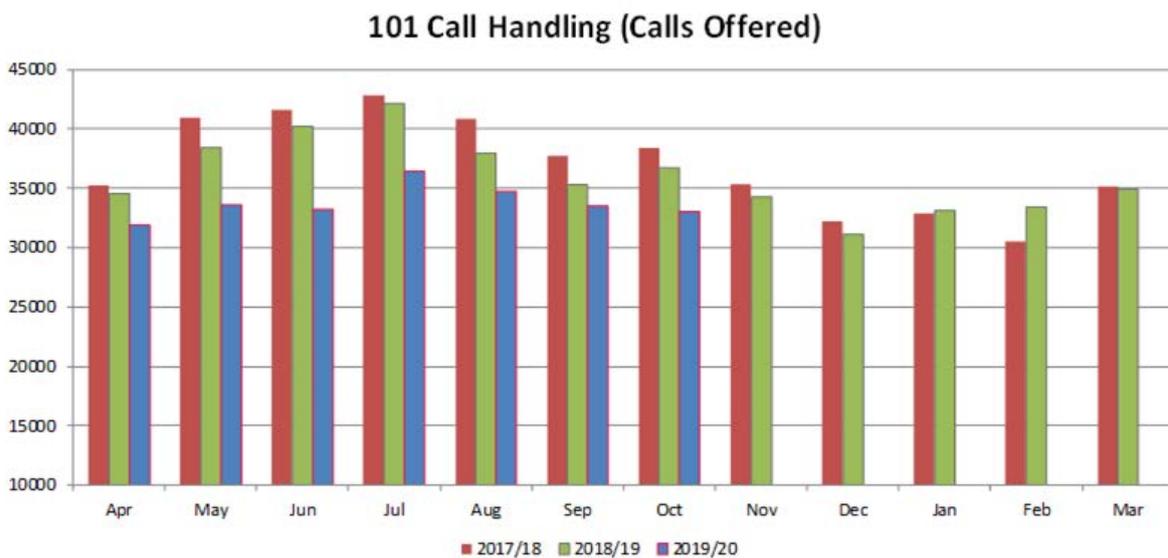
**3.7 Positive outcomes rates for serious sexual offences** have shown a steady downward trend over the last year (-3.2% pts) having fallen from 10.4% in September 2018 to 7.2% in September 2019. This reduction should be viewed in the context of rises in third party reporting from partner agencies and reports where the victim wishes to report the offence but does not support further police action. While the proportion of serious sexual offences resulting in a positive outcome has declined, the absolute number of positive outcomes has remained relatively stable.

**3.8 Recorded drug trafficking and supply offences** have continued to increase trend since March 2019 impacted, in part, by greater use of stop and search and proactive operations such as ‘Operation Reacher’ to target individuals and gangs involved in drug and weapon possession. The number of drug trafficking and supply offences recorded by police has increased by 52% over the previous year. Despite this, the Nottinghamshire Police and Crime Survey indicates that drug use and dealing remains a priority concern for local residents (47%), particularly in the Mansfield (60.5%) and Ashfield (60.1%) areas.

**3.9** 247 offenders are currently under active IOM management, either in the community or on short-term prison sentences while 254 offenders have been successfully removed from the scheme since January 2016. Together, these cohorts have achieved an average reduction in reoffending risk of 74.0% - which is over and above the level expected of a high performing scheme (45%). To date, the IOM programme has successfully planned, risk triaged and managed 280 prison releases in Nottinghamshire during 2019 and is continues to manage high risk serial

domestic violence perpetrators, MAPPA nominals, organised crime group offenders, knife crime-flagged offenders and a non-statutory early intervention cohort for knife crime. The programme is also now making use of alcohol tags, with the first being used by an offender in Bassetlaw who is successfully addressing their alcohol issues to the point of maintaining a tenancy for the first time.

**3.10 101 Call handling:** A recent national article<sup>d</sup> focussing on 101 abandoned call rates highlighted significant pressures on services in some areas of the country, with abandoned call rates exceeding 20% in some police forces in 2019 and, in exceptional circumstances, waiting times exceeding three hours. Nottinghamshire by contrast, has seen significant improvements in 101 call handling performance over the last year, largely driven by improvements in the management of demand and appropriate signposting to other services at first point of contact. 101 abandonment rates have fallen from 5.9% in 2018/19 to 2.1% in 2019/20 (year to date), with around 101 calls being answered in an average 27 seconds compared to 69 seconds during 2018/19. The work has also helped to deliver a 9.9% reduction in overall 101 call volumes - equivalent to 31,000 fewer calls each year.



**3.11 999 Call handling:** The force also maintains one of the one of the lowest 999 abandonment rates in the country, answering calls in an average of 2 seconds with an abandonment rate 0.1%. This has been achieved despite a 3.5% increase in overall 999 call volumes over the last year and evidence<sup>e</sup> to suggest that the force continues to have a greater number of reported incidents per head of population than other comparable force areas and the national average.

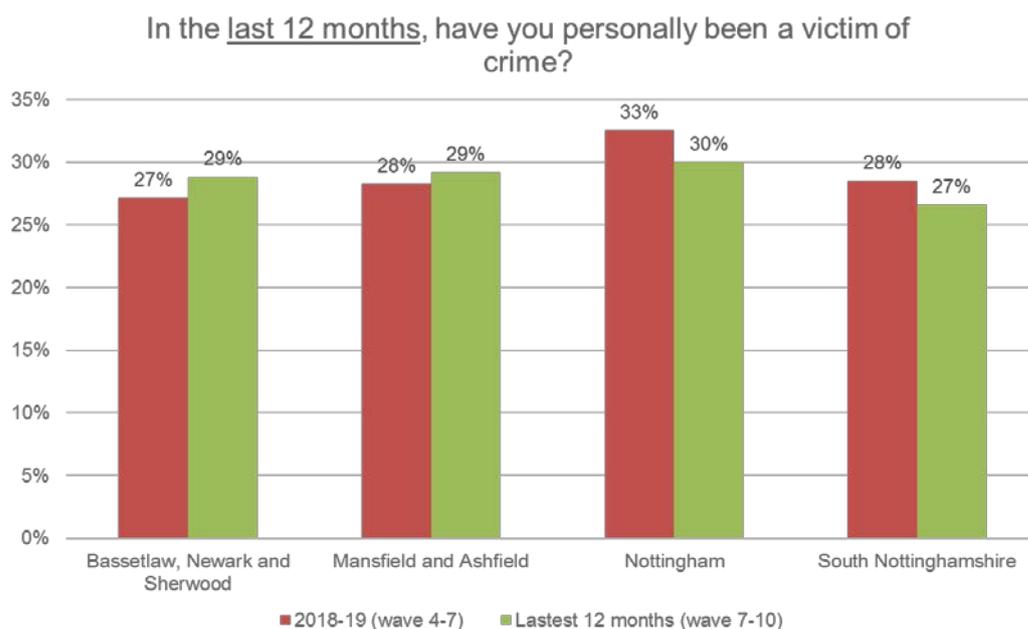
<sup>d</sup> [David Barrett, Home Affairs Correspondent for the Daily Mail, 26 December 2019](#)

<sup>e</sup> [HMICFRS 'Big Data' project](#)

- 3.12 The challenge of maintaining strong performance in this area has been compounded by higher levels of staff turnover during the winter months as a number of dispatchers and call handlers have left the department to become police officers and training abstractions in preparation for the imminent launch of the new command and control platform. These factors highlight the opportunities for career progression within the department, the quality of staff recruited and a high level of efficiency and effectiveness in the recruitment, mentoring and training processes.
- 3.13 **Budget position:** As at October 2019, the force/OPCC are projecting a revenue overspend of £508,000 in 2019/20, which has reduced as a result of monitoring on staff pay, and a capital budget underspend of £371,000 as a result of the Northern Control Room project which was approved within the financial year. The budget is continually scrutinised and challenged with budget holders which will result in ongoing revisions throughout the year.

#### **4. Police and Crime Survey Findings – December 2019**

- 4.1 Fieldwork from the latest wave of the PCC's Police and Crime Survey was completed in December 2019 bringing the total number of individuals consulted during the year to 4,333. The survey achieves a robust and representative sample of responses at Community Safety Partnership level via an 'assisted self-completion' method.
- 4.2 Latest findings from the survey indicate that overall crime prevalence (i.e. proportion of residents affected by crime) has seen no significant change over the last year, with 28.5% of residents having experienced one or more crimes in 2019, or 18.9% when fraud and computer misuse related crimes are excluded. At Community Safety Partnership level, however, Bassetlaw, Newark and Sherwood and Mansfield and Ashfield have seen 1-2% point increases in crime prevalence, while Nottingham and South Nottinghamshire have seen equivalent reductions. This mirrors trends seen in the police recorded crime picture during 2019.



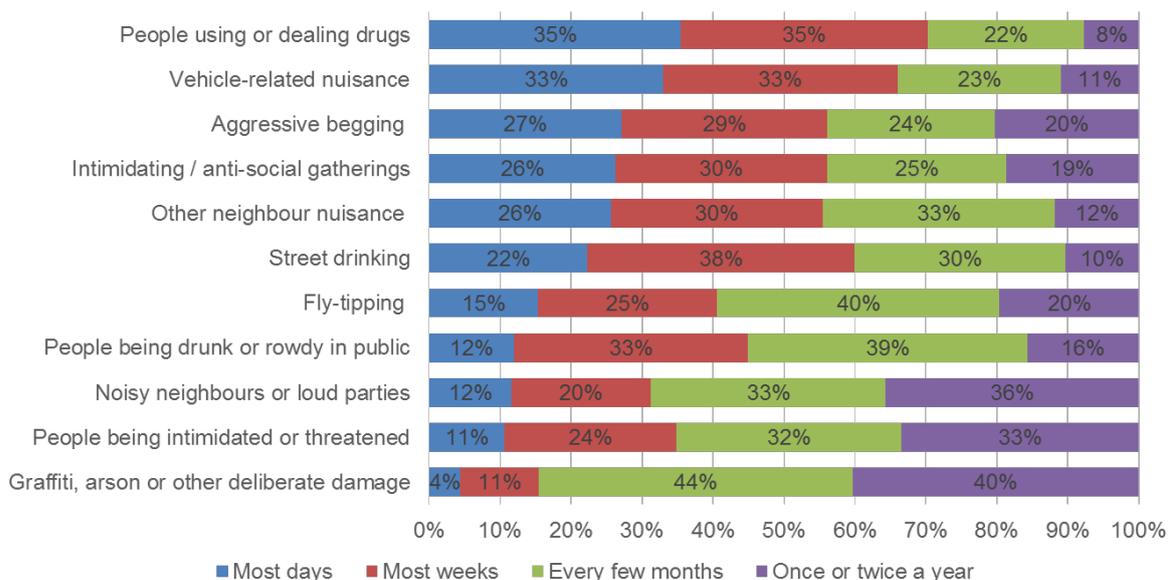
4.3 The overall proportion of PCS crime going on to be reported to the police (54.5%) remained broadly consistent with levels seen in 2018 (53.9%) and is highest in Bassetlaw, Newark and Sherwood (57%) and lowest in Nottingham (50%).

4.4 The proportion of victims of crime receiving some form of information, advice or support has risen from 40% to 44% over the last year, with the most significant rises seen among those receiving emotional support (up from 19% to 27%) or medical treatment for injuries sustained (up from 10% to 19%).

4.5 Indicators of public confidence in the police saw marginal improvements during 2019, with the proportion of residents feeling that they had confidence in the police rising from 47% to 49% and the proportion feeling that the police were ‘doing a good job’ rising from 53% to 55%. These trends have been largely driven by improvements in Nottingham City, where around 59% reported having confidence in the police and 55% felt that the police were ‘doing a good job’.

4.6 New questions were introduced into the Police and Crime Survey in December 2019 relating to the experience and impact of anti-social behaviour on residents. Initial findings from the first wave of responses indicate that noisy neighbours (29%), vehicle-related nuisance (28%) and people using or dealing drugs (26%) are prevalent experiences among local residents, however neighbourhood noise nuisance is a markedly less frequent occurrence.

If you have experienced one or more types of ASB, please indicate how often this has happened

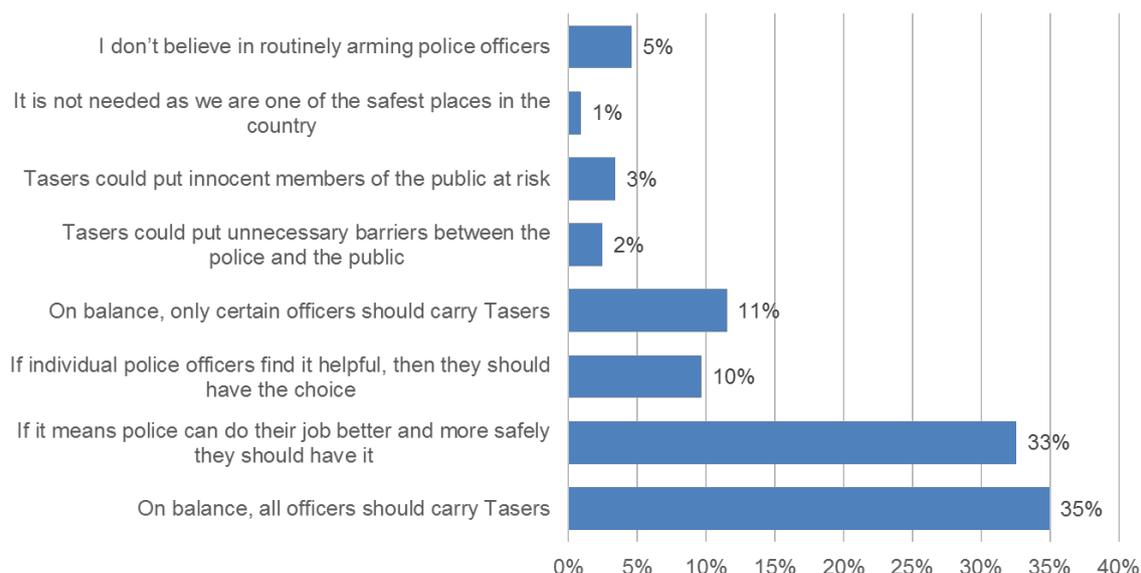


4.7 On average, impact of ASB is relatively low, with 73% stating that the ASB they had experienced had little or no effect on their quality of life, compared to 7% reporting a major impact. While 16% and 18% of ASB occurrences were reported to the Police and Local Authorities respectively, around 72% of were not formally reported to any agency. Trends in this data will be tracked over time, with further analysis being undertaken by locality, demographic characteristics and ASB type as the sample size increases.

4.8 Consistent with findings in 2018, around 27% of respondents had been in contact with Nottinghamshire Police in 2019, with the majority contacting the police to report a crime or incident (66%). While the proportion that were satisfied with the service they received (59%) saw no significant change in 2019, the proportion that were dissatisfied fell from 29% to 25% during the year.

4.9 Further questions were also added to the December 2019 survey in relation to public concern and attitudes towards police officer safety. The survey revealed that resident concern about officer safety in their area is relatively low, with 46% reporting little or no concern and 16% reporting high levels of concern. Despite this, 72% felt that police officers should be given more protection and support when carrying out their duties and 78% were supportive of the use of Tasers – with 35% feeling that all officers should be equipped with them.

### Which option below best sums up your view on local officers being equipped with Tasers?



## 5. Activities of the Commissioner

- 5.1 The Commissioner is represented at the key thematic, partnership and force local performance boards to obtain assurance that the Force and Partners are aware of the current performance threats and taking appropriate action to address the emerging challenges. Any issues of concern are reported to the Commissioner who holds the Chief Constable to account on a weekly basis. The Commissioner also meets heads of Investigations and Intelligence and Operations on a quarterly basis to gain a deeper understanding of threats, harm and risk to performance.
- 5.2 The Commissioner continues to take steps to obtain assurances that the Chief Constable has 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 website.<sup>f</sup>
- 5.3 The Commissioner has maintained an active partnership and community engagement schedule throughout November and December 2019, which has included hosting of a Partnership Problem Solving Conference (12 Nov), chairing the Strategic Violence Reduction Board (13 Dec) and undertaking neighbourhood walkabouts in Beeston, Clifton, Bingham and Trent and the City Centre. The Commissioner has also engaged in events including the Nottinghamshire Knife Crime Symposium, the Integrated Care System Partnership Forum, Contextual

<sup>f</sup> <http://www.nottinghamshire.pcc.police.uk/News-and-Events/Latest-News.aspx>

Safeguarding conference, Opportunity Nottingham conference and various local Parish Council / Safer Neighbourhood meetings.

### **Nottinghamshire Police and Crime Needs Assessment**

5.4 The OPCC is in the process of consulting statutory and voluntary and community sector partners on headline findings from the 2019 Police and Crime Needs Assessment with a view to informing planning and commissioning intentions for 2020/21. The annual report which brings together a wide range of partnership data and stakeholder perspectives highlights that:-

- Presentation of multiple / complex need linked to offending, victimisation and risk of harm is likely to continue to rise over the coming year as a result of increasing underlying need, capacity constraints affecting key services and ongoing improvements in proactive identification and management of risk
- Police recorded victim-based crime is expected to increase over the next year driven by increased recording of violence without injury, improvements in crime recording, genuine increases in fraud, increases in police pro-activity and more reporting as a result of increased public confidence in / access to services
- Pressure on already stretched domestic abuse, sexual abuse & therapeutic support services is likely to increase further over the next year as a result of greater reporting and proactivity. The proportion of victims not supporting a criminal justice outcome is rising and positive outcomes for rape remain low
- The number of identified suspects is expected to increase over the next year as a result of increases in police proactivity / capacity, technological developments and potential changes in legislation, reporting and offender management arrangements. Maximising the appropriate use of out of court disposals and reducing re-offending are essential to minimising the impact on the CJS
- Community concern regarding drug use and dealing is increasing markedly. Investment in neighbourhood policing and local problem solving has potential to drive improvements in public trust and confidence in the north of the county and among new and emerging communities

5.5 The draft Nottinghamshire Police and Crime Needs Assessment for 2019 can be found on the Commissioner's website. The final Police and Crime Delivery Plan for 2020/21 will be reported to the Police and Crime Panel on 31 March 2020.

## **Nottinghamshire Violence Reduction Unit (VRU)**

- 5.6 The Home Secretary confirmed a further £35m funding for 18 Violence Reduction Units nationally on 29 December 2019, with Nottinghamshire receiving a provisional £880,000 on 2020/21 subject to final Home Office approval. Nottinghamshire's [Violence Reduction Unit](#) was established in September 2019, to offer leadership and strategic coordination of a local public health approach to serious violence in partnership with the police, local government, health, community leaders and other key partners. The funding for 2020/21 will enable partners to embed and build on the projects already underway and support new

### **Operation Uplift**

- 5.7 Work continues to recruiting new officers as part of the national programme funded by the Home Office to recruit 20,000 additional officers by March 2023. In Nottinghamshire, the service remains on track to recruit 107 new officers as part of Operation Uplift, over and above the 175 new recruits already planned. This is expected to bring the number of full time equivalent (FTE) officers to 2,087 in 2020. Chief Constable Craig Guildford said: "It's a fantastic opportunity for us to increase our Neighbourhood policing numbers and local investigators which will help reduce the risk and harm from crime, keep people safe and pursue those who choose to cause so much angst to our communities".

## **6. Case Study: Service Response to Stalking**

- 6.1 Police and Crime Panel Members have requested the presentation of a case study for each meeting. Recent case studies have included: Prosecution File Quality Improvements; Knife Crime; Nottinghamshire Police and Crime Survey; OPCC's Sexual Violence Engagement Manager; the Nottinghamshire Victim CARE Service; Nottingham Violence Interrupters Pilot, understanding and managing police demand and Operation Reacher. For this meeting, a further case study has been prepared detailing activity and outcomes in relation to stalking.
- 6.2 Stalking is a crime in England and Wales under the Protection from Harassment Act 1997. It is described as a pattern of unwanted and persistent behaviour that is motivated by a fixation or obsession that causes a victim to suffer alarm, distress or a fear of violence. It is illegal for a person to pursue a course of conduct that they know or ought to know amounts to stalking. A court of conduct refers to two or more incident of unwanted behaviour.
- 6.3 The Police and Crime Needs Assessment for Nottinghamshire 2018-21 notes that "stalking was introduced alongside coercive control as a specific offence under the Protection of Freedoms Act 2012, with Nottinghamshire recording 48 offences in

2016/17, including 11 which were non-recent cases. Of the current cases, around half (51%) resulted in either a charge, caution or community resolution. The majority of recorded victims were female (89%). A joint inspection<sup>9</sup> undertaken by HMIC and HMCPSI in 2017 found that stalking too often goes unrecorded and unrecognised by the police and prosecutors who may categorise offences as harassment and miss opportunities to take effective action.”

- 6.4 From 1 April 2018 police forces have been required to record stalking and harassment in addition to the most serious victim based offence involving the same victim. As a result the reported stalking cases have climbed and are expected to keep climbing.

Stalking reported to Nottinghamshire Police during the 2019 calendar year

|   | Domestic Stalking |      |       | Non-Domestic Stalking |      |       |
|---|-------------------|------|-------|-----------------------|------|-------|
|   | Female            | Male | Total | Female                | Male | Total |
| <b>City</b>                             | 92                | 17   | 109   | 45                    | 7    | 52    |
| <b>Bassetlaw, Newark and Sherwood</b>   | 58                | 1    | 59    | 15                    | 2    | 17    |
| <b>Mansfield and Ashfield</b>           | 82                | 4    | 86    | 32                    | 5    | 37    |
| <b>Broxtowe, Rushcliffe and Gedling</b> | 64                | 2    | 66    | 41                    | 6    | 47    |
| <b>Total</b>                            | 296               | 24   | 320   | 133                   | 20   | 153   |

- 6.5 As a result of the 2017 HMICFRS report Nottinghamshire Police changed internal processes, introduced stalking training for officers and in January 2018 set up a monthly stalking clinic. The Stalking Clinic is a monthly multiagency meeting which agrees how to manage perpetrators. Victims and others at risk are discussed and safeguarding actions identified. The Clinic discussed 92 cases in 2018 and 2019, with around 5 cases per month discussed during 2019.
- 6.6 Attending agencies include Nottinghamshire Police, Stalking Advocates from Juno Women’s Aid, Nottinghamshire Women’s Aid and Equation, National Probation Service and MAPPA. Consultant forensic psychiatrists also attend and utilise the Stalking Risk Profile for each perpetrator discussed. This identifies the type of stalker and assesses the risk of violence, recurrence and persistence as well as the risk of psychosocial harm to the perpetrator. The completed assessment is shared where necessary including in criminal cases with CPS to improve agencies’ understanding about the risks posed by stalkers.

<sup>9</sup> *Living in Fear, HMICFRS, July 2017*

6.7 DI Amy Styles-Jones, who chairs Nottinghamshire Police's stalking clinic, said:

*"The clinic is innovative and sees an established group of professionals working well together to safeguard victims of stalking as well as managing perpetrators. The stalking advocacy service is key in bringing the voice of the victims to the discussions and we're starting to receive some really positive feedback about the service. It's also really pleasing to see that stalking is better understood in Nottinghamshire now than in previous years so we're making real progress to combat the issues that stalking poses".*

6.8 The Suzy Lamplugh Trust<sup>h</sup> reports that the consequences of stalking for victims can be physical, psychological, social and economic. Victims can develop anxiety, depression and agoraphobia, with 50% of victims experiencing post-traumatic stress disorder. Many victims change their behaviour to feel safer, including not going out in public, reducing social outings and moving home.

6.9 Victims and survivors of stalking from an ex intimate partner have always been supported in Nottinghamshire through commissioned domestic abuse support services delivered by Juno Women's Aid, Nottinghamshire Women's Aid and Equation. However, when the stalking clinic began in 2018 it became clear that additional support was needed, particularly for victims of non-domestic stalking. Juno and Nottinghamshire Women's Aid began supporting non domestic victims at the stalking clinics but were unable to provide any ongoing support for victims without dedicated staff. Therefore, in July 2019 the PCC began funding a formal pilot of a dedicated Stalking Advocacy Service for victims of non-domestic stalking.

6.10 The Stalking Advocacy Service is delivered by Juno Women's Aid, Nottinghamshire Women's Aid and Equation and aims to help safeguard victims of non-domestic stalking and empower them to cope better and recover by providing trauma-informed informational, practical and emotional support and advocacy including safety planning. It primarily supports survivors of non-domestic stalking aged 16 and older living in Nottingham/Nottinghamshire, however it will also support younger victims if required, while Equation is providing support to male victims and developing multi-agency training and briefings on stalking.

6.11 Dedicated staff began in July 2019 supporting police referrals only, before being formally launched on White Ribbon Day on 25 November 2019. Since July 2019 over 40 victims have been referred to the Stalking Advocacy Service, with 32 supported (all female). Victims have been supported with issues such as bail and licencing conditions to protect their safety, home and work safety planning including

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<sup>h</sup> *Out of Sight Out of Mind, Two Years On, Suzy Lamplugh Trust 2018*

use of social media, emotional support and advocacy and referrals to other help such as counselling.

6.12 Feedback has been extremely positive, with victims reporting that the stalking had ceased, and that they had felt empowered both by stalking advocates and police officers to have control over decisions affecting them. Victims were very grateful for the support service and felt able to move on with their lives following help from an Advocate. Yasmin Rehman, CEO of Juno Women's Aid, which has received the highest number of referrals for support, said about the Service:

*"We are delighted to be able to help protect victims of non domestic stalking and enable them to regain control over their lives. Anyone can be a victim of stalking and the new Stalking Advocacy Service provides much needed help in Nottinghamshire."*

6.13 DSU Andy Gowan (Head of Public Protection, Nottinghamshire Police) said:

*"I am delighted to see an improved police response to the tackling of Stalking cases and have been impressed with the commitment from the OPCC/partners and commissioned services to support a problem solving/partnership response to safeguard victims and tackle stalking perpetrators"*

6.14 The PCC has provided funding worth £37,500 each to Juno Women's Aid and Nottinghamshire Women's Aid while Equation has received £9,480 to deliver support tailored to male victims and develop and deliver a series of stalking seminars for professionals. The service has been funded as a pilot until December 2020. It will be evaluated in the summer of 2020 to inform future commissioning arrangements.

6.15 To access the Stalking Advocacy Service call:

Women's Helpline: 0115 947 6490

Men's Helpline: 0115 960 5556

## 7. Decisions

- 7.1 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.<sup>i</sup>
- 7.2 Police and Crime Panel Members have previously requested that the Commissioner provide 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 D**.

## 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.

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<sup>i</sup> <http://www.nottinghamshire.pcc.police.uk/Public-Information/Decisions/Decisions.aspx>

Nottinghamshire Police Revenue Position as at the end of October 2019 by Department

|   | <b>Revised<br/>Budget<br/>£'000</b> | <b>Forecast<br/>Outturn<br/>£'000</b> | <b>FO-RB<br/>Variance<br/>£'000</b> |
|---|-------------------------------------|---------------------------------------|-------------------------------------|
| <b>Local Policing</b>                   |                                     |                                       |                                     |
| County                                  | 43,320                              | 43,146                                | (174)                               |
| City                                    | 30,194                              | 30,076                                | (118)                               |
| Contact Management                      | 16,190                              | 15,996                                | (195)                               |
|   | <b>89,705</b>                       | <b>89,218</b>                         | <b>(486)</b>                        |
| <b>Crime &amp; Operational Services</b> |                                     |                                       |                                     |
| Public Protection                       | 12,453                              | 11,935                                | (518)                               |
| Operational Support                     | 10,236                              | 10,589                                | 352                                 |
| Intelligence                            | 9,256                               | 9,036                                 | (220)                               |
| Serious & Organised Crime               | 7,428                               | 6,880                                 | (548)                               |
| Archive & Exhibits                      | 1,078                               | 1,106                                 | 27                                  |
| Other                                   | 255                                 | 281                                   | 26                                  |
|   | <b>40,706</b>                       | <b>39,826</b>                         | <b>(880)</b>                        |
| <b>Corporate Services</b>               |                                     |                                       |                                     |
| Technical Accounting                    | 12,449                              | 12,479                                | 30                                  |
| Information Services                    | 11,579                              | 11,728                                | 149                                 |
| Estates                                 | 6,235                               | 7,138                                 | 902                                 |
| Fleet                                   | 3,281                               | 3,528                                 | 247                                 |
| People Services                         | 1,781                               | 1,898                                 | 116                                 |
| PSD                                     | 1,575                               | 1,557                                 | (17)                                |
| Futures Board                           | 872                                 | 872                                   | 0                                   |
| Command                                 | 1,281                               | 1,434                                 | 154                                 |
| Corporate Development                   | 1,075                               | 842                                   | (233)                               |
| Corporate Communications                | 833                                 | 645                                   | (188)                               |
| Finance                                 | 671                                 | 805                                   | 134                                 |
| Information Management                  | 531                                 | 448                                   | (83)                                |
| Other smaller budget departments        | 215                                 | 229                                   | 14                                  |
|   | <b>42,379</b>                       | <b>43,603</b>                         | <b>1,224</b>                        |
| <b>Collaboration</b>                    |                                     |                                       |                                     |
| EMSOU Operations                        | 13,494                              | 13,538                                | 44                                  |
| EMCJS                                   | 9,071                               | 9,134                                 | 63                                  |
| EMSOU Services                          | 4,169                               | 4,325                                 | 156                                 |
| MFSS                                    | 2,567                               | 3,056                                 | 489                                 |
| ESN                                     | 186                                 | 186                                   | 0                                   |
| EMSCU                                   | 153                                 | 150                                   | (3)                                 |
|   | <b>29,640</b>                       | <b>30,389</b>                         | <b>749</b>                          |
| <b>Home Office Grants</b>               |                                     |                                       |                                     |
| Knife Crime                             | (1,067)                             | (1,067)                               | 0                                   |
| ARV Uplift                              | (55)                                | (55)                                  | 0                                   |
| Cyber Crime                             | 0                                   | (99)                                  | (99)                                |
|   | <b>(1,122)</b>                      | <b>(1,221)</b>                        | <b>(99)</b>                         |
| <b>Force Total</b>                      | <b>201,308</b>                      | <b>201,816</b>                        | <b>508</b>                          |
| <b>OPCC</b>                             | <b>4,975</b>                        | <b>4,975</b>                          | <b>0</b>                            |
| <b>Group Total</b>                      | <b>206,283</b>                      | <b>206,791</b>                        | <b>508</b>                          |

Overspends shown as positive numbers, under-spends shown as ( ) numbers.  
No manual adjustments have been made for rounding

8.2 As at 31 October 2019, the force/OPCC are projecting a financial revenue outturn position of £206,791,000 in 2019/20, which represents a projected overspend of £508,000 against the approved net revenue budget of £206,283,000. The over spend is predominately being driven by:-

- Unexpected costs in information services for renewal of the data bundle contract and slow progress on realising the £300k efficiency saving
- An over spend on MFSS relating to the extension of early life support

8.3 An increase on estates costs in recognition that Bingham, Worksop and Holmes House sales may not be realised

8.4 As at 31 October 2019, the force/OPCC are projecting a Capital budget outturn of £8,527,000 in 2019/20 against an approved capital programme budget of £13,625,000. The under spend has increased considerably over the last quarter, largely due to variance within the Command and Control project.

#### Capital Outturn Position as at the end of October 2019, by Project

| Project Name  | Revised Budget £'000 | Forecast Outturn £'000 | Underspend £'000 | Slippage to 2020/21 £'000 |
|---|----------------------|------------------------|------------------|---------------------------|
| <b>Estates</b>                                      |                      |                        |                  |                           |
| New Custody Suite                                   | 6,430                | 1,587                  | 0                | (4,843)                   |
| Building Improvement, Renovation & Conversion Works | 1,185                | 1,127                  | 0                | (58)                      |
| Hucknall EMAS                                       | 637                  | 626                    | (11)             | 0                         |
| Custody Improvements                                | 360                  | 360                    | (0)              | 0                         |
| New HQ Joint Build                                  | 352                  | 748                    | 0                | 396                       |
| Northern Property Store                             | 246                  | 246                    | 0                | 0                         |
| Bunkered Fuel Tanks                                 | 62                   | 59                     | (3)              | 0                         |
| Automatic Gates & Barriers                          | 52                   | 52                     | 0                | 0                         |
| Community Rehabilitation Companies Renovations      | 25                   | 25                     | 0                | 0                         |
| West Bridgford Police Station Relocation & Sale     | 442                  | 221                    | 0                | (221)                     |
| Northern Control Room                               | 386                  | 16                     | (370)            | 0                         |
| <b>Estates Total</b>                                | <b>10,178</b>        | <b>5,067</b>           | <b>(384)</b>     | <b>(4,727)</b>            |
| <b>Information Services</b>                         |                      |                        |                  |                           |
| Command & Control                                   | 1,910                | 1,910                  | 0                | 0                         |
| Technology Services Refresh & Upgrades              | 1,149                | 1,149                  | 0                | 0                         |
| ANPR Camera Project                                 | 126                  | 126                    | 0                | 0                         |
| NEP   | 112                  | 109                    | (3)              | 0                         |
| SICCS Upgrade                                       | 0                    | 0                      | 0                | 0                         |
| <b>IS Total</b>                                     | <b>3,297</b>         | <b>3,294</b>           | <b>(3)</b>       | <b>0</b>                  |
| <b>Other Projects</b>                               |                      |                        |                  |                           |
| Vehicle & Equipment Replacement                     | 150                  | 167                    | 17               | 0                         |
| <b>Overall Total</b>                                | <b>13,625</b>        | <b>8,527</b>           | <b>(371)</b>     | <b>(4,727)</b>            |

Overspends shown as positive numbers, under-spends shown as ( ) numbers.

No manual adjustments have been made for rounding

8.5 The budget is continually scrutinised and challenged with budget holders which will result in ongoing revisions throughout the year. Monitoring has been exceptionally problematic this year, with proven errors in the data recoded on the financial system. While work is progressing to address these issues, it should be noted that the year to date actual spend is inaccurate at this present time. There is confidence that the budget set is robust and will be sufficient to manage capital plans during 2019/20.

8.6 **Appendices B and C** contain the full finance revenue and capital reports submitted to the Strategic Resources and Performance Board on 4<sup>th</sup> November 2019 and provide more detail regarding the provisional year end position for each.

## **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 briefing on a fortnightly basis which is widely accessed by OPCC, policing and other partner agencies nationally. The briefing captures information from a wide range of sources including emerging legislation, government publications, audits and inspections and significant consultations, statistics and research findings in order to help inform local strategic planning and decision making. The briefings can be accessed via the Commissioner's website<sup>J</sup>.

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<sup>J</sup> <http://www.nottinghamshire.pcc.police.uk/Public-Information/Horizon-Scanning/Horizon-Scanning.aspx>

## 14. Details of outcome of consultation

14.1 The Chief Constable has been sent a copy of this report.

## 15. Appendices

- A. Nottinghamshire Police and Crime Plan Performance Report to December 2019: Sample for review
- B. Finance Revenue Budget Position for Q2 2019/20 as at August 2019: Paper presented to Strategic Resources and Performance Board on 6<sup>th</sup> November 2019
- C. Finance Capital Budget Position for Q2 2019/20 as at August 2019: Paper presented to Strategic Resources and Performance Board on 6<sup>th</sup> November 2019
- D. Forward Plan of Key Decisions for the OPCC and the Force

## 16. Background Papers (relevant for Police and Crime Panel Only)

- [Police and Crime Plan 2018-2021](#)

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# **NOTTINGHAMSHIRE POLICE AND CRIME PLAN PERFORMANCE AND INSIGHT REPORT 2019/20**

## **QUARTER 3: PERFORMANCE TO DECEMBER 2019**

Sample

**Guidance notes:**

1. The following performance indicators are taken from the Police and Crime Commissioner's (PCC) plan 2018-21. The information is structured according to the four strategic priority themes in the plan.
2. Wherever possible, performance information is provided for a 12 month rolling period compared to the equivalent 12 months of the previous year, in order to provide an indication of trend. Where information provided is for an alternative period this is stated.
3. Additional insight is included in the report in order to provide context in relation to performance exceptions only.
4. Data sources for each indicator are specified at appendix 1, including any information supplied outside of the Nottinghamshire Police Management Information team.
5. Amendments and additions have been added to this edition of the P&I report, in line with the revised Police and Crime Plan Strategic Framework (2018-21)

**Performance exceptions:**

Performance exceptions, both positive and negative, are indicated within the report by the following markers:-

- Positive exception: Significant improvement in latest quarter, or improving trend over three successive quarters
- Negative exception: Significant deterioration in latest quarter, or deteriorating trend over three successive quarters

## Summary of Key Headlines and Notable Exceptions

### Protecting vulnerable people from harm – Pages 3 to 4

- Nottinghamshire Police was assessed by HMICFRS as 'GOOD' at Protecting Vulnerable People as part of the 2019 PEEL inspections.
- Safeguarding referrals continue to increase quarter on quarter, largely due to improved identification, referral and recording of safeguarding concerns. 1,266 additional referrals in the year to September 2019.
- Police recorded violent knife crime displays a sporadic pattern, but has seen an overall decrease of 7.7% over the last year, largely due to reductions in knife-related robbery. Tackling knife crime remains a core priority.

### Helping and supporting victims – Pages 5 to 6

- The proportion of domestic abuse-related crimes that are repeats has increased by 2.5% points over the last year. This should be viewed in the context of a 21% increase recorded offences over the same period.
- Positive outcomes rates for SSO continue to decline following increases in disclosure and third party reporting. Absolute volume of positive outcomes remains stable.

### Tackling Crime and Anti-social Behaviour – Pages 7 to 10

- Nottinghamshire Police was assessed as 'REQUIRING IMPROVEMENT' in preventing and tackling crime and ASB in 2018. 2019 has seen an renewed focus on improving understanding of communities and prioritising crime prevention
- Overall prevalence of crime monitored via the Police & Crime Survey shows a stable trend over the last year, despite a marginal (+1%) increase in the county and a 3.8% decrease in the City
- 254 offenders successfully removed from the scheme since January 2016 achieved an average reduction in reoffending risk of 74%. IOM continues to be adapted to take account of the changing risk profile

### Transforming Services and delivering quality policing – Pages 11 to 13

- Overall positive perception of the police remains stable despite marginal increases in the city (up 1.8% pts to 54.9%) Positive perceptions remain lowest in Bassetlaw, Newark and Sherwood (41%).
- Forecast revenue overspend has reduced to £0.603m, largely due to monitoring on staff pay.
- Forecast capital underspend has reduced to £10k as a result of variance within the Command and Control project.

## Theme 1: Protecting Vulnerable People from Harm

### Theme 1A: More Vulnerable People Safeguarded and Protected

|      | Aim                                    | 12 months to Dec 2018 | 12 months to Mar 2019 | 12 months to Jun 2019 | 12 Months to Sep 2019 | 12 months to Dec 2019 | Change over last year |        |       |
|------|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|--------|-------|
|      |  |                       |                       |                       |                       |                       | %                     | Actual |       |
| 1A.1 | Adult and Child Safeguarding Referrals | Increase              | 5,315                 | 5,533                 | 5,837                 | 6,401                 | 6,739                 | 26.8%  | 1,424 |
| 1A.2 | Missing persons                        | Monitor               | 3,429                 | 3,426                 | 3,242                 | 3,153                 | 2,964                 | -13.6% | -465  |
| 1A.3 | Missing: No apparent risk              | Monitor               | 3,039                 | 3,038                 | 3,094                 | 3,016                 | 3,008                 | -1.0%  | -31   |
| 1A.4 | Mental health-related incidents        | Monitor               | 18,433                | 18,718                | 18,708                | 18,456                | 18,416                | -0.1%  | -17   |

#### Safeguarding Referrals

Overall, there is a continuing upward trend in recording with a new peak in referrals in July 2019. August to December 2019 has seen slight decreases, but the trend remains positive. This indicator provides the force and partner agencies with the confidence that improvements are being made in the identification and recording of safeguarding concerns, enabling agencies to take appropriate safeguarding actions to minimise the risk of harm.

#### Missing Person Reports

Missing Person reports have seen a downward trend since May 2018. Overall, reports saw a 13.6% reduction this year (465 fewer). The monthly average is currently 247 reports. The trend for Missing – No Apparent Risk reports (formerly Absent Persons Reports) has also been downward since July 2018; however, March 2019 saw an upturn with instances now stabilising.

#### Mental Health-Related Incidents

The last 12 months have seen a monthly average of 1,534, this is comparable to the previous year's monthly average of 1,536 incidents. July to September 2018 and July to September 2019 both saw higher than average levels with a peak in incidents in September for both years.

## Theme 1: Protecting Vulnerable People from Harm

### Theme 1B: Improved Response to Serious and Emerging Threats to Vulnerable People

|      | Aim                                       | 12 months to Dec 2018 | 12 months to Mar 2019 | 12 months to Jun 2019 | 12 Months to Sep 2019 | 12 months to Dec 2019 | Change over last year |        |
|------|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|--------|
|      |   |                       |                       |                       |                       |                       | %                     | Actual |
| 1B.1 | Fraud Offences                            | 2,934                 | 3,076                 | 3,076                 | 3,049                 | 3,006                 | 2.45%                 | 72     |
| 1B.2 | Online Crime                              | 3,475                 | 3,589                 | 3,551                 | 3,469                 | 3,556                 | 2.33%                 | 81     |
| 1B.3 | Drug Trafficking and Supply Offences      | 734                   | 807                   | 848                   | 897                   | 947                   | 29.0%                 | 213    |
| 1B.4 | Police recorded Child Sexual Exploitation | 715                   | 659                   | 588                   | 575                   | 560                   | -21.7%                | -155   |
| 1B.5 | Police recorded Modern Slavery offences   | 58                    | 47                    | 53                    | 73                    | 102                   | 75.9%                 | 44     |

#### Information Sharing / ECINS Update

The force-wide ECINS Programme supports information sharing in relation to vulnerable and complex people among over 40 stakeholder agencies. This helps to integrate processes, and remove silo working and duplication. The internal delivery board for system implementation and operational realisation continues to function well.

Principle outstanding issues for ECINS include:-

- Improving the volume of trainers and access to training as a result of increasing business need
- Facilitating system administration
- Building confidence in the system among users and potential users following slow take up during the early stages of the project.

#### Modern Slavery

The force continues to take a proactive approach to this type of offending - seeking out Modern Slavery offences in order to ensure that survivors are protected and offenders brought to justice. This is reflected in the upward trend from 2018 to 2019.

#### Drug Trafficking and Supply Offences

The upturn is attributed to various on-going operations conducted since the beginning of 2019, such as Op Reacher that has targeted various nominals and gangs and resulted in the increased recording of drug offences, weapons possession etc. Additionally, an increase in stop searches has taken place which again has resulted in more drug charges (see page 8)

#### Fraud

Fraud offences represent a significant challenge to the police and place a genuine demand on police resources, with investigations often complex and time consuming.

#### Online Crime

Online crime refers to offences where on the balance of probability, the offence was committed, in full or in part, through a computer, computer network or other computer-enabled device. The figures do not include fraud offences, which are captured separately. The majority of online crimes recorded are harassment offences, specifically malicious communications offences which have taken place online on forums such as Facebook and twitter.

## Theme 2: Helping and Supporting Victims

### Theme 2A: Improved reporting and response to domestic and sexual violence and abuse

|      | Aim  | 12 months to Dec 2018 | 12 months to Mar 2019 | 12 months to Jun 2019 | 12 Months to Sep 2019 | 12 months to Dec 2019 | Change over last year |           |       |
|------|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------|-------|
|      |  |                       |                       |                       |                       |                       | %                     | Actual    |       |
| 2A.1 | Police recorded domestic abuse crimes        | Monitor               | 13,339                | 14,263                | 14,558                | 14,921                | 15,394                | 15.4%     | 2,055 |
| 2A.2 | Domestic abuse repeat victimisation rate     | Monitor               | 32.6%                 | 33.1%                 | 33.5%                 | 34.4%                 | 34.5%                 | 1.8% pts  | n/a   |
| 2A.3 | Domestic abuse: Pos. Outcome Rate            | Monitor               | 15.8%                 | 14.6%                 | 14.6%                 | 13.8%                 | 13.4%                 | -2.4% pts | -52   |
| 2A.4 | % Domestic abuse victims satisfied (overall) | Monitor               | 92.2%                 | 90.9%                 | 90.0%                 | 88.0%                 | n/a                   | n/a       | n/a   |
| 2A.5 | Serious sexual offences: Adult               | Monitor               | 1,497                 | 1,489                 | 1,504                 | 1,447                 | 1,466                 | -2.1%     | -31   |
| 2A.6 | Serious sexual offences: Child               | Monitor               | 1,426                 | 1,401                 | 1,392                 | 1,406                 | 1,387                 | -2.74%    | -39   |
| 2A.7 | Sexual Offences: Pos. Outcome Rate           | Monitor               | 9.9%                  | 9.2%                  | 9.4%                  | 8.6%                  | 8.6%                  | -1.3% pts | -61   |

#### Domestic Abuse

The force has seen an increasing trend in reported Domestic Abuse crime over the last two years, due in part to increasing survivor confidence to come forward and seek support from the force and partner agencies. The proportion of victims that are repeats has seen a small increase over the last year.

#### Sexual Abuse

Both Adult and Child Serious Sexual Offences saw a small decrease during 2019 when compared to the previous 12 months. The positive outcome rate has also fallen by over 3 percentage points from 2018.

## Appendix B: Revenue Report presented to Strategic Resources and Performance

|                             |  |
|-----------------------------|--|
| <b>For Information Only</b> |  |
| <b>Public</b>               |  |
| <b>Report to:</b>           | <b>Strategic Resources and Performance</b>         |
| <b>Date of Meeting:</b>     | <b>6<sup>th</sup> November 2019</b>                |
| <b>Report of:</b>           | <b>Chief Constable</b>                             |
| <b>Report Author:</b>       | <b>Tracey Morris</b>                               |
| <b>E-mail:</b>              | <b>tracey.morris@Nottinghamshire.pnn.police.uk</b> |
| <b>Other Contacts:</b>      | <b>Mark Kimberley</b>                              |
| <b>Agenda Item:</b>         |  |

### Revenue Report for Period 5; Quarter 2 2019/20.

#### 1. Purpose of the Report

- 1.1 The purpose of this report is to provide an update on the financial outturn position for revenue as at 31<sup>st</sup> August 2019 (Period 5, Quarter 2).

#### 2. Recommendations

##### 2.1 Recommendation 1

It is recommended that the contents of the report and virements approved under delegated arrangements for Period 5 2019 shown in Appendix B are noted.

##### 2.2 Recommendation 2

That the Police and Crime Commissioner approve the virements of greater than £100k which have been recommended by the Chief Constable as set out in Appendix C. These virements will be reflected in the outturn position once fully approved.

##### 2.3 Recommendation 3

That the Police and Crime Commissioner note the overspend position and consider any action that might be required as set out in Appendix D.

##### 2.4 Background

The net revenue budget for 2019/20 is £206,283k. This is split between the Force £201,308k and the Office of the Police and Crime Commissioner (OPCC) £4,975k.

Finance in conjunction with the organisation has continued to review the outturn position. At the end of August 2019 the projected year end outturn is £206,886k, which represents an over spend of £603k against the budget, a reduction of £169k against period 4. Please also refer to section 8 of this report which identifies risk issues in respect of this report.

#### 3. Reasons for Recommendations

- 3.1 To update the Chief Officer Team and the Office of the PCC on the Force's projected outturn position for 2019/20 and also to comply with good financial management and Financial Regulations.

## 4. Summary of Key Points

### Executive Summary

- 4.1 The review during period 5 of revenue expenditure is forecasting an over spend in the Force budget of £603k; and an on budget position within the OPCC. Any underspends realised within the OPCC during the year will be transferred to OPCC's commissioning reserve.

In addition to the comments in the Period 4 report the reduction in over spend is mainly due to the monitoring on staff pay with a net in year saving of £305k (actual saving identified £503k, less the reversal of anticipated savings shown in income £225k) this is off-set with a further increase in estates costs, an expected redundancy payment due to recent restructures, overtime costs for Op Scorpion which are now starting to come through and a general increase in costs due to a rise in demand.

There are some mitigating factors that the organisation could consider to bring the force to a balanced outturn position which was reported in P4, however the £140k settlement fee reported last month will now be off-set against the insurance reserve contribution and income now reflects the secondment for Head of People Services. The remaining options total £753k.

Monitoring continues to be problematic and errors in the data continue to be reported. It should be noted that outturn monitoring in relation to staff pay has been attempted this month, however payroll and general ledger continue to be out of balance at the present time, accuracies between departments are also irreconcilable and inconsistent.

There is confidence that further savings could be found within the staff budgets and these are constantly being worked through, however until data in the system has been reconciled this will remain a risk. Officer and PCSO data has not been able to be completed to normal levels of assurance due to inconsistencies within the data.

The table below shows the projected Force (including externally funded and seconded officers/staff) variances against the 2019/20 budget plus approved virements (revised budget) as at the end of August 2019.

Variances greater than £10k are explained in more detail within section 4 of this report, unless there is no movement between last month's variance and this month's variance.

Data explaining the variance between original budget and revised budget can be found in appendix A. Data explaining the virements can be found in appendix B and appendix C.

**Nottinghamshire Police Group Position as at the end of August 2019, by Department.**

Over spends are shown as + numbers, whilst under spends are shown as ( ) numbers. No adjustments have been made for rounding.

|   | Revised Budget<br>£'000 | Forecast<br>Outturn<br>£'000 | FO-RB<br>Variance<br>£'000 |
|---|-------------------------|------------------------------|----------------------------|
| <b>Local Policing</b>                   |                         |                              |                            |
| County                                  | 43,095                  | 43,159                       | 64                         |
| City                                    | 29,450                  | 29,433                       | (17)                       |
| Contact Management                      | 16,353                  | 16,226                       | (127)                      |
|   | <b>88,898</b>           | <b>88,818</b>                | <b>(80)</b>                |
| <b>Crime &amp; Operational Services</b> |                         |                              |                            |
| Public Protection                       | 12,438                  | 12,229                       | (209)                      |
| Operational Support                     | 10,179                  | 10,354                       | 175                        |
| Intelligence                            | 9,205                   | 9,135                        | (70)                       |
| Serious & Organised Crime               | 7,313                   | 7,250                        | (63)                       |
| Archive & Exhibits                      | 1,078                   | 1,086                        | 9                          |
| Other                                   | 255                     | 280                          | 25                         |
|   | <b>40,468</b>           | <b>40,334</b>                | <b>(133)</b>               |
| <b>Corporate Services</b>               |                         |                              |                            |
| Technical Accounting                    | 12,449                  | 12,456                       | 6                          |
| Information Services                    | 11,324                  | 11,852                       | 528                        |
| Estates                                 | 6,235                   | 6,724                        | 489                        |
| Fleet                                   | 3,234                   | 3,346                        | 112                        |
| People Services                         | 1,742                   | 1,881                        | 139                        |
| PSD                                     | 1,633                   | 1,580                        | (53)                       |
| Futures Board                           | 1,083                   | 962                          | (122)                      |
| Command                                 | 1,263                   | 1,286                        | 23                         |
| Corporate Development                   | 1,080                   | 915                          | (164)                      |
| Corporate Communications                | 833                     | 642                          | (191)                      |
| Finance                                 | 671                     | 794                          | 123                        |
| Information Management                  | 503                     | 417                          | (87)                       |
| Other smaller budget departments        | 215                     | 229                          | 14                         |
|   | <b>42,267</b>           | <b>43,085</b>                | <b>818</b>                 |
| <b>Collaboration</b>                    |                         |                              |                            |
| EMSOU Operations                        | 13,534                  | 13,827                       | 293                        |
| EMCJS                                   | 9,066                   | 9,023                        | (43)                       |
| EMSOU Services                          | 4,169                   | 4,354                        | 185                        |
| MFSS                                    | 2,567                   | 3,055                        | 488                        |
| ESN                                     | 186                     | 186                          | 0                          |
| EMSCU                                   | 153                     | 159                          | 7                          |
|   | <b>29,675</b>           | <b>30,605</b>                | <b>930</b>                 |
| <b>Home Office Grants</b>               |                         |                              |                            |
| Knife Crime                             | 0                       | (569)                        | (569)                      |
| ARV Uplift                              | 0                       | (263)                        | (263)                      |
| Cyber Crime                             | 0                       | (99)                         | (99)                       |
|   | <b>0</b>                | <b>(931)</b>                 | <b>(931)</b>               |
| <b>Force Total</b>                      | <b>201,308</b>          | <b>201,911</b>               | <b>603</b>                 |
| <b>OPCC</b>                             | <b>4,975</b>            | <b>4,975</b>                 | <b>0</b>                   |
| <b>Group Total</b>                      | <b>206,283</b>          | <b>206,886</b>               | <b>603</b>                 |

#### **4.2 Local Policing – under spend (£80k) an increase of (£80k) on last month.**

The under spend position mainly represents a review of the staff position, along with an increase in overtime and general equipment costs, mainly due to Op Scorpion and an increase in income in Contact Management for recharging of police monitored alarms.

#### **4.3 Crime and Operational Services – under spend (£133k) an increase of (£192k) on last month.**

The under spend position mainly represents a review of the staff position, along with an increase in overtime and general equipment costs, mainly due to Op Scorpion. This is slightly off-set by a general increase in specialist equipment, photographic materials and firearms and ammunition in OS.

#### **4.4 Corporate Services – over spend £818k an increase of £109k on last month.**

The review of the staff pay position resulted in a net saving of £267k across the area; other areas of variance are detailed below, Over establishment in People Services £130k some of which will relate to additional support in respect of MFSS.

##### **4.4.1 Technical Accounting – over spend £6k a reduction of £136k.**

An assessment of recent restructures has resulted in an expected increase for redundancies. The increase in income of £225k in respect of anticipated staff savings have now been reversed as these are now correctly shown against the respective department's vacancy reserves. The £140k settlement fee reported last month will now be off-set against the insurance reserve contribution.

##### **4.4.2 Information Services – over spend £528k an increase of £30k**

IS have realised £158k of savings over a number of contracts. £244k has been spent on NEP; £122k of this is off-set by the futures board.

##### **4.4.3 Estates – Over spend £489k an increase of £256k.**

£150k reflects a review of spend on planned and reactive maintenance. £15k reflects an increase in decontamination costs in custody, £50k an increase in uniform costs and a £20k reduction in fuel income (from solar panels).

##### **4.4.4 Fleet – over spend £112k an increase of £17k**

This increase reflects the purchase of a van for the NSART team and an increase in vehicle cleaning charges.

##### **4.4.5 People Services – over spend £139k an increase of £145k**

There has been an increase in the contract for Police Firearms Officers Association counselling service £11k.

#### 4.5 Collaboration and Partnerships – over spend £930k a reduction of £6k

##### 4.5.1 EMSOU Operations – over spend £293k an increase of £31k

This increase in overspend reflects an increase in the RART (Regional Asset Recovery Team) pension costs identified by region and an increase in the NABIS (National Ballistics Intelligence Service) charge for 2019-20.

##### 4.5.2 EMCJS – under spend (£43k) a reduction of (£56k)

This reflects £86k staff pay saving due to the monitoring off-set by an increase in custody and laundry costs.

##### 4.5.3 EMSOU Services (Legal, OHU, L&D) – over spend £185k an increase of £13k

This reflects an increase in the L&D staffing costs.

#### 4.6 OPCC – on budget

The OPCC is projecting an on budget position, any underspends within the OPCC during the year will be transferred to the OPCC's reserve and OPCC's Grant and Commissioning reserve.

#### 4.7 Grant Funding

This section of the reports shows grant funded projects for 2019/20. The use of grant to match expenditure in the outturn figures are shown as income in the tables reported under item 4.1 the detail of which is shown below. The Force has plans to spend the entire grant within the areas identified for each project. The tables now show the grant allocated against the forces core budget, see item 4.1. The tables also show actual year to date spend and committed spend.

##### 4.7.1 Op Scorpion – Grant £1,540k

£569k has been allocated against spend included in the forces outturn position.

| Home Office Knife Crime Surge Grant     | Core  | New/ un-committed | Total Grant | Actual spend YTD + Committed Spend | Balance |
|---|-------|-------------------|-------------|------------------------------------|---------|
|   | £'000 | £'000             | £'000       | £'000                              | £'000   |
| Increased Resources                     | 358   | 197               | 554         | 358                                | 196     |
| Surge Activity                          | 212   | 447               | 658         | 400                                | 258     |
| Increased Capability                    | 0     | 289               | 289         | 200                                | 89      |
| Preventative / Diversionary Initiatives | 0     | 39                | 39          | 56                                 | (17)    |
|   | 569   | 971               | 1,540       | 1,014                              | 526     |

#### 4.7.2 ARV Uplift – Grant £263k

£263k has been allocated against spend included in the forces outturn position, this was set in place before the plans below were identified. Therefore, there would need to be a reduction in overtime spends of £181k to facilitate funds being available to purchase the remaining 5 items.

| Home Office ARV Uplift Funding Grant        | Core  | New/ un-committed | Total Grant | Actual spend YTD + Committed Spend |               |
|---|-------|-------------------|-------------|------------------------------------|---------------|
|   | £'000 | £'000             | £'000       | £'000                              | Balance £'000 |
| RAPT, TST, TAPT related overtime & staffing | 236   | (181)             | 55          | 55                                 | 0             |
| Armoury Improvement                         | 0     | 52                | 52          | 0                                  | (52)          |
| Armed team support vehicle                  | 0     | 50                | 50          | 0                                  | (50)          |
| X2 Tasers for initial firearms courses      | 0     | 33                | 33          | 0                                  | (33)          |
| 1 x duty planning staff                     | 27    | 0                 | 27          | 27                                 | 0             |
| Targetry proposals                          | 0     | 26                | 26          | 0                                  | (26)          |
| Method of entry rig and shelter             | 0     | 20                | 20          | 20                                 | 0             |
|   | 263   | 0                 | 263         | 102                                | (161)         |

#### 4.7.3 Cyber Crime – Grant £111k

£99k has been allocated against spend included in the forces outturn position. There is a risk that the costs will over spend by £12k as requests are being made for IS to provide technology equipment. We have received verbal confirmation that this over spend will be met from additional grant, however as this isn't certain no provision for the additional income has been made.

| Home Office Cyber Crime Grant         | Core  | New/ un-committed | Total Grant | Actual spend YTD + Committed Spend |               |
|---------------------------------------|-------|-------------------|-------------|------------------------------------|---------------|
|                                       | £'000 | £'000             | £'000       | £'000                              | Balance £'000 |
| Employee costs                        | 99    | 0                 | 99          | 99                                 | 0             |
| Crypto currency equipment             | 0     | 2                 | 2           | 2                                  | 0             |
| Technology Equipment                  | 0     | 0                 | 0           | 12                                 | 12            |
| Travel & accommodation for Cyber Team | 0     | 10                | 10          | 10                                 | 0             |
|                                       | 99    | 12                | 111         | 123                                | 12            |

#### 4.8 Efficiencies

The 2019/20 efficiency target in order to achieve a balanced budget is £3,300k as per the table below:

| <b>Efficiencies Target for 2019/20</b> |                         |  |
|--|-------------------------|--|
|  | <b>Target<br/>£'000</b> | <b>Outturn*<br/>RAG<br/>Assessment</b> |
| Pay & Expenses                         |                         |  |
| Ongoing staff pay savings              | 1,500                   | Green                                  |
| Overtime                               | 500                     | Amber                                  |
|  | <b>2,000</b>            |  |
| Non Pay                                |                         |  |
| Procurement                            | 300                     | Amber                                  |
| Comms & Computing                      | 300                     | Amber                                  |
| Capital Financing                      | 300                     | Amber                                  |
| Supplies & Services                    | 200                     | Red                                    |
| Income                                 | 200                     | Green                                  |
|  | <b>1,300</b>            |  |
| <b>Total Savings</b>                   | <b>3,300</b>            | (2,300)<br>Amber                       |

\*Unable to assess due to MFSS quality issues.

The procurement saving was included within the Technical Accounting area 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. All other savings targets/achievements are captured in the outturn summary at 4.1.

Finance is constantly reviewing all efficiency targets with the organisation to identify any possible risks or opportunities to delivering the yearend target.

### **5 Financial Implications and Budget Provision**

5.1 The financial information relating to this item is contained within item 4.1 and 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 Monitoring continues to be problematic and errors in the data continue to be reported. It should be noted that outturn monitoring in relation to staff pay has been attempted this month, however payroll and general ledger continue to be out of balance at the present time, accuracies between departments are also irreconcilable and inconsistent. From the monitoring that has been completed a reduction in outturn of £530k has been recognised, however this carries an element of risk due to the errors in the data.

8.2 Recent information relating to pay awards is not reflected in the outturn figures in this report in relation to officer and PCSO pay. An increase of 2% was identified in the budget. It is expected that the additional cost to the Force will be circa £343k assuming that staff will follow officers with a 2.5% approved increase in September 2019.

## **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 August 2019 CIPFA format.

12.2 Appendix B - Virements approved under delegated arrangements.

12.3 Appendix C – Virements greater than £100k requiring PCC approval.

12.4 Appendix D - Outturn movements.

## **13. Background Papers (relevant for Police and Crime Panel Only)**

NB

See guidance on public access to meetings and information about meetings for guidance on non-public information and confidential information.

**Nottinghamshire Police Group Position as at the end of August 2019, by CIPFA format.**

The table shows the original budget and approved virements to represent the revised budget. Over spends are shown as + numbers, whilst under spends are shown as ( ) numbers. No manual adjustments have been made for rounding.

|                                   | Budget<br>£'000 | Virements<br>£'000 | Revised<br>Budget (RB)<br>£'000 | Forecast<br>Outturn (FO)<br>£'000 | FO-RB<br>Variance<br>£'000 |
|-----------------------------------|-----------------|--------------------|---------------------------------|-----------------------------------|----------------------------|
| <b>Pay &amp; Allowances</b>       |                 |                    |                                 |                                   |                            |
| Police Officer                    | 107,907         | 0                  | 107,907                         | 107,907                           | 0                          |
| Police Staff                      | 43,151          | 0                  | 43,151                          | 42,620                            | (530)                      |
| PCSO                              | 5,723           | 0                  | 5,723                           | 5,723                             | 0                          |
|                                   | <b>156,781</b>  | <b>0</b>           | <b>156,781</b>                  | <b>156,251</b>                    | <b>(530)</b>               |
| <b>Overtime</b>                   |                 |                    |                                 |                                   |                            |
| Police Officer                    | 4,016           | 0                  | 4,016                           | 4,076                             | 60                         |
| Police Staff                      | 743             | (3)                | 740                             | 760                               | 20                         |
| PCSO                              | 60              | 0                  | 60                              | 60                                | 0                          |
|                                   | <b>4,819</b>    | <b>(3)</b>         | <b>4,816</b>                    | <b>4,896</b>                      | <b>80</b>                  |
| <b>Other Employee Expenses</b>    |                 |                    |                                 |                                   |                            |
| Medical Retirements               | 4,929           | 0                  | 4,929                           | 4,929                             | 0                          |
| Other Employee Expenses           | 2,156           | 19                 | 2,175                           | 2,227                             | 52                         |
|                                   | <b>7,085</b>    | <b>19</b>          | <b>7,104</b>                    | <b>7,156</b>                      | <b>52</b>                  |
| <b>Total Pay &amp; Allowances</b> | <b>168,685</b>  | <b>16</b>          | <b>168,701</b>                  | <b>168,302</b>                    | <b>(399)</b>               |
| <b>Non Pay</b>                    |                 |                    |                                 |                                   |                            |
| Collaboration Contributions       | 10,246          | 265                | 10,511                          | 11,307                            | 797                        |
| Comms & Computing                 | 8,683           | 8                  | 8,691                           | 9,172                             | 482                        |
| Other Supplies & Services         | 5,853           | (76)               | 5,777                           | 6,157                             | 380                        |
| Premises                          | 5,767           | 0                  | 5,767                           | 6,156                             | 389                        |
| Transport                         | 5,652           | 39                 | 5,691                           | 5,786                             | 95                         |
| Capital Financing                 | 4,335           | 0                  | 4,335                           | 4,528                             | 193                        |
| Forensic & Investigative costs    | 2,090           | 0                  | 2,090                           | 2,144                             | 54                         |
| Custody costs & Police Doctor     | 1,483           | 0                  | 1,483                           | 1,502                             | 18                         |
| Partnership Payments              | 1,312           | (251)              | 1,061                           | 1,089                             | 28                         |
| Clothing, Uniform & Laundry       | 527             | 0                  | 527                             | 597                               | 70                         |
| Income                            | (13,325)        | (1)                | (13,326)                        | (14,830)                          | (1,504)                    |
| <b>Total Non-Pay</b>              | <b>32,623</b>   | <b>(16)</b>        | <b>32,607</b>                   | <b>33,609</b>                     | <b>1,002</b>               |
| <b>OPCC</b>                       | <b>4,975</b>    | <b>0</b>           | <b>4,975</b>                    | <b>4,975</b>                      | <b>0</b>                   |
| <b>TOTAL GROUP POSITION</b>       | <b>206,283</b>  | <b>(0)</b>         | <b>206,283</b>                  | <b>206,886</b>                    | <b>603</b>                 |

## Nottinghamshire Police Group Position as at the end of August 2019, by Department.

The table shows the original budget and approved virements to represent the revised budget. Over spends are shown as + numbers, whilst under spends are shown as ( ) numbers. No manual adjustments have been made for rounding.

|   | Budget<br>£'000 | Virements<br>£'000 | Revised<br>Budget<br>£'000 | Forecast<br>Outturn<br>£'000 | FO-RB<br>Variance<br>£'000 |
|---|-----------------|--------------------|----------------------------|------------------------------|----------------------------|
| <b>Local Policing</b>                   |                 |                    |                            |                              |                            |
| County                                  | 43,081          | 15                 | 43,095                     | 43,159                       | 64                         |
| City                                    | 29,450          | 0                  | 29,450                     | 29,433                       | (17)                       |
| Contact Management                      | 16,479          | (126)              | 16,353                     | 16,226                       | (127)                      |
|   | <b>89,010</b>   | <b>(111)</b>       | <b>88,898</b>              | <b>88,818</b>                | <b>(80)</b>                |
| <b>Crime &amp; Operational Services</b> |                 |                    |                            |                              |                            |
| Public Protection                       | 12,438          | 0                  | 12,438                     | 12,229                       | (209)                      |
| Operational Support                     | 10,156          | 23                 | 10,179                     | 10,354                       | 175                        |
| Intelligence                            | 9,191           | 14                 | 9,205                      | 9,135                        | (70)                       |
| Serious & Organised Crime               | 7,313           | 0                  | 7,313                      | 7,250                        | (63)                       |
| Archive & Exhibits                      | 1,078           | 0                  | 1,078                      | 1,086                        | 9                          |
| Other                                   | (47)            | 302                | 255                        | 280                          | 25                         |
|   | <b>40,129</b>   | <b>339</b>         | <b>40,468</b>              | <b>40,334</b>                | <b>(133)</b>               |
| <b>Corporate Services</b>               |                 |                    |                            |                              |                            |
| Technical Accounting                    | 12,776          | (327)              | 12,449                     | 12,456                       | 6                          |
| Information Services                    | 11,272          | 53                 | 11,324                     | 11,852                       | 528                        |
| Estates                                 | 6,235           | 0                  | 6,235                      | 6,724                        | 489                        |
| Fleet                                   | 2,876           | 358                | 3,234                      | 3,346                        | 112                        |
| People Services                         | 1,715           | 27                 | 1,742                      | 1,881                        | 139                        |
| PSD                                     | 1,635           | (2)                | 1,633                      | 1,580                        | (53)                       |
| Futures Board                           | 1,280           | (197)              | 1,083                      | 962                          | (122)                      |
| Command                                 | 1,235           | 28                 | 1,263                      | 1,286                        | 23                         |
| Corporate Development                   | 1,628           | (548)              | 1,080                      | 915                          | (164)                      |
| Corporate Communications                | 833             | 0                  | 833                        | 642                          | (191)                      |
| Finance                                 | 671             | 0                  | 671                        | 794                          | 123                        |
| Information Management                  | 0               | 503                | 503                        | 417                          | (87)                       |
| Other smaller budget departments        | 215             | 0                  | 215                        | 229                          | 14                         |
|   | <b>42,372</b>   | <b>(105)</b>       | <b>42,267</b>              | <b>43,085</b>                | <b>818</b>                 |
| <b>Collaboration</b>                    |                 |                    |                            |                              |                            |
| EMSOU Operations                        | 13,781          | (246)              | 13,534                     | 13,827                       | 293                        |
| EMCJS                                   | 9,066           | 0                  | 9,066                      | 9,023                        | (43)                       |
| EMSOU Services                          | 4,195           | (27)               | 4,169                      | 4,354                        | 185                        |
| MFSS                                    | 2,418           | 150                | 2,567                      | 3,055                        | 488                        |
| ESN                                     | 186             | 0                  | 186                        | 186                          | 0                          |
| EMSCU                                   | 153             | 0                  | 153                        | 159                          | 7                          |
|   | <b>29,798</b>   | <b>(123)</b>       | <b>29,675</b>              | <b>30,605</b>                | <b>930</b>                 |
| <b>Home Office Grants</b>               |                 |                    |                            |                              |                            |
| Knife Crime                             | 0               | 0                  | 0                          | (569)                        | (569)                      |
| ARV Uplift                              | 0               | 0                  | 0                          | (263)                        | (263)                      |
| Cyber Crime                             | 0               | 0                  | 0                          | (99)                         | (99)                       |
|   | <b>0</b>        | <b>0</b>           | <b>0</b>                   | <b>(931)</b>                 | <b>(931)</b>               |
| <b>Force Total</b>                      | <b>201,308</b>  | <b>0</b>           | <b>201,308</b>             | <b>201,911</b>               | <b>603</b>                 |
| <b>OPCC</b>                             | <b>4,975</b>    | <b>0</b>           | <b>4,975</b>               | <b>4,975</b>                 | <b>0</b>                   |
| <b>Group Total</b>                      | <b>206,283</b>  | <b>0</b>           | <b>206,283</b>             | <b>206,886</b>               | <b>603</b>                 |

**Virements Period 5 - Approved under delegated arrangements**

| <b>Expenditure Type</b> | <b>Description</b>             | <b>Amount £</b> |
|-------------------------|--------------------------------|-----------------|
| Supplies & Services     | Purchase of van for NSART Team | (6,000.00)      |
| Transport Related       | Purchase of van for NSART Team | 6,000.00        |
| <b>OVERALL MOVEMENT</b> |                                | <b>-</b>        |

**Virements Period 5 - Requiring PCC approval.**

| <b>Expenditure Type</b>          | <b>Description</b>   | <b>Amount £</b>     |
|----------------------------------|--|---------------------|
| Custody & Police Doctor          | General Increase in demand   | <b>13,432.00</b>    |
| Forensic & Investigation Costs   | General Increase in demand   | <b>31,570.00</b>    |
| Other Employee Costs             | Contract changes for PFOA counselling                                  | 11,000.00           |
|                                  | Potential for additional redundancies due to restructures              | 55,880.00           |
|                                  | <b>TOTAL</b>   | <b>66,880.00</b>    |
| Other Income                     | Reversal of anticipated staff pay income to off-set revised monitoring | <b>225,000.00</b>   |
| Pay & Employment Costs           | Review of staff outturn position                                       | (530,162.48)        |
|                                  | Increase in overtime mainly due to Op Scorpion                         | 79,900.00           |
|                                  | <b>TOTAL</b>   | <b>(450,262.48)</b> |
| Property Related                 | Increase in demand (incl. DBS)   | <b>170,320.00</b>   |
| Seconded Officers & Staff Income | Additional DBS Income  | <b>(101,711.96)</b> |
| Supplies & Services              | Increases in demand DBS and MFSS                                       | <b>44,772.44</b>    |
| <b>TOTAL</b>                     |  | <b>-</b>            |

**Outturn Movements Period 5- 2019/20**

| <b>Expenditure Type</b>                                 | <b>Description</b>  | <b>Amount £</b>     |
|---|---|---------------------|
| Clothing & Uniform                                      | Increase in demand, laundry in custody and general uniform costs                      | <b>60,000</b>       |
| Collaboration   | RART Pension costs and Op Advenus reflection in latest figures from region            | <b>30,260</b>       |
| Comms & Computing                                       | Savings due to reduction in demand of some lines / systems                            | (33,328.00)         |
|   | Contract changes, Vuleio to PR Gloo (Corp Comms)                                      | 7,929.00            |
|   | <b>TOTAL</b>  | <b>(25,399.00)</b>  |
| Other Income  | Increase in Income for monitored alarms, EMSCU Income generation & fingerprint income | <b>(54,500.00)</b>  |
| Partnership Payments & Grants to external organisations | Mainly minor contract savings   | <b>4,144.00</b>     |
| Supplies & Services                                     | Reduction in contribution to Insurance Reserves                                       | (140,000.00)        |
|   | Changes in demand across several areas  | (45,433.64)         |
|   | <b>TOTAL</b>  | <b>(185,433.64)</b> |
| Transport Related                                       | Increase in demand  | <b>2,100.00</b>     |
| <b>OVERALL OUTTURN MOVEMENT IN P5</b>                   |   | <b>(168,828.64)</b> |
| PREVIOUS OUTTURN MOVEMENT IN Q1 & P4                    |   | 772,051.36          |
| TOTAL OUTTURN MOVEMENT                                  |   | 603,222.72          |

## Appendix C: Capital Report presented to Strategic Resources and Performance

|                             |  |
|-----------------------------|--|
| <b>For Information Only</b> |  |
| <b>Public</b>               | <b>Public</b>  |
| <b>Report to:</b>           | <b>Strategic Resources and Performance</b>   |
| <b>Date of Meeting:</b>     | <b>6<sup>th</sup> November 2019</b>  |
| <b>Report of:</b>           | <b>Chief Constable</b>   |
| <b>Report Author:</b>       | <b>Tracey Morris</b>   |
| <b>E-mail:</b>              | <a href="mailto:Tracey.morris@nottinghamshire.pnn.police.uk">Tracey.morris@nottinghamshire.pnn.police.uk</a> |
| <b>Other Contacts:</b>      |  |
| <b>Agenda Item:</b>         |  |

### Capital Report for Period 5; Quarter 2 2019/20

#### 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 31<sup>st</sup> August 2019 (Period 5, Quarter 2).

#### 2. Recommendations

2.1 Recommendation 1 Outturn Position

That the Police and Crime Commissioner note the outturn position as set out in Appendix A.

Recommendation 2 Virement

That the Police and Crime Commissioner note the virement approved by the Chief Constable under delegated powers, being below £100,000, as set out in Appendix B.

2.2 **Background**

The Capital Programme for 2019/20 to 2023/24 was presented and approved at the Police and Crime Panel Meeting on 7th February 2019.

The capital budget for 2019/20 is £12,797k. This is calculated as slippage from 2018/19 of £1,470k and new allocations in 2019/20 of £11,327k.

Finance in conjunction with project leads and budget holders have continued to review the outturn position (Appendix A). At the end of August 2019 the projected year end outturn is £9,742k which is an increase of £182k on P4.

Actual spend to the end of August 2019 is £2,242k which is an increase of £742k on P4. Please also refer to section 8 of this report.

#### 3. Reasons for Recommendations

- 3.1 To update the Chief Officer Team and the Office of the PCC on the Force's projected outturn position for 2019/20 and also to comply with good financial management and Financial Regulations.

## 4. Summary of Key Points

### 4.1 Executive Summary

The review during period 5 of the capital expenditure is forecasting an under spend of £10k, a reduction of £251k against the last report and anticipated slippage of £3,044k an increase of £67k against the last report.

The under spend has considerably reduced since last month. The majority of the variance is within the Command and Control project where it is expected that £183k will be required for screens.

Monitoring has been exceptionally problematic so far this year, with proven errors in the data recoded on the financial system. Work is progressing to address these issues, it should be noted that the year to date actual spend has reversed the anomaly from last month, but is still considered inaccurate at this present time. There is confidence that the budget set is robust and will be sufficient to manage capital plans during 2019/20.

The table below shows the projected Force under spends and slippage against the 2019/20 budget plus virements (revised budget) as at the end of August 2019.

Variances greater than £50k are explained in more detail within section 4 of this report.

Data explaining the variance between original budget and revised budget can be found in Appendix A. Data explaining the virements can be found in Appendix B.

## **Capital Outturn Position as at the end of August 2019, by Project.**

Over spends are shown as + numbers, whilst under spends are shown as ( ) numbers. No manual adjustments have been made for rounding.

| <b>Project Name</b>                                 | <b>Revised Budget<br/>£'000</b> | <b>Forecast Outturn<br/>£'000</b> | <b>Underspend<br/>£'000</b> | <b>Slippage to 2020/21<br/>£'000</b> |
|---|---------------------------------|-----------------------------------|-----------------------------|--------------------------------------|
| <b>Estates</b>                                      |                                 |                                   |                             |                                      |
| New Custody Suite                                   | 6,430                           | 3,386                             | 0                           | (3,044)                              |
| Building Improvement, Renovation & Conversion Works | 1,172                           | 1,185                             | 0                           | 0                                    |
| Hucknall EMAS                                       | 637                             | 635                               | (2)                         | 0                                    |
| Custody Improvements                                | 360                             | 360                               | (0)                         | 0                                    |
| New HQ Joint Build                                  | 352                             | 352                               | 0                           | 0                                    |
| Northern Property Store                             | 246                             | 246                               | 0                           | 0                                    |
| Bunkered Fuel Tanks                                 | 76                              | 59                                | (4)                         | 0                                    |
| Automatic Gates & Barriers                          | 52                              | 52                                | 0                           | 0                                    |
| Community Rehabilitation Companies Renovations      | 25                              | 25                                | 0                           | 0                                    |
| <b>Estates Total</b>                                | <b>9,350</b>                    | <b>6,300</b>                      | <b>(6)</b>                  | <b>(3,044)</b>                       |
| <b>Information Services</b>                         |                                 |                                   |                             |                                      |
| ANPR Camera Project                                 | 126                             | 126                               | 0                           | 0                                    |
| Technology Services Refresh & Upgrades              | 1,090                           | 1,090                             | 0                           | 0                                    |
| Command & Control                                   | 1,910                           | 1,909                             | (1)                         | 0                                    |
| SICCS Upgrade                                       | 59                              | 59                                | 0                           | 0                                    |
| NEP   | 112                             | 109                               | (3)                         | 0                                    |
| <b>IS Total</b>                                     | <b>3,297</b>                    | <b>3,293</b>                      | <b>(4)</b>                  | <b>0</b>                             |
| <b>Other Projects</b>                               |                                 |                                   |                             |                                      |
| Vehicle & Equipment Replacement                     | 150                             | 150                               | 0                           | 0                                    |
| <b>Overall Total</b>                                | <b>12,797</b>                   | <b>9,743</b>                      | <b>(10)</b>                 | <b>(3,044)</b>                       |

### **4.2 Estates – Under spend (£6k) and Slippage (£3,044k)**

#### **4.2.1 New Custody Suite – slippage (£3,044k)**

The projected slippage figure is likely to change by the end of the year. The increase in slippage reflects the latest information from the project lead and Gleeds. This is a multi-year project and overall the project is expected to be delivered on target.

### **4.3 Information Services – Under spend (£4k)**

#### **4.3.1 Command & Control – under spend (£1k)**

The reduction in underspend reflects a recognition that replacement screens will be required and also reflects some transactional anomalies in the system that have been rectified.

### **4.4 Other Projects – on budget**

## **5. Financial Implications and Budget Provision**

5.1 The financial information relating to this item is contained within item 4.1 and 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 It should be noted that the actual year to date figures shown within this report are not considered to be accurate at this point in time, work is progressing with our outsourced service to rectify current issues.

## **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 – Detailed Report to August 2019.

12.2 Appendix B – Virements requiring approval.

## **13. Background Papers (relevant for Police and Crime Panel Only)**

NB

See guidance on public access to meetings and information about meetings for guidance on non-public information and confidential information.

**Capital Position as at the end of August 2019.**

The table shows the original budget, approved slippage, requested virements and outturn position. Overspends are shown as + numbers, whilst under spends are shown as ( ) numbers. No manual adjustments have been made for rounding.

| Project Name  | Slippage From 2018/19<br>£'000 | New Budget 2019/20<br>£'000 | In Year Virements<br>£'000 | Total Available for Project<br>£'000 | Total Actual Spend YTD<br>£'000 | Out-turn<br>£'000 | Under Spend<br>£'000 | Slippage to 2020/21<br>£'000 |
|---|--------------------------------|-----------------------------|----------------------------|--------------------------------------|---------------------------------|-------------------|----------------------|------------------------------|
| <b>Estates</b>                                      |                                |                             |                            |                                      |                                 |                   |                      |                              |
| New Custody Suite                                   | 0                              | 6,430                       | 0                          | 6,430                                | 532                             | 3,386             | 0                    | (3,044)                      |
| Building Improvement, Renovation & Conversion Works | 0                              | 1,250                       | (78)                       | 1,172                                | 139                             | 1,185             | 0                    | 0                            |
| Hucknall EMAS                                       | 637                            | 0                           | 0                          | 637                                  | 162                             | 635               | (2)                  | 0                            |
| Custody Improvements                                | 260                            | 100                         | 0                          | 360                                  | 176                             | 360               | (0)                  | 0                            |
| New HQ Joint Build                                  | 0                              | 352                         | 0                          | 352                                  | 285                             | 352               | 0                    | 0                            |
| Northern Property Store                             | 168                            | 0                           | 78                         | 246                                  | 145                             | 246               | 0                    | 0                            |
| Bunkered Fuel Tanks                                 | 76                             | 0                           | 0                          | 76                                   | 31                              | 59                | (4)                  | 0                            |
| Automatic Gates & Barriers                          | 52                             | 0                           | 0                          | 52                                   | 0                               | 52                | 0                    | 0                            |
| Community Rehabilitation Companies Renovations      | 0                              | 25                          | 0                          | 25                                   | 0                               | 25                | 0                    | 0                            |
|   | <b>1,193</b>                   | <b>8,157</b>                | <b>0</b>                   | <b>9,350</b>                         | <b>1,470</b>                    | <b>6,300</b>      | <b>(6)</b>           | <b>(3,044)</b>               |
| <b>Information Services</b>                         |                                |                             |                            |                                      |                                 |                   |                      |                              |
| Command & Control                                   | 0                              | 2,000                       | (90)                       | 1,910                                | 426                             | 1,909             | (1)                  | 0                            |
| Technology Services Refresh & Upgrades              | 0                              | 1,090                       | 0                          | 1,090                                | 243                             | 1,090             | 0                    | 0                            |
| ANPR Camera Project                                 | 106                            | 20                          | 0                          | 126                                  | (0)                             | 126               | 0                    | 0                            |
| NEP   | 112                            | 0                           | 0                          | 112                                  | 0                               | 109               | (3)                  | 0                            |
| SICCS Upgrade                                       | 59                             | 0                           | 0                          | 59                                   | 0                               | 59                | 0                    | 0                            |
|   | <b>277</b>                     | <b>3,110</b>                | <b>(90)</b>                | <b>3,297</b>                         | <b>668</b>                      | <b>3,293</b>      | <b>(4)</b>           | <b>0</b>                     |
| <b>Other Projects</b>                               |                                |                             |                            |                                      |                                 |                   |                      |                              |
| Vehicle & Equipment Replacement                     | 0                              | 60                          | 90                         | 150                                  | 104                             | 150               | 0                    | 0                            |
|   | <b>0</b>                       | <b>60</b>                   | <b>90</b>                  | <b>150</b>                           | <b>104</b>                      | <b>150</b>        | <b>0</b>             | <b>0</b>                     |
| <b>Total</b>  | <b>1,470</b>                   | <b>11,327</b>               | <b>0</b>                   | <b>12,797</b>                        | <b>2,242</b>                    | <b>9,743</b>      | <b>(10)</b>          | <b>(3,044)</b>               |

**Virements Period 5 – 2019/20**

| <b>Project</b> | <b>Description</b> | <b>Amount £</b> |
|----------------|--------------------|-----------------|
|                |                    |                 |
| <b>Total</b>   |                    | <b>0</b>        |

There are no virements to report this month.



Nottinghamshire

**POLICE & CRIME COMMISSIONER**

## Decisions of Significant Public Interest: Forward Plan

December 2019

| 1.0 Business cases |      |         |                     |                                    |                 |                              |
|--------------------|------|---------|---------------------|------------------------------------|-----------------|------------------------------|
| Ref                | Date | Subject | Summary of Decision | Cost (£)<br><i>Where available</i> | Contact Officer | Report of<br>OPCC /<br>Force |

| 2.0 Contracts (above £250k) |                  |  |   |                                    |                 |                              |
|-----------------------------|------------------|--|---|------------------------------------|-----------------|------------------------------|
| Ref                         | Date             | Subject  | Summary of Decision                         | Cost (£)<br><i>Where available</i> | Contact Officer | Report of<br>OPCC /<br>Force |
| 2.1                         | March 2019       | Fleet Maintenance  | Procurement & award of contract             | >£250K                             | R Adams EMSCU   | Force                        |
| 2.2                         | December 2019    | Replacement back-up platform                                       | Direct award via FW                         | £300K                              | R Adams EMSCU   | Force                        |
| 2.3                         | January 2020     | Support for sexual violence and abuse survivors (High Volume Fund) | Contract award                              | £300K                              | R Adams EMSCU   | Force                        |
| 2.4                         | January 2020     | Northern Control Room  | Direct Award Lindums from FW                |                                    | R Adams EMSCU   | Force                        |
| 2.5                         | January 2020     | Servers  | Direct award via FW                         | >£250                              | R Adams EMSCU   | Force                        |
| 2.6                         | January 2020     | Victim CARE  | Contract extension detailed in original ITT | >£620k                             | R Adams EMSCU   | Force                        |
| 2.7                         | February 2020    | Delivery agreement for main contractor for Custody                 | Award via Scape FW                          | £15m                               | R Adams EMSCU   | Force                        |
| 2.8                         | February 2020    | Fleet related contracts  |   |                                    | R Adams EMSCU   | Force                        |
| 2.9                         | February 2020    | Extension of ISVA and Survivor Support Service                     | Contract extension detailed in original ITT | £287k                              | R Adams EMSCU   | Force                        |
| 2.10                        | March/April 2020 | New sexual violence support hub and therapy                        | Invitation to Tender                        | >£2.1m                             | R Adams EMSCU   | Force                        |
| 2.11                        | May 2020         | HQ Build Main Contractor   | OJEU procurement                            | £16.5m                             | R Adams EMSCU   | Force                        |



Nottinghamshire

**POLICE & CRIME COMMISSIONER**

| <b>3.0 Estates, ICT and Asset Strategic Planning</b> |                    |                                     |   |  |  |                                       |
|--|--------------------|-------------------------------------|---|--|--|---------------------------------------|
| <b>Ref</b>   | <b>Date</b>        | <b>Subject</b>                      | <b>Summary of Decision</b>  | <b>Cost (£)<br/><i>Where available</i></b> | <b>Contact Officer</b>                                 | <b>Report of<br/>OPCC /<br/>Force</b> |
| 3.1  | TBC                | Replacement SARC                    | Proposal to replace the existing adult SARC with new, more suitable premises  | Business Case in course of preparation     | DCI Clare Dean and Tim Wendels, Estates and Facilities | Force/OPCC                            |
| 3.2  | TBC                | Neighbourhood Offices               | Consider the outcome of consultation on the future of Neighbourhood Offices   | TBC  | Tim Wendels, Estates and Facilities                    | Force                                 |
| 3.3  | December           | Replacement body-worn video cameras | OPCC will already be aware as Charlie Radford has signed off the spend, but we are likely to commit to a spend of in excess of £900k for replacement body-worn video cameras this month (December) in order to take advantage of a significant discount offered by the supplier (Reveal Media) for buying them all up front | Excess of £900k                            | Supt Ted Antill  | Force                                 |
| 3.4  | Present – 6 months | National Enabling Programmes        | National Enabling Programmes – the DCC has agreed a 6 month pause on this project in order to free up IS resources for other, more critical work. This will also give time for vacancies to be recruited to in the new IS structure and in the business change role(s) in corporate development.                            | -  | Supt Ted Antill  | Force                                 |



Nottinghamshire

**POLICE & CRIME COMMISSIONER**

#### 4.0 Workforce Plan and Recruitment Strategies

| Ref | Date | Subject | Summary of Decision   | Cost (£)<br><i>Where available</i> | Contact Officer | Report of<br>OPCC /<br>Force |
|-----|------|---------|---|------------------------------------|-----------------|------------------------------|
|     |      |         | <p>Operation Uplift – the national initiative from the government to increase officer numbers by 20,000. The largest officer recruitment in modern times. Nottinghamshire Police is in a healthy position with its recruitment pipeline allowing us to move swiftly to accommodate the additional officers. Our allocation is confirmed as 107 additional officers in the next financial year. Our initial uplift plans have been revised with our intakes adjusted following careful consideration relating to the funding received.</p> <p>The force has received significant interest from transferees and transferred scores and we have taken on a number of both within the agreed funding parameters.</p> <p>The recent recruitment followed a number of positive action events and the force received 147 external applicants comprising of 44.22% female and 21.09% BME applicants, internally the force received 25 applications 56% female and 8% BME.</p> <p>Additional costs are to be expected in addition to the recruitment of officers. For example additional assessment centre, OHU and biometric costs. Work is being undertaken at pace to both secure the relevant services and clarify costs required.</p> <p>Increased officer numbers will create opportunities for police staff roles around the Force, particularly PCSO and Control Room roles. PCSO course is planned for early in the new year.</p> |                                    |                 |                              |

#### 5.0 Strategic Issues including Finance

| Ref | Date           | Subject   | Summary of Decision | Cost (£)<br><i>Where available</i> | Contact Officer | Report of<br>OPCC /<br>Force |
|-----|----------------|---|---------------------|------------------------------------|-----------------|------------------------------|
| 5.1 | September 2019 | Routine monthly monitoring reports in respect of capital and Revenue expenditure'                           |                     |                                    | Mark Kimberley  | Force                        |
| 5.2 | February 2020  | Setting a precept and approving the annual capital and revenue budgets and supporting financial strategies. |                     |                                    | Charlie Radford | OPCC                         |



Nottinghamshire

**POLICE & CRIME COMMISSIONER**

| <b>6.0 Other OPCC Commissioning</b> |                     |   |  |  |                        |                                       |
|-------------------------------------|---------------------|---|--|--|------------------------|---------------------------------------|
| <b>Ref</b>                          | <b>Date</b>         | <b>Subject</b>  | <b>Summary of Decision</b>   | <b>Cost (£)<br/><i>Where available</i></b> | <b>Contact Officer</b> | <b>Report of<br/>OPCC /<br/>Force</b> |
| 6.1                                 | January 2020        | County domestic abuse support services                                      | Award of contract (procurement managed by County Council as lead commissioner)   | £1.4m                                      | Nicola Wade            | OPCC                                  |
| 6.2                                 | February 2020       | 6 month extension of interim sexual violence counselling contracts          | Direct Award of 4 interim contracts  | £214k                                      | Nicola Wade            | OPCC                                  |
| 6.3                                 | February 2020       | Extension of CHISVA contract  | Contract extension detailed in original ITT  | >£120k                                     | Nicola Wade            | OPCC                                  |
| 6.4                                 | February 2020       | Grant awards to Crime and Drugs Partnership and Safer Nottinghamshire Board | Grant award to deliver community safety activity   | <£1.4m                                     | Nicola Wade            | OPCC                                  |
| 6.5                                 | February 2020       | Partnership Agreement with Nottinghamshire Clinical Commissioning Groups    | To pay for provision of a mental health nurse in sexual violence support services, support brokerage and personal health budgets (NHSE funded) | <£253k                                     | Nicola Wade            | OPCC                                  |
| 6.6                                 | February/March 2020 | MARAC support in city   | To pay for ongoing additional MARAC support in the city  | £80k                                       | Nicola Wade            | OPCC                                  |
| 6.7                                 | March 2020          | Community Safety Fund and Violence Reduction Unit Grants                    | Award of small grants to the third sector to deliver activity to deliver the Police and Crime Plan and Violence Reduction Unit objectives.     | £350k                                      | Nicola Wade            | OPCC                                  |
| 6.8                                 | TBC                 | Train the Trainer Licences  | To deliver Nightlife Crew training   | £15k over 3 years                          | Helen Kane             | OPCC                                  |
| 6.9                                 | March 2020          | Alcohol Awareness Programme   |  | TBC  | Helen Kane             | OPCC                                  |
| 6.10                                | March/April 2020    | Potential commissioning of female offender work to be confirmed             |  | <£150k                                     | Dan Howitt             | OPCC                                  |



Nottinghamshire

**POLICE & CRIME COMMISSIONER**

|      |            |                         |   |          |              |      |
|------|------------|-------------------------|---|----------|--------------|------|
| 6.11 | April 2020 | Violence Reduction Unit | Response plan and budget allocation and potential commissioning activity included within. | £880,000 | Kevin Dennis | OPCC |
|------|------------|-------------------------|---|----------|--------------|------|

|                          |  |
|--------------------------|--|
| <b>For Information</b>   |  |
| <b>Public/Non Public</b> | <b>Public</b>  |
| <b>Report to:</b>        | <b>Joint Audit and Scrutiny Panel (JASP)</b>         |
| <b>Date of Meeting:</b>  | <b>January 2020</b>                                  |
| <b>Report of:</b>        | <b>Deputy Chief Constable</b>                        |
| <b>Report Author:</b>    | <b>Amanda Froggatt, Strategic Support Officer</b>    |
| <b>E-mail:</b>           | <b>amanda.froggatt@nottinghamshire.pnn.police.uk</b> |
| <b>Other Contacts:</b>   | <b>n/a</b>   |
| <b>Agenda Item:</b>      | <b>6</b>   |

## **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, 2019/20.
- 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 – Post Implementation Review of Force Restructure, 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 45 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 62 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   |
|--------------------|--|----------------------|---------------|--|
| November 2019      | Custody  | N/A                  | N/A           | HMICFRS noted significant progress had been made in relation to Custody  |
| December 2019      | Harassment and Stalking, Hate Crime, Mental Health                                   | N/A                  | N/A           | All recommendations relating to Harassment and Stalking and Hate Crime were closed by HMICFRS. One recommendation relating to Mental Health remains open |
| December 2019      | Wellbeing Cause of Concern<br>Talent Management<br>Performance<br>Development Review | N/A                  | N/A           | HMICFRS acknowledged significant progress had been made in relation to Wellbeing, Talent Management and Performance                                      |

|  |  |  |  |                               |
|--|--|--|--|-------------------------------|
|  |  |  |  | Development<br>Review process |
|--|--|--|--|-------------------------------|

### Forthcoming HMICFRS Inspections

| Date of Inspection | Inspection Area  | Status                 |
|--------------------|--|------------------------|
| April 2020         | Visit by HMICFRS Liaison Officer Ali Davies to look at progress against 3 x Areas for Improvement – Demand, Counter Corruption and Benefits Realisation              | Date not yet confirmed |
| April 2020         | Visit by Zoe Billingham, Senior Responsible Officer for HMICFRS to look at progress against 12 x Areas for Improvement, Operation Uplift and Knife Crime Initiatives | Date not yet confirmed |

### Publications

| Date of Publication | Inspection Area   | Status  |
|---------------------|---|---|
| January 2020        | Both sides of the coin: The police and National Crime Agency's response to vulnerable people in 'county lines' drug offending | National Perspective, no specific recommendations for the force |
| February 2020       | Evidence-Led Domestic Abuse Prosecutions  | Recommendations put on 4Action and currently being actioned     |

#### 4.5 Recent and Forthcoming Audits

##### Recent Audit Activity

| <b>Date of Audit</b> | <b>Auditable Area</b>                        | <b>Date Report Received</b> | <b>Final Grading</b>  | <b>Status</b>   |
|----------------------|--|-----------------------------|---|---|
| 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   |
| October 2019         | MFSS Contract Management                     | October 2019                | Limited Assurance   | Final Report Received, recommendations being monitored on 4Action |
| October 2019         | Custody                                      | October 2019                | Satisfactory Assurance for Processes<br>Limited Assurance for HMICFRS Action Plan | Final Report Received, recommendations being monitored on 4Action |
| October 2019         | Crime Data Integrity                         | October 2019                | Significant Assurance   | No recommendations  |
| October 2019         | GDPR   | -                           |   | Awaiting copy of report   |
| October 2019         | IT Security                                  | -                           | -   | Awaiting copy of report   |
| December 2020        | Core Financials                              | -                           | -   | Awaiting copy of report   |

## Forthcoming Audits

| Date of Audit | Auditable Area       | Status |
|---------------|----------------------|--------|
| February 2020 | Health and Safety    | -      |
| February 2020 | Programme Management | -      |

## Overview of all on-going actions from Audits & Inspections - Appendix 1

### Area Identified for further scrutiny – Post Implementation Review of Force Restructure – 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 – Post Implementation Review of Force Restructure (Presentation attached)

## Appendix 1 - Overview of all ongoing actions from Audits and Inspections: January 2020

| Audit/Inspection | Source Title  | Date           | Number of Actions | Number Open | Number Closed | Number on Target | Number At Risk | Number Overdue |
|------------------|---|----------------|-------------------|-------------|---------------|------------------|----------------|----------------|
| Audit-Mazars     | Commissioning - Community Safety                    | May 2016       | 5                 | 1           | 4             | 0                | 1              | 0              |
| Audit-Mazars     | Implementation of DMS                               | June 2016      | 6                 | 2           | 4             | 2                | 0              | 0              |
| Audit-Mazars     | Social Value Impact                                 | July 2016      | 4                 | 1           | 3             | 0                | 1              | 0              |
| Audit-Mazars     | Core Financials Systems Assurance                   | December 2016  | 9                 | 0           | 9             | 0                | 0              | 0              |
| Audit-Mazars     | HR Recruitment and Selection                        | January 2017   | 4                 | 1           | 3             | 0                | 1              | 0              |
| Audit-Mazars     | Risk Management                                     | May 2017       | 7                 | 1           | 6             | 1                | 0              | 0              |
| Audit-Mazars     | Seized & Found Property                             | May 2017       | 11                | 8           | 3             | 0                | 8              | 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     | Procurement Follow up                               | September 2017 | 3                 | 1           | 2             | 1                | 0              | 0              |
| Audit-Mazars     | Safety Camera Partnership                           | September 2017 | 4                 | 3           | 1             | 0                | 3              | 0              |
| Audit-Mazars     | Counter Fraud Review                                | January 2018   | 25                | 0           | 25            | 0                | 0              | 0              |
| Audit-Mazars     | Implementation of Duty Management System– Follow Up | July 2018      | 5                 | 0           | 5             | 0                | 0              | 0              |
| Audit-Mazars     | Corporate Governance                                | October 2018   | 4                 | 2           | 2             | 2                | 0              | 0              |
| Audit-Mazars     | Firearms Licensing                                  | October 2018   | 4                 | 4           | 0             | 0                | 4              | 0              |

## Appendix 1 - Overview of all ongoing actions from Audits and Inspections: January 2020

| <b>Audit/Inspection</b> | <b>Source Title</b>   | <b>Date</b>    | <b>Number of Actions</b> | <b>Number Open</b> | <b>Number Closed</b> | <b>Number on Target</b> | <b>Number At Risk</b> | <b>Number Overdue</b> |
|-------------------------|---|----------------|--------------------------|--------------------|----------------------|-------------------------|-----------------------|-----------------------|
| Audit-Mazars            | Commissioning   | November 2018  | 3                        | 0                  | 3                    | 0                       | 0                     | 0                     |
| Inspection-HMIC         | Welfare of Vulnerable People in Custody                                       | March 2015     | 8                        | 1                  | 7                    | 0                       | 1                     | 0                     |
| IPCC                    | Use of Force Report   | September 2016 | 15                       | 2                  | 13                   | 0                       | 2                     | 0                     |
| Inspection-HMIC         | Efficiency November 2016 'Hot De Brief' actions                               | November 2016  | 31                       | 2                  | 29                   | 2                       | 0                     | 0                     |
| Inspection-HMIC         | Legitimacy 2016   | December 2016  | 10                       | 0                  | 10                   | 0                       | 0                     | 0                     |
| Inspection-HMIC         | Efficiency, Legitimacy and Leadership Hot Debrief 2017                        | May 2017       | 9                        | 1                  | 8                    | 0                       | 1                     | 0                     |
| Inspection-HMIC         | PEEL Vulnerability Re Visit 2017  | June 2017      | 9                        | 0                  | 9                    | 0                       | 0                     | 0                     |
| Inspection-HMIC         | Making it Fair: Disclosure of unused material in volume Crown Court Cases     | July 2017      | 6                        | 1                  | 5                    | 0                       | 1                     | 0                     |
| Inspection-HMIC         | PEEL Effectiveness 2017   | September 2017 | 23                       | 2                  | 21                   | 0                       | 2                     | 0                     |
| Inspection-HMIC         | Stolen freedom: the policing response to modern slavery and human trafficking | October 2017   | 7                        | 1                  | 6                    | 0                       | 1                     | 0                     |
| Inspection-HMIC         | PEEL Legitimacy including Leadership 2017                                     | October 2017   | 4                        | 1                  | 3                    | 0                       | 1                     | 0                     |
| Inspection-HMIC         | PEEL Efficiency 2017  | October 2017   | 5                        | 2                  | 3                    | 0                       | 2                     | 0                     |

## Appendix 1 - Overview of all ongoing actions from Audits and Inspections: January 2020

| Audit/Inspection | Source Title   | Date          | Number of Actions | Number Open | Number Closed | Number on Target | Number At Risk | Number Overdue |
|------------------|--|---------------|-------------------|-------------|---------------|------------------|----------------|----------------|
| Inspection-HMIC  | Additional PEEL Efficiency, Legitimacy, Leadership Actions 2017                | December 2017 | 7                 | 2           | 5             | 0                | 2              | 0              |
| Inspection-HMIC  | Hate Crime Thematic  | March 2018    | 15                | 0           | 15            | 0                | 0              | 0              |
| Inspection-HMIC  | PEEL Effectiveness National Report   | March 2018    | 3                 | 0           | 3             | 0                | 0              | 0              |
| Inspection-HMIC  | Still no place for hate  | May 2018      | 6                 | 2           | 4             | 2                | 0              | 0              |
| Inspection-HMIC  | Understanding the difference-The initial response to Hate Crime                | July 2018     | 27                | 1           | 26            | 1                | 0              | 0              |
| Inspection-HMIC  | Crime Data Integrity   | August 2018   | 18                | 12          | 6             | 0                | 12             | 0              |
| Inspection-HMIC  | Unannounced Custody Inspection   | October 2018  | 29                | 29          | 0             | 29               | 0              | 0              |
|                  | Biometrics Commissioner's Visit  | October 2018  | 5                 | 1           | 4             | 1                | 0              | 0              |
| Inspection-HMIC  | Policing and Mental Health – Picking up the Pieces                             | November 2018 | 5                 | 2           | 3             | 2                | 0              | 0              |
| Inspection-HMIC  | The Police Response to Domestic Abuse (Update)                                 | February 2019 | 7                 | 0           | 7             | 0                | 0              | 0              |
| Inspection-HMIC  | Stalking and Harassment (Update to National Recommendations)                   | April 2019    | 2                 | 0           | 2             | 0                | 0              | 0              |
| Inspection-HMIC  | Time to Choose – An Inspection of the Police Response to Fraud                 | April 2019    | 6                 | 6           | 0             | 6                | 0              | 0              |
| Inspection-HMIC  | The Poor Relation – The Police and CPS Response to Crimes against Older People | July 2019     | 4                 | 4           | 0             | 4                | 0              | 0              |

# Nottinghamshire Police Force Re-structure

T/Chief Superintendent Vicki White



# Summary

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The review began in August 2017

Fit for purpose for 2020 and beyond

Two geographical policing areas with response and neighbourhoods aligned

Positive outcome

Constantly changing landscape – further evidence based changes

# Principles

---

Hybrid model adaptive to changing demands

Co-located and locally based

Centrally managed specialist functions

Clear accountability for quality and performance

Investment in areas of greatest threat, risk and harm

Agile workforce

# HMRCFRS Value for Money 2017

---

More Inspectors and Chief Inspectors but less constables

Net revenue expenditure average but spend on visible operational front line low

Spend less on officers and less per population

3<sup>rd</sup> busiest Force in the country

# Post Implementation Review

---

This included all operations functions including:

- Local Investigations Contact Management Public Protection
- Complex Investigations Organised Crime
- Archives and Exhibits Intelligence
  
- Out of scope was:
- Response Review
- PCSO Review
- Transition of OS from EMOpSS
- SEIO (Schools Officers)
- Neighbourhoods

# Expected benefits

---

- Improved victim journey due to locally based teams
- Improved opportunities for early intervention
- Increased resource for modern slavery investigations and safeguarding
- Increased resource for cyber prevent and protection
- Increased detective establishment to support burglary investigation
- Changes to rank mix – increase of 59 constables
- Improvement in crime recording at first point of contact
- Increased capacity to identify vulnerability and repeat victims of domestic abuse

# Local Policing

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Local Policing Command – City and County

Neighbourhood Policing, Response and Complex Crime under a single Superintendent

Detective establishment increased by 26 officers to support burglary

11 constables in the establishment who are schools officers

# Contact Management

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5 x Chief Inspectors manage the demand and resources of the Force and provide 24/7 tactical firearms command cover

Five of the existing control room managers have been disestablished and the 10 sergeants introduced

The Real Time Intelligence Unit has moved to Contact Management

Dispatchers have been deployed either as dispatchers or Customer Service Advisors dependant on demand

# Citizens in Policing

---

This now encompasses the following roles:

Hate Crime Manager   Community Cohesion Manager

Traveller Liaison PC   Street Triage Mental Health Team

Missing from Home Team   Partnership Development Officer

Equality and Diversity Officer   Volunteer Co-ordinator post

Crime Systems Team   CRIM

# Force Support Operations

---

Knife crime team part of the establishment

Resource Management Unit moved from HR

Camera Safety Partnership moved from County

# Crime and Intelligence

---

Staffing for Operation Equinox now part of the establishment

Resourcing for modern slavery investigations and safeguarding increased

Resourcing for cyber prevent and protect has increased

Prison investigations now a team of four

# Moving forwards

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CREST – demand modelling tool

Op Uplift – 107 additional officers by 31<sup>st</sup> March 2020

Fraud – triage system

Burglary – BEST team (special constables)

Robbery – county wide team working with dedicated Burglary team

|                          |   |
|--------------------------|---|
| <b>For Information</b>   |   |
| <b>Public/Non Public</b> | Public  |
| <b>Report to:</b>        | Joint Audit and Scrutiny Panel                |
| <b>Date of Meeting:</b>  | 24 <sup>th</sup> February 2020                |
| <b>Report of:</b>        | Deputy Chief Constable                        |
| <b>Report Author:</b>    | Amanda Froggatt, Force Assurance Lead         |
| <b>E-mail:</b>           | amanda.froggatt@nottinghamshire.pnn.police.uk |
| <b>Other Contacts:</b>   | Amanda Froggatt, Force Assurance Lead         |
| <b>Agenda Item:</b>      | 7   |

## **ASSURANCE MAPPING 2020/21**

### **1. Purpose of the Report**

- 1.1 This report is to provide the Joint Audit and Scrutiny Panel (JASP) with a dashboard view of assurance levels against each business area of the force. This approach assesses individual areas against CIPFA Solace governance criteria.

### **2. Recommendations**

- 2.1 That JASP agree that Finance, Workforce Planning, Information Governance, Information Services, Buildings/Asset Management, Ethical Standards and Conduct, Project Management/Programme Management, Risk Management are included in the Internal Audit Plan 2020/21, as outlined in Appendix 1.

### **3. Reasons for Recommendations**

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

### **4. Summary of Key Points**

#### **Overview**

- 4.1 Assurance refers to any evidence that can provide stakeholders with confidence that an organisation is operating efficiently and effectively to achieve its agreed objectives, and that any risks to achieving objectives are being identified and adequately managed.
- 4.2 The assurance map will be reviewed and updated on an annual basis.
- 4.3 This approach to assurance mapping has been taken to provide a 'dashboard view' of levels of assurance, against indicative controls, set against key departments/areas of the force.
- 4.4 Assurance has been assessed at three levels, referred to as 'lines of defence':

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

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

### **Future application**

4.6 The scope of this assurance mapping exercise has been limited to key areas business areas namely, Finance, Workforce Planning, Information Governance, Information Services, Partnerships, Performance Management, Buildings/Asset Management, Ethical Standards and Conduct, Project Management/Programme Management, Risk Management, Emergency Planning/Business Continuity and Operations.

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

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

## **5 Financial Implications and Budget Provision**

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

## **6 Human Resources Implications**

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

## **7 Equality Implications**

7.1 There are no equality implications associated with assurance mapping.

## **8 Risk Management**

8.1 Assurance mapping will be used to inform the Internal Audit Plan. The findings from internal audits provide the Force with useful insight into risks through the identification of specific vulnerabilities. It is the responsibility of lead officers for

each audited area to consider the audit findings and their implications in terms of risk management.

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

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

## **10 Changes in Legislation or other Legal Considerations**

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

## **11 Details of outcome of consultation**

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

## **12 Appendices**

- 12.1 Appendix 1: Key Findings from Assurance Mapping Process

## Appendix 1 – Overview of Assurance Mapping Process

| Business Areas                | Overall Assurance Rating | Included on Internal Audit Plan 2020/2021 | Recommendation  |
|-------------------------------|--------------------------|---|---|
| Finance                       | Reasonable               | √   | Legal requirement to audit annually. To be included on Internal Audit Plan  |
| Workforce Planning            | Reasonable               | √   | Two Areas for Improvement received from HMICFRS Integrated PEEL Inspection. Also Cause of Concern received for Wellbeing. To be included on Internal Audit Plan.<br><br>It is suggested this is split into two specific audits – <ul style="list-style-type: none"> <li>• Training Capabilities and PDR's</li> <li>• Wellbeing</li> </ul> |
| Information Governance        | Limited                  | √   | This area was audited in 2019 and received Limited Assurance– to be included on Internal Audit Plan   |
| Information Services          | Limited                  | √   | This area was audited in 2019 and received Limited Assurance– to be included on Internal Audit Plan   |
| Partnerships                  | Reasonable               | X   | This area was audited in 2019/20 and received reasonable assurance. Not to be included on Internal Audit Plan   |
| Performance Management        | Reasonable               | X   | This area was audited in 2019/20 and received reasonable assurance. Not to be included on Internal Audit Plan   |
| Buildings/Asset Management    | Reasonable               | √   | Substantial governance evidence exists in this area of the business and when audited by Mazars in 2017 received a reasonable assurance grading. To be included on Internal Audit Plan to ensure governance is embedded  |
| Ethical Standards and Conduct | Reasonable               | √   | Substantial governance evidence exists in this area of the force and when inspected by HMICFRS in 2018 received a Grading of Good. However, the force received two Areas for Improvement. There has also, be a change in legislation in relation to how complaints are handled. To be included on Internal Audit Plan                     |

| Business Areas                              | Overall Assurance Rating | Included on Internal Audit Plan 2019/2020 | Recommendation  |
|---|--------------------------|---|---|
| Project Management/<br>Programme Management | <b>Limited</b>           | √   | This area has been looked at in relation to business benefits only. It would be useful to understand whether the governance controls around the business planning processes are robust and fit for purpose. To be included on the Internal Audit Plan   |
| Risk Management                             | <b>Reasonable</b>        | √   | Risk management was looked at in 2016 and then re-visited by Mazars in 2017 and given Reasonable Assurance Grading. In 2020 the force introduced a new Risk Management System JCAD. It would, therefore, be opportune to include it on the 2020 plan to see whether the system has had a positive impact and contributed to an improvement in governance controls. To be included in 2020 Internal Audit Plan |
| Emergency Planning/Business Continuity      | <b>Reasonable</b>        | X   | This area was audited in 2019/20 and received reasonable assurance. Not to be included on Internal Audit Plan   |
| Operations                                  | <b>Reasonable</b>        | X   | Operational areas of our business are inspected annually by the HMICFRS through their Integrated PEEL Inspections. Not to be included on our Internal Audit Plan  |



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

## Draft Internal Audit Plan 2020/21

February 2020

This report has been prepared on the basis of the limitations set out on page 11.

This report and the work connected therewith are subject to the Terms and Conditions of the Framework Agreement dated 21 April 2015 between The Police and Crime Commissioner for Nottinghamshire and Mazars LLP and Order Form dated 12 May 2015, and subsequently extended on 6 November 2018, between Police and Crime Commissioner for Nottinghamshire and Mazars LLP. This report is confidential and has been prepared for the sole use of Police and Crime Commissioner for Nottinghamshire. This report must not be disclosed to any third party or reproduced in whole or in part without our prior written consent. To the fullest extent permitted by law, we accept no responsibility or liability to any third party who purports to use or rely, for any reason whatsoever, on this report, its contents or conclusions.

## Contents

|    |  |    |
|----|--|----|
| 1. | Introduction.....                                    | 1  |
| 2. | The Scope and Purpose of Internal Audit .....        | 1  |
| 3. | Approach .....                                       | 2  |
| 4. | External Audit Consultation.....                     | 4  |
|    | Appendix A – Annual Internal Audit Plan 2019-20..... | 5  |
|    | Appendix B – Levels of Assurance and Opinions .....  | 8  |
|    | Appendix C – Contact Details .....                   | 9  |
|    | Statement of Responsibility.....                     | 10 |

## 1. Introduction

- 1.1 An annual proposed Internal Audit Operational Plan has been prepared on behalf of the Police and Crime Commissioner for Nottinghamshire and Nottinghamshire Police (the OPCC and Force) for the period 1 April 2020 to 31 March 2021.
- 1.2 As part of fulfilling the Joint Audit & Scrutiny Panel's (JASP) responsibilities, the JASP require assurance that it is focusing its attention on the key risks to the OPCC and Force and that it is receiving timely and effective assurance with regards the management of those risks. As Internal Audit is a one source of this assurance, Internal Audit have reviewed the OPCC / Force Risk Register with the aim of identifying where the OPCC / Force obtains this assurance and that the Internal Audit plan is suitably focused and aligned with other sources of assurance. The results of this exercise were considered when drawing the audit plan.
- 1.3 **Appendix A** contains our proposed **Annual Audit Plan 2020 – 2021**.

## 2. The Scope and Purpose of Internal Audit

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

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

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

### 3. Approach

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

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



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

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

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

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

## 4 External Audit Consultation

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

## Appendix A – Annual Audit Plan 2020-21

| AUDITABLE AREA   | PROPOSED TIMING <sup>1</sup> | JASP <sup>2</sup> | PLAN DAYS | Commentary on Coverage   |
|--|------------------------------|-------------------|-----------|--|
| <b>Core Assurance</b>  |                              |                   |           |  |
| Core Financial Systems Assurance: <ul style="list-style-type: none"> <li>• General Ledger</li> <li>• Payroll</li> <li>• Cash &amp; Bank</li> <li>• Payments &amp; Creditors</li> <li>• Income &amp; Debtors</li> </ul> | Q3                           | Feb 2020          | 27        | To provide assurance with regards the adequacy and effectiveness of the systems of internal control in operation to manage the core financial systems. The scope of the work will include, but not be limited to: <ul style="list-style-type: none"> <li>• Policies and procedures</li> <li>• Access controls</li> <li>• Amendments to standing data</li> <li>• Reconciliations</li> <li>• Authorisation routines</li> <li>• Reporting</li> </ul> Similar to in previous years, the audit will include operations within the Multi-Force Shared Service (MFSS), although will focus more than last year on local operations including the governance in place around the virement process. |
| Risk Management  | Q4                           | May 2021          | 8         | To provide assurance that risk management arrangements are in place and contribute to the effective management of risk. The Force are implementing a new system for risk management and therefore the audit will provide assurance over the new ways of working  |
| Estates Management   | Q2                           | July 2020         | 8         | To provide assurance that the OPCC / Force have effective controls in place to manage the estate. The audit will review the extent to which the Estates Strategy is being delivered, how it contributes to the strategic and medium / long term objectives of the OPCC / Force and will drill down to day-to-day maintenance routines.   |

| AUDITABLE AREA                                       | PROPOSED TIMING <sup>1</sup> | JASP <sup>2</sup> | PLAN DAYS | Commentary on Coverage  |
|--|------------------------------|-------------------|-----------|---|
| <b>Strategic &amp; Operational Risk Assurance</b>    |                              |                   |           |   |
| Complaints Management                                | Q4                           | May 2021          | 7         | To provide assurance that the Force have effective processes in place for the management of complaints and these are being consistency applied. The audit will include the role of the Ethics Committee and that of the OPCC.   |
| Victims Code of Practice                             | Q1                           | July 2020         | 8         | Whilst the scope will be agreed with Management the overarching objective of the audit will be to provide assurance that the OPCC and Force are meetings its obligations in line with changes to legislation. The audit will not replicate a HMIC inspection in this area but will look to provide the Force and OPCC with assurance over the systems it has in place.  |
| Seized Property                                      | Q3                           | Feb 2021          | 7         | Audits were carried out in 2017/18 and 2018/19 following which 'limited assurance' opinions were give. The audit will provide assurance that the Force has effective controls in place for the receipting, storage, management and disposal of seized and found property and it will follow up on previous recommendations raised.  |
| IT Security: Follow Up                               | Q3                           | Feb 2021          | 5         | An audit of the area was carried out in 2019/20 following which a 'limited assurance' opinion was given The audit will review the controls and processes in place in respect of key IT risks, such as those relating to access controls, IT policies and procedures, network infrastructure and virus controls. In particular, it will follow-up on the recommendation raised following the 2019/20 audit.  |
| General Data Protection Regulation (GDPR): Follow Up | Q3                           | Feb 2021          | 5         | An audit of the area was carried out in 2018/19 following which a 'limited assurance' opinion was given. Using computer specialist resource, the objective will be to provide assurance with regards the force's implementation of, and adherence to, the new General Data Protection Regulations (GDPR) that will apply from 25 <sup>th</sup> May 2018. In particular, it will follow-up on the recommendation raised following the 2018/19 and 2019/20 audits. See SR5. |

| AUDITABLE AREA       | PROPOSED TIMING <sup>1</sup> | JASP <sup>2</sup> | PLAN DAYS | Commentary on Coverage   |
|----------------------|------------------------------|-------------------|-----------|--|
| Workforce Planning   | Q1                           | July 2020         | 9         | To provide assurance that key controls in place with regards Workforce Planning are in place and are operating as intended. The scope will be agreed with management but will include, but not be limited to, how Performance Development Reviews and Training are considered. The audit will also cover the effectiveness of recruitment marketing to align with the strategic approach of workforce planning   |
| Wellbeing            | Q2                           | Nov 2020          | 8         | Whilst the details of the scope will be agreed with management, the over-arching objective of the audit would be to provide assurance that the force has robust and effective arrangements in place for managing the wellbeing of its staff.   |
| Debt Recovery        | Q2                           | Nov 2020          | 6         | To provide assurance that key controls are in place with regards to how the Force effectively manages debtors. Whilst the process followed involves transactional services with MFSS this audit will focus on the local force elements of the process.   |
| Business Change      | Q3                           | Feb 2021          | 7         | Whilst the details of the scope will be agreed with management, the over-arching objective of the audit would be to provide assurance that the force has robust and effective arrangements in place for delivery of change throughout the business and that it is effectively aligned with the Strategic Planning process.   |
| <b>Collaboration</b> |                              |                   |           |  |
| Collaboration        | Q3 & Q4                      | Feb & May 2020    | 10        | <p>Resources have been allocated across each OPCC / Force in order to provide assurance with regards the systems and controls in place to deliver specific elements of regional collaboration. The intention would be to carry out audit reviews across the region.</p> <p>Consideration will be given to assessing whether the area of collaboration is delivering against its original objectives and what arrangements are in place, from an OPCC / Force perspective, for monitoring and managing the service.</p> |

| AUDITABLE AREA   | PROPOSED TIMING <sup>1</sup> | JASP <sup>2</sup> | PLAN DAYS  | Commentary on Coverage   |
|------------------|------------------------------|-------------------|------------|--|
| Other            |                              |                   |            |  |
| Audit Management | Ongoing                      | n/a               | 16         | This includes audit planning, production of progress and annual reports, and attendance at progress and JASP meetings. |
| Contingency      |                              | n/a               | 8          | To allow for additional / unforeseen audits to be carried out in agreement with the JASP and management.               |
| <b>TOTAL</b>     |                              |                   | <b>140</b> |  |

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

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

## Appendix B – Levels of Assurance & Opinions

| Definitions of Assurance Levels |  |  |
|---------------------------------|--|--|
| Assurance Level                 | Adequacy of system design  | Effectiveness of operating controls  |
| <b>Significant Assurance:</b>   | There is a sound system of internal control designed to achieve the Organisation's objectives.   | The control processes tested are being consistently applied.   |
| <b>Satisfactory Assurance:</b>  | 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. |
| <b>Limited Assurance:</b>       | 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.  |
| <b>No Assurance:</b>            | 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  |
| <b>Priority 1 (Fundamental)</b>  | Recommendations represent fundamental control weaknesses, which expose the organisation to a high degree of unnecessary risk.  |
| <b>Priority 2 (Significant)</b>  | Recommendations represent significant control weaknesses which expose the organisation to a moderate degree of unnecessary risk.                                     |
| <b>Priority 3 (Housekeeping)</b> | Recommendations show areas where we have highlighted opportunities to implement a good or better practice, to improve efficiency or further reduce exposure to risk. |

## Appendix C – Contact Details

### Contact Details

|             |  |
|-------------|--|
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## Statement of Responsibility

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

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

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

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

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

Internal Audit Progress Report 2019/20

February 2020

Presented to the Joint Audit & Scrutiny Panel meeting of: 24<sup>th</sup> February 2020

# Contents

01 Introduction

02 Summary and conclusions from Internal Audit work to date

03 Performance

## Appendices

A1 Summary of Reports

A2 Internal Audit Plan 2019/20

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 31<sup>st</sup> March 2020, which was considered and approved by the JASP at its meeting on 22<sup>nd</sup> February 2019.
- 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 meeting of the JASP we have issued the two final report in respect of the 2019/20 plan, this being in respect of Custody Arrangements and Data Quality. Additionally we have issued two draft reports, this being in respect of MFSS Contract Management and Collaboration Performance Management. An additional piece of work to the 2019/20 plan was requested by the OPCC CFO and we have issued a draft report in regards to OPCC Supplier. Further details are provided in Appendix 1.

| Nottinghamshire Audits 2019/0            | Status        | Assurance Opinion   | Priority 1<br>(Fundamental) | Priority 2<br>(Significant) | Priority 3<br>(Housekeeping) | Total    |
|--|---------------|---------------------|-----------------------------|-----------------------------|------------------------------|----------|
| Performance Management                   | Final         | Satisfactory        |                             | 4                           | 1                            | 5        |
| Business Continuity & Emergency Planning | Final         | Force: Satisfactory | 1                           | 2                           |                              | 3        |
|  |               | OPCC: Limited       |                             |                             |                              |          |
| Custody Arrangements                     | Final         | Satisfactory**      |                             | 1                           | 1                            | 2        |
|  |               | Limited**           |                             |                             |                              |          |
| Data Quality                             | Final         | Substantial         |                             |                             |                              |          |
| MFSS Contract Management                 | Draft         |                     | -                           | -                           | -                            | -        |
| OPCC Supplier                            | Draft         |                     |                             |                             |                              |          |
| <b>Total</b>                             |               |                     | <b>1</b>                    | <b>6</b>                    | <b>1</b>                     | <b>8</b> |
| Collaboration 2019/20 Audits             | Report Status | Assurance Opinion   | Priority 1<br>(Fundamental) | Priority 2<br>(Significant) | Priority 3<br>(Housekeeping) | Total    |
| Performance Management                   | Draft         |                     |                             |                             |                              |          |

\*\*Refer to 2.2 below.

- 2.2 The audit of Custody Arrangements covered the control environment in place and for adequacy and effectiveness of the internal controls a satisfactory opinion was given. The audit also reviewed the progress that the Force had made in respect of the action plan that was put in place to address HMICFRS findings in regards to custody, our review of this area resulted in a limited audit opinion, full details are provided in Section A1.
- 2.3 The fieldwork for the IT Security and GDPR audits has been carried out and the IT auditor is awaiting an exit meeting before these reports will be issued. The Core Financial Systems Audit have been completed and are currently undergoing quality review prior to the draft reports being issued. The Programme Management audit and Health & Safety Follow up fieldwork is being undertaken in February. Two additional pieces of work have been requested by the OPCC CFO in respect of Balance Transfers and IFRS 16, the Balance Transfer work has been completed and draft report will be issued shortly. The timing of the IFRS 16 audit is to be agreed with the Force CFO.
- 2.4 For the internal audit plans for 2019/20, it was agreed at the Joint Chief Finance Officers meeting that a similar 'themed' approach would be taken, albeit covering a different set of themes / areas, carrying out the audit across a further sample of units. The proposed 'themed' audits are Performance Management, Business Continuity & Health & Safety. The Performance Management audit draft report has been issued and is awaiting the co-ordinated response from the Forces. The fieldwork for Business Continuity & Health & Safety will be completed in February and draft reports issue thereafter

## 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% (6/6)  |
| 5  | Issue of final report                              | Within 5 working days of agreement of responses.             | 100% (4/4)  |
| 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% (7/7)  |
| 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 in respect of the 2019/20 Internal Audit Plan:

### Custody Arrangements

|                           |  |
|---------------------------|--|
| <b>Assurance Opinion:</b> | Progress against HMICFRS Action Plan: Limited                              |
|                           | Assurance on adequacy and effectiveness of internal controls: Satisfactory |

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

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

- There are effective governance arrangements in place for the oversight and monitoring of custody arrangements at the Force.
- The management of custody includes defined roles and responsibilities, senior oversight and reporting arrangements.
- The management of custody takes into consideration the demands on custody including the type of detainees and the necessary requirements to effectively deal with this.
- There are processes in place to carry out testing/reviews of custody processing to confirm processes have been completed accurately and correctly.
- There are processes in place to ensure complaints, incidents and near misses are reported and reviewed.
- Arrangements are in place and lessons are learned from incidents, near misses and complaints.
- Robust performance information is produced to allow for the effective oversight of current custody performance.
- The performance information reports are reported to the right forums in a timely manner.

We raised one significant (priority 2) recommendation where it was felt that the Force had not made enough progress in regards to the HMICFRS Action Plan. Audit carried out testing on ten of the twenty nine actions that the Force have put in place to address the issues raised by HMICFRS following their inspection of custody and in six out of ten tested the Force had been unable to complete the stated actions. Therefore audit recommendation was to ensure the stated actions are being progressed.

We also raised one priority 3 recommendation of a more housekeeping nature relating to the incident records on the Niche system and a consistent approach to these records.

Management have confirmed that agreed actions will be completed by the end of March 2020.

## Data Quality

|                          |                    |
|--------------------------|--------------------|
| <b>Assurance Opinion</b> | <b>Substantial</b> |
|--------------------------|--------------------|

| <b>Recommendation Priorities</b> |   |
|----------------------------------|---|
| Priority 1 (Fundamental)         | - |
| Priority 2 (Significant)         | - |
| Priority 3 (Housekeeping)        | - |

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

### Governance

- There is an appropriate governance structure in place to evaluate data quality of Crime Recording at the Force.
- The roles and responsibilities for the recording of crime within the Force are clearly stated and communicated.

### Policies & Procedures

- Policies and procedures are in place, are regularly updated to reflect lessons learnt and legislative changes, and are communicated to all relevant staff.
- Guidance is in place on how to correctly record incidents and crimes in compliance with the National Crime Recording Standard.
- The current crime recording process in place is aligned to the National Crime Recording Standards.

### Data Quality Audits

- There is an effective process in place at the Force to review and scrutinise data quality within the crime recording process.
- Audits are undertaken in line with HMICFRS guidelines to ensure that the Force is complying with the National Crime Recording Standard.
- Areas of underperformance are highlighted to the appropriate forum and actions plans put in place to address areas of weakness.

### Monitoring / Benchmarking

- There are robust processes in place for the Force to review their crime recording data against national benchmarking data and / or other areas of best practice.

We raised no recommendations.

## Appendix A2 Internal Audit Plan 2019/20

| Auditable Area                            | Planned Fieldwork Date | Draft Report Date | Final Report Date | Target JASP | Comments  |
|---|------------------------|-------------------|-------------------|-------------|---|
| <b>Core Assurance</b>                     |                        |                   |                   |             |   |
| Core Financial Systems                    | Dec 2019               |                   |                   | May 2020    | Fieldwork completed, draft report to be issued by the end of Feb 20.  |
| <b>Strategic &amp; Operational Risk</b>   |                        |                   |                   |             |   |
| Data Quality                              | Sept 2019              | October 2019      | October 2019      | Nov 2019    | Final Report Issued   |
| Programme Management                      | Feb 2019               |                   |                   | May 2020    | Fieldwork being completed in February.                                |
| MFSS Contract Management                  | Sept 2019              | Sept 2019         |                   | Nov 2019    | Draft Report Issued, in September 2019.                               |
| Business Continuity & Emergency Planning  | May 2019               | June 2019         | August 2019       | Nov 2019    | Final Report Issued.  |
| IT Security                               | Oct 2019               |                   |                   | Feb 2020    | Fieldwork Completed. Awaiting Exit Meeting with Force prior to issue. |
| General Data Protection Regulation (GDPR) | Oct 2019               |                   |                   | Feb 2020    | Fieldwork Completed. Awaiting Exit Meeting with Force prior to issue. |
| Health & Safety                           | Feb 2020               |                   |                   | May 2020    | Fieldwork being completed in February.                                |
| Performance Management                    | June 2019              | June 2019         | August 2019       | Nov 2019    | Final Report Issued.  |
| Custody Arrangements                      | Sep 2019               | Oct 2019          | January 2020      | Feb 2020    | Final Report Issued.  |

| Auditable Area         | Planned Fieldwork Date | Draft Report Date | Final Report Date | Target JASP | Comments             |
|------------------------|------------------------|-------------------|-------------------|-------------|----------------------|
| <b>Collaboration</b>   |                        |                   |                   |             |                      |
| Performance Management | Oct 2019               | Feb 2020          |                   | May 2020    | Draft Report Issue.  |
| Business Continuity    | Nov 2019               |                   |                   | May 2020    | Fieldwork ongoing.   |
| Health & Safety        | Jan 2020               |                   |                   | May 2020    | Fieldwork Completed. |

## Appendix A3 – Definition of Assurances and Priorities

| Definitions of Assurance Levels |   |  |
|---------------------------------|---|--|
| Assurance Level                 | Adequacy of system design   | Effectiveness of operating controls  |
| <b>Significant Assurance:</b>   | There is a sound system of internal control designed to achieve the Organisation's objectives.  | The control processes tested are being consistently applied.   |
| <b>Satisfactory Assurance:</b>  | 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. |
| <b>Limited Assurance:</b>       | 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.  |
| <b>No Assurance</b>             | 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  |
| <b>Priority 1 (Fundamental)</b>  | Recommendations represent fundamental control weaknesses, which expose the organisation to a high degree of unnecessary risk.  |
| <b>Priority 2 (Significant)</b>  | Recommendations represent significant control weaknesses which expose the organisation to a moderate degree of unnecessary risk.                                     |
| <b>Priority 3 (Housekeeping)</b> | Recommendations show areas where we have highlighted opportunities to implement a good or better practice, to improve efficiency or further reduce exposure to risk. |

## Appendix A4 - Contact Details

### Contact Details

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## A5 Statement of Responsibility

### **Status of our reports**

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

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

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Police and Crime Commissioner  
and Chief Constable of  
Nottinghamshire Police

Audit results progress report

Year ended 31 March 2019

14 February 2020

The EY logo consists of the letters 'EY' in a bold, white, sans-serif font. A yellow triangle is positioned above the 'Y'.

Building a better  
working world



Private and Confidential

14 February 2020

Dear Paddy and Craig

We are pleased to attach our audit results progress report for the forthcoming meeting of the Joint Audit and Scrutiny Panel. This report summarises our preliminary audit conclusion in relation to the audit of the Police and Crime Commissioner and Chief Constable for Nottinghamshire for 2019/20.

We have progressed our audit of the Police and Crime Commissioner and Chief Constable for Nottinghamshire (the PCC and CC) for the year ended 31 March 2019 but at the time of writing there are a number of areas where work remains ongoing. This has resulted from a number of resourcing constraints on both our part, and that of the PCC and CC finance teams. We continue to work with management to bring the audit to a conclusion.

This report is intended solely for the use of the Joint Audit and Scrutiny Panel, other members of the PCC and CC, and senior management. It should not be used for any other purpose or given to any other party without obtaining our written consent.

We would like to thank your staff for their help during the engagement.

We welcome the opportunity to discuss the contents of this report with you at the meeting of the Joint Audit and Scrutiny Panel on 24 February 2020.

Yours faithfully

Neil Harris

Associate Partner

For and on behalf of Ernst & Young LLP

Encl

# Contents



Public Sector Audit Appointments Ltd (PSAA) have issued a 'Statement of responsibilities of auditors and audited bodies'. It is available from the Chief Executive of each audited body and via the PSAA website ([www.psaa.co.uk](http://www.psaa.co.uk)).

This 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 (updated April 2018)' issued by 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 statute, and covers matters of practice and procedure which are of a recurring nature.

This Audit Result Report is prepared in the context of the Statement of responsibilities. It is addressed to the Members of the audited body, and is prepared for their sole use. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure - 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, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 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. We can provide further information on how you may contact our professional institute.



# 01 Executive Summary

# Executive Summary

## Scope update

In our audit planning report tabled at the 29 May 2019 Joint Audit and Scrutiny Panel meeting, we provided you with an overview of our audit scope and approach for the audit of the financial statements. We are carrying out our audit in accordance with this plan.

## Status of the audit

We have substantially completed our audit procedures in respect of cash, borrowings, investments, collaboration disclosures, taxation and non-specific grant income, employee costs and usable reserves. Work on the following areas has commenced, but is not yet complete:

Property, plant and equipment

PFI

Pension testing

Other income (specifically CC)

Creditors and Debtors sample testing

Officers' remuneration and exit packages

We will be undertaking further fieldwork in w/c 17 February, and will provide an update to the Audit and Scrutiny Committee following that work.

Throughout the course of our audit procedures, various required changes to the accounts have been noted and made by management. Prior to concluding the audit, we will require a final version of the financial statements and a signed management representation letter. Once the audit opinion is signed, we will complete the procedures required by the National Audit Office (NAO) regarding the Whole of Government Accounts submission

## Audit differences

To date we have identified a number of adjustments (set out in section 4) which have been discussed with management and we understand are likely to be corrected in the final financial statements. We will update the committee with the final position on the conclusion of our audit procedures.



# Executive Summary

## Objections – delete if not applicable

We have received no objections to the 2019/20 accounts from members of the public.

## Areas of audit focus

Our Audit Planning Report identified key areas of focus for our audit of the Police and Crime Commissioner and Chief Constable for Nottinghamshire's financial statements. This report sets out our observations to date. We summarise our consideration of these matters, and any others identified, in the "Key Audit Issues" section of this report.

We ask you to review these and any other matters in this report to ensure:

- There are no other considerations or matters that could have an impact on these issues
- You agree with the resolution of the issue
- There are no other significant issues to be considered.

At the time of writing, there are no matters, apart from those reported by management or disclosed in this report, which we believe should be brought to the attention of the Police and Crime Commissioner (PCC) and Chief Constable (CC).

## Control observations

We have adopted a fully substantive approach, so have not tested the operation of controls.

During the audit we identified a number of observations and improvement recommendations in relation to management's financial processes and controls:

- Working papers to support the financial statements (particularly in respect debtors/creditors, income and expenditure) were not readily available to show a breakdown of the items included in the year end reported positions.
- Multiple versions of accounts and confused version control. This has meant that working papers provided for audit do not always agree to the final version of accounts, and there is a lack of clarity over who is responsible for certain disclosure notes,



# Executive Summary

## Value for money

We have considered your arrangements to take informed decisions; deploy resources in a sustainable manner; and work with partners and other third parties. In our Audit Planning Report we identified the following significant risk:

- Take informed decisions and sustainable resource deployment in respect of Multi-Force Shared Services (MFSS): the adequacy of arrangements for governance and risk management for the implementation of new financial systems at the CC (Project Fusion).

In addition, after we had begun the audit of the financial statements, we increased the scope of our VFM Conclusion work to include a significant risk around:

- Taking informed decisions and working with partners and third parties: the PCC's and CC's arrangements for the governance and decision making processes concerning Joint Police and Fire Headquarters with the Nottinghamshire Fire and Rescue Authority.

We have also reviewed the financial standing of the PCC and CC:

- Sustainable resource deployment: the PCC's and CC's budgeting arrangements for achieving a sustainable financial position given an overall net overspend of £0.854 million and the use of £1.4m use of reserves to support the overrun on the MFSS budget in 2018/19 and anticipated use of earmarked reserves of £7.257 million by 31 March 2022.

We have undertaken appropriate procedures and anticipate we will have no matters to include in the auditor's report about your arrangements to secure economy efficiency and effectiveness in your use of resources as regards the Joint Police and Fire Headquarters with the Nottinghamshire Fire and Rescue Authority and financial resilience. We are, however, awaiting further information in respect of the joint Headquarters on the financial and legal advice received. We will update our findings within the final report.

However, we anticipate issuing a modified opinion in respect of the significant overspend on Project Fusion in 2018/19 of £2 million against a £2.2 million budget . Our key considerations are outlined in section 6.

## Executive Summary

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### Other reporting issues

We have requested several amendments to the PCC and CC Annual Governance Statement as a result of our work (See Section 6). The PCC and CC are in the process of responding to these suggestions. We have no other matters to report as a result of this work.

We have also reviewed the PCC's and CC's Narrative Report for consistency with the financial statements and our knowledge. We have made observations for enhancing the context within the Report, The PCC and CC are in the process of responding to these suggestions. We have no other matters to report as a result of this work.

We do not anticipate reporting any matters to the National Audit Office (NAO) regarding the Whole of Government Accounts submission as the PCC group falls below the £500 million threshold for review as per the NAO's group instructions.

### Independence

Please refer to Section 10 for our update on Independence.



## 02 Areas of Audit Focus



## Areas of Audit Focus

### Significant risk

#### 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.

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 judgements are we focused on?

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.

##### What did we do?

- We identified fraud risks during the planning stages;
- We inquired of management about risks of fraud and the controls put in place to address those risks;
- We gained an understanding the oversight given by those charged with governance of management's processes over fraud;
- We considered the effectiveness of management's controls designed to address the risk of fraud;
- We determined an appropriate strategy to address those identified risks of fraud;
- We performed mandatory procedures regardless of specifically identified fraud risks, including testing of journal entries and other adjustments in the preparation of the financial statements;
- We are testing PPE additions to ensure that expenditure has been capitalised appropriately with a sample size reflective of the risk; and
- We are specifically considering how the PCC and CC have made judgements on whether to accrue or provide against known litigations, claims and costs. An example which we are discussing with management is the PCCs share of any costs associated with delays or changes to the MFSS project.

##### What are our conclusions?

In our work to date, we have not identified any material weaknesses in controls or evidence of material management override. We have not identified any instances of inappropriate judgements being applied.

Our testing of PPE additions is not yet complete, but no issues have been found to date.

We have challenged management on the treatment of potential liabilities for MFSS costs arising from Avon & Somerset leaving the partnership. Currently there is no provision recognised or contingent liability disclosed in the Nottinghamshire financial statements. We are conscious of the need for consistency and are benchmarking this against the Northamptonshire police position (where a contingent liability is disclosed in relation to this matter). It is our understanding that management intend to disclose a contingent liability in the final financial statements.



## Areas of Audit Focus

# Inherent risk

### Private Finance Initiatives

#### 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 did we do?

We:

- Engaged 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
- Reviewed the consistency of the accounting transactions and disclosures with the PFI model.

#### What are our conclusions?

Our PFI specialist has reviewed the agreements covering the Riverside building and the vehicles fleet and the accounting models which underpin the financial statements.

The findings are due shortly for discussion with management before finalising our work. The key areas to discuss will cover:

- Riverside:
  - The process for the repayment of the liability given that calculations assign all the minimum lease rentals to costs of finance; and
  - The fair value of the opening liability based on a revaluation rather than the costs of construction.
- Vehicles:
  - The decision to account for the vehicles an operating lease as the original agreement indicates that control remains with the PCC indicating that the PFI should be on balance sheet.



## Areas of Audit Focus

### Inherent risk

#### Valuation of Land and Buildings

##### What is the 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.

##### What did we do?

We:

- Considered 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 tested key asset information used by the valuers in performing their valuation (e.g. floor plans to support valuations based on price per square metre);
- Considered 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;
- Reviewed assets not subject to valuation in 2018/19 to confirm that the remaining asset base is not materially misstated;
- Considered changes to useful economic lives as a result of the most recent valuation; and
- Tested accounting entries have been correctly processed in the financial statements.

##### What are our conclusions?

Our work in this area is ongoing.



## Areas of Audit Focus

### Inherent risk

#### Pension Liability Valuation

##### What is the 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 did we do?

We:

- Liaised 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.

In addition, with respect to the Police Pension scheme, we have engaged the support of our EY Actuarial team to review the assumptions and calculations of the actuary with respect to the McCloud adjustment.

##### What are our conclusions?

Our work in this area remains ongoing. However, our pension specialist has reviewed the McCloud impact and indications are that it sits within an acceptable range, but this is subject to partner review at the time of writing.



# Areas of Audit Focus

## Inherent risk

### Collaboration disclosures

#### What is the 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.

#### What did we do?

We have:

- Reviewed the underlying allocation of expenditure in the Authority's own accounts against agreements in place; and
- Sought further assurance from external auditors at the other Police Authorities over any significant stream of expenditure not controlled by Nottinghamshire.

#### What are our conclusions?

We have noted no issues as a result of our work.



# Areas of Audit Focus

## Inherent risk

### Multi-Force Shared Service (MFSS)

#### What is the 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 did we do?

We have carried 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; and
- Visit the MFSS to view specific records or carry out testing such as reconciliations of GL data to system data.

We adopt a substantive approach to our audit of the PCC and CC. This involves the direct testing of income, expenditure and balance sheet transactions within the financial statements.

In assessing the control environment at the PCC and CC and MFSS, we assessed the initiation, recording, processing and reporting of a single transaction within each significant financial system, identifying the controls that exist and testing relevant controls.

Having tested transactions at the PCC and CC, a clear boundary existed where we were unable to test processing and recording. Without an independent ISAE3402 assurance report to assess controls at MFSS, we therefore visited MFSS to complete our work.

#### What are our conclusions?

From the work that we undertook at both the PCC, CC and MFSS, for each significant financial system we were able to:

- Identify the initiation of a transaction,
- Determine how the transaction had been recorded in the relevant account;
- Follow how transaction had been processed; and
- Check MFSS staff had reconciled the general ledger and subledger data.

During 2018/19, Internal Audit assessed as satisfactory the adequacy and effectiveness of internal controls for core financial systems for General Ledger, Treasury Management, Income and Debtors but assessed as limited for Payroll and Payments for Creditors with priority 2 recommendations for updating procedures, payroll processing times and payment authorisation limits.

As such we have no matters to report from our work. However, the PCC and CC may wish to consider in future the value of an ISAE3402 assurance report which would provide comprehensive coverage and reporting of controls covered by shared services.

# Other Areas of Audit Focus



## IFRS 9 and IFRS 15

### What is the risk/area of focus?

### What did we do?

### Results

#### IFRS 9 financial instruments

This new accounting standard is applicable for local authority and police accounts from the 2018/19 financial year and will change:

- How financial assets are classified and measured;
- How the impairment of financial assets are calculated; and
- The disclosure requirements for financial assets.

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.

We:

- Assessed 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;
- Considered the classification and valuation of financial instrument assets;
- Reviewed new expected credit loss model impairment calculations for assets; and
- Checked additional disclosure requirements.

No issues were noted as a result of our work.

#### IFRS 15 Revenue from contracts with customers

This new accounting standard is applicable for local authority and police accounts from the 2018/19 financial year.

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.

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.

We:

- Assessed 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;
- Considered 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
- Checked additional disclosure requirements.

No issues were noted as a result of our work.

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.



## Other Areas of Audit Focus



### Inhouse preparation of accounts

#### What was the area of focus?

The closedown and preparation of the financial statements have been 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. We identified 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; and
- 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 have we done?

- 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 met the 31 May deadline for publication of the draft accounts.
- We have continually assessed 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 responded promptly to our requests including our analytics data and supporting evidence for our income and expenditure testing for the start of our interim audit. At the end of the interim audit visit, the Finance Team were left working through a number of queries raised on income and expenditures testing for return once the final accounts have been prepared.
- Subsequent review of 31 May draft accounts by management identified various significant quality issues. Work then commenced to correct these issues, and a revised set of accounts was presented for audit.
- To date we have received 3 versions of the accounts (we understand there are 14 versions in existence). This has led to some degree of confusion as to which is the 'latest set' and has impacted the quality of supporting workpapers and information presented for audit.
- We have worked with management to progress the audit as quickly as possible against this backdrop, balancing the resourcing constraints within the PCC (and particularly CC) finance teams with our own constraints.

Given the current vacancy within the CC finance team, concern remains over the ability conclude the audit in a timely manner, alongside the requirement to produce, publish and present for audit, the 2019/20 financial statements.



# 03 Audit Report



# Audit Report

## Draft audit report (Group and PCC)

### Our draft opinion on the group financial statements

INDEPENDENT AUDITOR'S REPORT TO THE POLICE AND CRIME COMMISSIONER FOR Nottinghamshire

#### Opinion

We have audited the financial statements of the Police and Crime Commissioner for Nottinghamshire for the year ended 31 March 2019 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- Police and Crime Commissioner for Nottinghamshire and Group Comprehensive Income and Expenditure Statement;
- Police and Crime Commissioner for Nottinghamshire and Group Movement in Reserves Statement;
- Police and Crime Commissioner for Nottinghamshire and Group Balance Sheet;
- Police and Crime Commissioner for Nottinghamshire and Group Cash Flow Statement;
- related notes 1 to 8; and
- Police and Crime Commissioner for Nottinghamshire Police Officer Pension Fund Accounts and explanatory notes.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

In our opinion the financial statements:

- give a true and fair view of the financial position of the Police and Crime Commissioner for Nottinghamshire and Group as at 31 March 2019 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Police and Crime Commissioner for Nottinghamshire and Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's (C&AG) AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Chief Financial Officer's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Chief Financial Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### Other information

The other information comprises the information included in the Financial Statements set out on pages 5 to 26, other than the financial statements and our auditor's report thereon. The Chief Financial Officer is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

#### Opinion on other matters prescribed by the Local Audit and Accountability Act 2014

##### Arrangements to secure economy, efficiency and effectiveness in the use of resources

In our opinion, based on the work undertaken in the course of the audit, having regard to the guidance issued by the Comptroller and Auditor General (C&AG) in November 2017, we are satisfied that, in all significant respects, the Police and Crime Commissioner for Nottinghamshire put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.



# Audit Report

## Draft audit report (Group and PCC), continued

### Our draft opinion on the group financial statements

#### Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the entity;
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

#### Responsibility of the Chief Finance Officer

As explained more fully in the Statement of Responsibilities for the Statement of Account set out on page 19, the Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, and for being satisfied that they give a true and fair view.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the Police and Crime Commissioner's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Police and Crime Commissioner either intends to cease operations, or have no realistic alternative but to do so.

The Police and Crime Commissioner is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

#### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General (C&AG) in November 2017, as to whether the Police and Crime Commissioner had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Police and Crime Commissioner put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Police and Crime Commissioner had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Police and Crime Commissioner has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our conclusion relating to proper arrangements.

We report if significant matters have come to our attention which prevent us from concluding that the Police and Crime Commissioner has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.



# Audit Report

## Draft audit report (Group and PCC), continued

### Our draft opinion on the group financial statements

#### Certificate

We certify that we have completed the audit of the accounts of the Police and Crime Commissioner for Nottinghamshire in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

#### Use of our report

This report is made solely to Police and Crime Commissioner for Nottinghamshire, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Police and Crime Commissioner for Nottinghamshire, for our audit work, for this report, or for the opinions we have formed.

Neil Harris (Key Audit Partner)  
Ernst & Young LLP (Local Auditor)  
Luton  
Date

The maintenance and integrity of the Police and Crime Commissioner for Nottinghamshire web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



# 04 Audit Differences





## Audit Differences

In the normal course of any audit, we identify misstatements between amounts we believe should be recorded in the financial statements and the disclosures and amounts actually recorded. These differences are classified as “known” or “judgemental”. Known differences represent items that can be accurately quantified and relate to a definite set of facts or circumstances. Judgemental differences generally involve estimation and relate to facts or circumstances that are uncertain or open to interpretation.

### Unadjusted audit differences

At the time of writing, we have not concluded our audit procedures, nor received final accounts. We list below those matters which have been identified as audit differences in the group accounts (and the relevant single entity) to date:

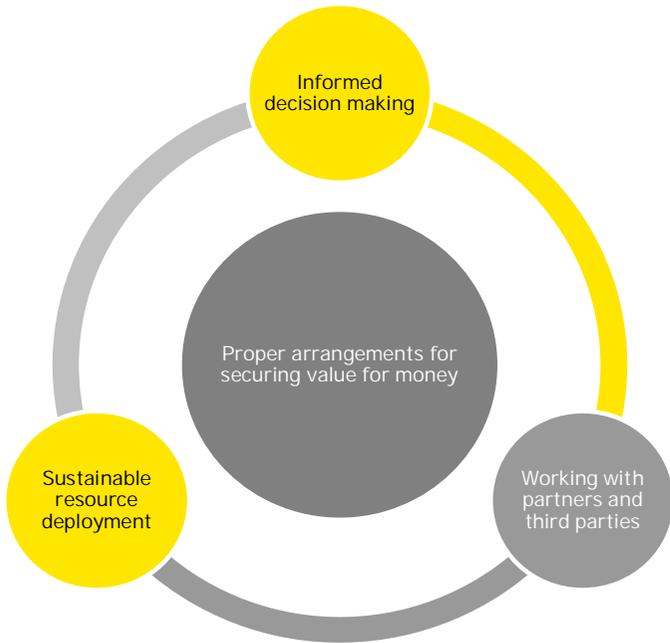
- No Net Assets Statement for the Police Pension Fund has been included, which is necessary as per the CIPFA code;
- Note 3.3 Movements in Unusable Reserves does not agree to Note 3.4 Unusable Reserves due to the incorrect figures for CIES/Adjustments Line being used;
- Presentation of bad debt provision of £123k under Note 4.11 should be moved to the Debtors Note and be presented as net of the total debtors in accordance with CIPFA Guidance in page 527;
- Adjustments should be made to the insurance provision in net cost claims (should be £937K, not the £1,168k disclosed) and additional provision (should be £966k, not the £1,139k disclosed). There is no impact on the beginning and ending balance of provision;
- Contingency disclosures with regards to Allard Reserve should be made in the CC Accounts as well as the Group;
- The Debtors & Creditors figures from their relevant notes in the financial statements have been input incorrectly within the Financial Instruments Outstanding table;
- £3.5m of payroll creditors has been misclassified within debtors.



05

# Value for Money Risks





## Background

We are required to consider whether the PCC and CC have put in place 'proper arrangements' to secure economy, efficiency and effectiveness on their 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.

## Overall conclusion

At the planning stage of the audit we identified one significant risk for taking informed decisions and sustainable resource deployment as regards the Multi-Force Shared Services (MFSS): the adequacy of arrangements for governance and risk management for the implementation of new financial systems at the CC (Project Fusion) We have noted the significant overspend on MFSS Project Fusion in 2018/19 of £2 million against a £2.2 million budget.

Since our planning procedures we increased the scope of our VFM Conclusion work to include a significant risk around the PCC's and CC's arrangements for the governance and decision making processes concerning the Joint Police and Fire Headquarters with the Nottinghamshire Fire and Rescue Authority. Pending the receipt of further information, we have no matters to include in the auditor's report to the PCC and CC.

From our work, we have determined that whilst financial resilience is not a significant risk to our VFM Conclusion, we have identified weaknesses as regards controlling expenditure and have reported our key considerations to you.

We have undertaken appropriate procedures and concluded that we expect to issue an "except for" conclusion in relation to the significant overspend on Project Fusion in 2018/19.



## Value for Money Risks

We are only required to determine whether there are any risks that we consider significant within the Code of Audit Practice, where risk is defined 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 enough work to deliver a safe conclusion on your arrangements to secure value for money, and enables us to determine the nature and extent of any further work needed. If we do not identify a significant risk we do not need to carry out further work.

We present below the findings of our work in response to additional risks identified since our audit planning report.

| What is the significant value for money risk?   | What arrangements did the risk affect?   | What are our findings?  |
|---|--|---|
| <p>The Multi-Force Shared Services (MFSS) provides transactional back office services to Cheshire, Nottinghamshire and Northamptonshire Police and the Civil Nuclear Authority.</p>                                 | <p>Take informed decisions</p> <p>Deploy resources in a sustainable manner</p> | <p>Our work in this area is substantially complete, pending receipt of documents relating to the monitoring of Project Fusion and budget position at MFSS Board.</p> <p>However, from the work undertaken to date, we expect to issue an “except for” conclusion in relation to the significant overspend on Project Fusion in 2018/19.</p> |
| <p>The PCC migrated to Oracle Cloud Applications (FUSION) in April 2019. is to offer expanded application functionality, real-time Business Intelligence and related modules all via Oracle Cloud Applications.</p> |  |   |
| <p>However, the project was not implemented by the due date of April 2018 and has incurred significant budget overruns.</p>   |  |   |

## Value for Money Risks

We are only required to determine whether there are any risks that we consider significant within the Code of Audit Practice, where risk is defined 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 enough work to deliver a safe conclusion on your arrangements to secure value for money, and enables us to determine the nature and extent of any further work needed. If we do not identify a significant risk we do not need to carry out further work.

We present below the findings of our work in response to additional risks identified since our audit planning report.

| What is the significant value for money risk?   | What arrangements did the risk affect?  | What are our findings?  |
|---|---|---|
| <p>In September 2018 and February 2019 , The PCC and CC approved the development of a business case for a joint Police and Fire Headquarters at Sherwood Lodge, Arnold through a Limited Liability Partnership (LLP).</p> | <p>Take informed decisions<br/><br/>Working with partners and other third parties</p> | <p>Please note that the following paragraphs are our provisional conclusions pending receipt of the documents to cover the reporting process to the PCCs and the legal and financial guidance received by the PCC and CC.</p> <p>Our audit work has focussed on the decision-making arrangements surrounding the decisions to redevelop the site at Sherwood Lodge and progress to the delivery model through an LLP. Our review of the arrangements found that to deliver the implementation of the joint Headquarters the management has:</p> <ul style="list-style-type: none"> <li>• Sought specialist financial and legal advice to consider:               <ul style="list-style-type: none"> <li>• The governance structures which may be appropriate for the delivery of the joint Headquarters covering a contractual joint venture, a special purpose vehicles either for a company limited by shares and/or guarantee or through an LLP; and</li> <li>• Taxation and legal consequences of the preferred option for an LLP.</li> </ul> </li> <li>• Considered reasons for not proceeding with the new build as advised but to progress a re-development of the site;</li> <li>• Managed the process through the Strategic Collaboration Board supported by the Collaborative Delivery Board and working group comprising Members, Chief Officers and officers of both organisations;</li> </ul> <p>We concluded therefore that there was evidence of reasonable arrangements to inform the decision-making process. However, we note that the February 2019 report:</p> <ul style="list-style-type: none"> <li>• Asked the PCC and CC to approve the move to the LLP. However, an LLP involves complex legal and taxation considerations of which the PCC and CC need to be aware before final decisions are taken.</li> </ul> <p>We recommend that the PCC and CC in 2019/20 consider a summary of the final taxation and legal guidance received and the reasons for not pursuing other governance delivery options before pursuing the LLP model.</p> |
| <p>The total estimated costs for the redevelopment of Sherwood Lodge is about £18.5m, of which the Authority is to contribute £4 million to be offset by the sale of the current Fire Headquarters.</p>                   |   |   |
| <p>In progressing significant projects there are risks around arrangement for governance and coming to an informed decision</p>   |   |   |

## Value for Money Risks

We are only required to determine whether there are any risks that we consider significant within the Code of Audit Practice, where risk is defined 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”

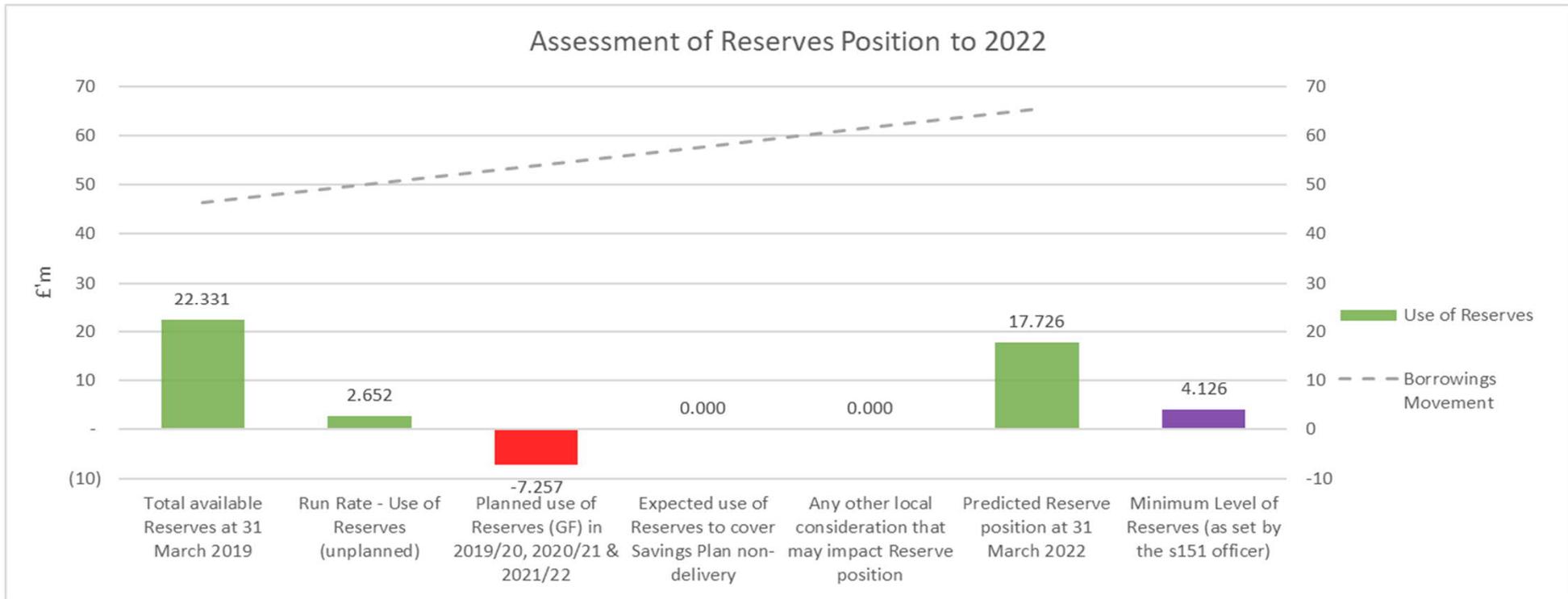
Our risk assessment supports the planning of enough work to deliver a safe conclusion on your arrangements to secure value for money, and enables us to determine the nature and extent of any further work needed. If we do not identify a significant risk we do not need to carry out further work.

The table below presents the findings of our work in response to the risks areas in our Audit Planning Report.

| What is the significant value for money risk?  | What arrangements did the risk affect? | What are our findings?   |
|--|--|--|
| <p>Achievement of Savings Needed over the Medium Term</p> <p>In common with other Police bodies the PCC and CC is facing significant financial pressures in the medium term.</p> <p>In January 2019, the PCC and CC reported within the Medium Term Financial Plan (MTFP) that to balance the budget, efficiencies would be required of £3m and £3.2m by 31 March 2021 and 31 March 2022 respectively,</p> <p>In balancing the budget the PCC is planning to reduce earmarked reserves by £7.257m to fund capital projects.</p> <p>Achieving efficiencies and the ability to use reserves depends on strong budgetary control.</p> | <p>Sustainable resource deployment</p> | <p>The current levels of reserves at 31 March 2019 means that financial resilience is not a significant risk to our VFM conclusion for 2018/19. However, we report following from our initial review of financial resilience:</p> <p>The key assumptions made within the 2019/20 annual budget and Medium Term Financial Plan</p> <p>The process for setting the PCC’s and CC’s budget is sound. We concluded that the MTFP identifies the key assumptions expected to underpin the 2019/20 budget. This includes recognising that there is a possibility that public sector expenditure will be impacted negatively by Brexit and considering a worst case scenario for police funding beyond 2019-20 and a potential requirement for future savings. We noted, however, that the MTFP could usefully scenario plan to provide guidance on how the PCC made decisions on the level of precept to set.</p> <p>An assessment of the sensitivity of those assumptions underlying the 2019/20 MTFP</p> <p>Using sensitivity analysis, taking into account the PCC’s and CC’s history of under and overspends over the past two years and planned use of reserves in 2019/20 to 2021/22, we have determined that the PCC and CC should have sufficient reserves above its minimum level of £4.126 million, being 2% of 2019/20 budgeted expenditure.</p> <p>Review of Outturn Against Budget</p> <p>The balanced budgets for 2019/20 to 2020/21 assume that the delivery of budgeted efficiencies would enable a reduction in earmarked reserves by £7.257m to £10.3m to fund capital projects. However, this would only be achieved if the PCC and CC achieve forecast income and expenditure budgets.</p> <p>Previously, the PCC and CC have reported significant outturn under or overspends from estimates. In 2016/17, the PCC had to take £9m from reserves as the CC did not deliver efficiency programmes and in-year budget omissions. In 2016/17 a revised policing model and efficiency monitoring led to the delivery of £12m efficiencies and £1m taken to reserves. In 2017/18, the net underspend of £2.4m was masked by expenditure overspends of £6.5m and unplanned income of £9m. In 2018/19, the net overspend of £0.854m resulted from overspends of £4m and unplanned income of £3.1m. The PCC also supported the MFSS overspend of £1.4m by the use of reserves.</p> <p>Such significant variances from expenditure budget may not be sustainable in future, especially if not matched by unplanned income. We also note that the MTFP identified that in its worst case scenario of government funding reductions, the PCC and CC would need to make savings of £2.8m and £5.7m. As well as identifying and addressing the causes of gross budget overspends, the PCC and CC could also plan savings programmes now to avoid the impact of adverse expenditure outturns and the use of reserves to support the budget in the future.</p> |



# Value for Money



## Our Assessment

In our assessment we considered:

- The PCC's and CC's level of efficiencies to balance the General Fund budget is £3 million and £3.2 million in 2020/21 and 2021/22 respectively;
- The PCC's and CC's history of over or under spending on the General Fund budget over the past two years and the impact this trajectory would have on the use of General Fund reserves;
- The PCC's and CC's planned use of reserves in each of the next 3 years; and
- Reliance upon any income other than grant income which has not been confirmed post 2018/19, upon which the Authority is reliant.

The graph shows borrowing increasing by £19.086 million over the next three years based on the 2019/20 Reserves Strategy.

As a result of our assessment, we note that the PCC's and CC's calculated General Fund reserve balance at the 31 March 2022 of £17.726 million would remain just above the PCC's and CC's approved minimum level of £4.126 million (based upon 2% of budgeted expenditure), should the Authority not be able to deliver the savings to bridge the worst case budget gap scenario of £2.8 million and £5.7 million identified in the MTFP for 2020/21 and 2021/22.



# 06 Other reporting issues



# Other reporting issues

### Consistency of other information published with the financial statements, including the Annual Governance Statement

We must give an opinion on the consistency of the financial and non-financial information in the Annual Accounts with the audited financial statements

We must also review the Annual Governance Statement for completeness of disclosures, consistency with other information from our work, and whether it complies with relevant guidance.

We have requested several amendments to the PCC and CC Annual Governance Statement as a result of our work. These cover ensuring that the Statements comply with the Code of Practice and that the statements and including disclosures covering governance arrangements with the MFSS and the overspend on MFSS . The PCC and CC are in the process of responding to these suggestions.

We have also reviewed the PCC's and CC's Narrative Report for consistency with the financial statements and our knowledge. We have made observations for enhancing the context within the Report, including further disclosure on the PCC's and CC's relationship with the MFSS, The PCC and CC are in the process of responding to these suggestions. We have no other matters to report as a result of this work.

We have also reviewed the PCC's and CC's Narrative Report for consistency with the financial statements and our knowledge. We have made observations for enhancing the context within the Report, The PCC and CC are in the process of responding to these suggestions. We have no other matters to report as a result of this work.

### Whole of Government Accounts

Alongside our work on the financial statements, we also review and report to the National Audit Office on your Whole of Government Accounts return. The extent of our review, and the nature of our report, is specified by the National Audit Office.

We are currently concluding our work in this area and will report any matters arising to the Joint Audit and Scrutiny Panel.

# Other reporting issues

### Other powers and duties

We have a duty under the Local Audit and Accountability Act 2014 to consider whether to report on any matter that comes to our attention in the course of the audit, either for the Authority to consider it or to bring it to the attention of the public (i.e. “a report in the public interest”). We did not identify any issues which required us to issue a report in the public interest.

We also have a duty to make written recommendations to the Authority, copied to the Secretary of State, and take action in accordance with our responsibilities under the Local Audit and Accountability Act 2014. We did not identify any issues.

### Other matters

As required by ISA (UK&I) 260 and other ISAs specifying communication requirements, we must tell you significant findings from the audit and other matters if they are significant to your oversight of the [Authority]'s financial reporting process. They include the following:

- Significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures;
- Any significant difficulties encountered during the audit;
- Any significant matters arising from the audit that were discussed with management;
- Written representations we have requested;
- Expected modifications to the audit report;
- Any other matters significant to overseeing the financial reporting process;
- Findings and issues around the opening balance on initial audits;
- Related parties;
- External confirmations;
- Going concern;
- Consideration of laws and regulations; and
- Group audits



07

## Assessment of Control Environment



# Assessment of Control Environment

## Financial controls

It is the responsibility of the PCC and CC to develop and implement systems of internal financial control and to put in place proper arrangements to monitor their adequacy and effectiveness in practice. Our responsibility as your auditor is to consider whether the PCC and CC have put adequate arrangements in place to satisfy itself that the systems of internal financial control are both adequate and effective in practice.

As part of our audit of the financial statements, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. As we have adopted a fully substantive approach, we have therefore not tested the operation of controls.

Although our audit was not designed to express an opinion on the effectiveness of internal control we are required to communicate to you significant deficiencies in internal control.

We have not identified any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in your financial statements of which you are not aware.

Our main concern with respect to the preparation of the financial statements is the continued lack of permanent resource responsible for the preparation of annual accounts. Our experience to date has shown the following issues:

- Working papers to support the financial statements (particularly in respect debtors/creditors, income and expenditure) were not readily available to show a breakdown of the items included in the year end reported positions.
- Multiple versions of accounts and confused version control. This has meant that working papers provided for audit do not always agree to the final version of accounts, and there is a lack of clarity over who is responsible for certain disclosure notes,



08

Independence

## Confirmation



We confirm that there are no changes in our assessment of independence since our confirmation in our audit planning board report dated 15 May 2019.

We complied with the FRC Ethical Standards and the requirements of the PSAA's Terms of Appointment. In our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning of regulatory and professional requirements.

We consider that our independence in this context is a matter which you should review, as well as us. It is important that you and your Joint Audit and Scrutiny Panel consider the facts known to you and come to a view. If you would like to discuss any matters concerning our independence, we will be pleased to do this at the meeting of the Joint Audit and Scrutiny Panel on 24 February 2020.

# Independence

## Relationships, services and related threats and safeguards



The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY), the PCC and CC, their directors and senior management and affiliates, including all services provided by us and our network to the PCC and CC, their directors and senior management and affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats.

There are no relationships from 1 April 2018 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

### Services provided by Ernst & Young

Below includes a summary of the fees that you have paid to us in the year ended 31 March 2019 in line with the disclosures set out in FRC Ethical Standard and in statute.

We confirm that none of our services have been provided on a contingent fee basis.

As at the date of this report, there are no future services which have been contracted and no written proposal to provide non-audit services has been submitted.

# Independence

## Fee analysis

As part of our reporting on our independence, we set out below a summary of the fees paid for the year ended 31 March 2019.

We confirm that we have not undertaken non-audit work outside the NAO Code requirements.

|                                 | Final Fee<br>2019/20 | Scale Fee<br>2019/20 | Final Fee<br>2018/19 |
|---------------------------------|----------------------|----------------------|----------------------|
|                                 | £                    | £                    | £                    |
| Total Audit Fee – PCC Code work | TBD                  | 27,119               | 35,220               |
| Total Audit Fee – CC Code work  | TBD                  | 11,550               | 15,000               |
| Total Audit Services            | TBD                  | 38,669               | 50,220               |
| Non-audit work                  | -                    | -                    | -                    |
| Total                           | TBD                  | 38,669               | 50,220               |

\* The final fee for 2018/109 will be subject to additional fees for the work carried out in response to significant risks and change of scope, specifically the work identified in this report covering:

- Additional pensions procedures as a result of the McCloud and GMP judgements, and the engagement of EY Pensions;
- The engagement of PFI specialists;
- The VFM significant risks identified;
- Quality and version control of the financial statements presented for audit;
- Delays in audit readiness.

We will discuss these fees with management in the first instance, before agreeing them with you and requesting approval from Public Sector Audit Appointments (PSAA).



# 10 Appendices

## Appendix A

# Required communications with the PCC and CC

There are certain communications that we must provide to the PCC and CC. We have detailed these here together with a reference of when and where they were covered:

|                                     |  |  Our Reporting to you                             |
|-------------------------------------|--|--|
| Required communications             |  What is reported?  |  When and where                                   |
| Terms of engagement                 | Confirmation by the PCC and CC of acceptance of terms of engagement as written in the engagement letter signed by both parties.  | The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies. |
| Our responsibilities                | Reminder of our responsibilities as set out in the engagement letter.  | Audit Plan   |
| Planning and audit approach         | Communication of the planned scope and timing of the audit, any limitations and the significant risks identified.  | Audit Plan   |
| Significant findings from the audit | <ul style="list-style-type: none"> <li>• Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures</li> <li>• Significant difficulties, if any, encountered during the audit</li> <li>• Significant matters, if any, arising from the audit that were discussed with management</li> <li>• Written representations that we are seeking</li> <li>• Expected modifications to the audit report</li> <li>• Other matters if any, significant to the oversight of the financial reporting process</li> <li>• Findings and issues regarding the opening balance on initial audits</li> </ul> | Audit results report   |

# Appendix A

|                         |   | Our Reporting to you   |
|-------------------------|---|--|
| Required communications | What is reported?   | When and where   |
| Going concern           | <p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> <li>• Whether the events or conditions constitute a material uncertainty</li> <li>• Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements</li> <li>• The adequacy of related disclosures in the financial statements</li> </ul>   | No conditions or events were identified, either individually or together to raise any doubt about [insert client name]'s ability to continue for the 12 months from the date of our report |
| Misstatements           | <ul style="list-style-type: none"> <li>• Uncorrected misstatements and their effect on our audit opinion</li> <li>• The effect of uncorrected misstatements related to prior periods</li> <li>• A request that any uncorrected misstatement be corrected</li> <li>• Material misstatements corrected by management</li> </ul>   | Audit results report   |
| Subsequent events       | <ul style="list-style-type: none"> <li>• Enquiry of the Joint Audit and Scrutiny Panel where appropriate regarding whether any subsequent events have occurred that might affect the financial statements.</li> </ul>   | Audit results report   |
| Fraud                   | <ul style="list-style-type: none"> <li>• Enquiries of the PCC, CC and Joint Audit and Scrutiny Panel to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the PCC and CC</li> <li>• Any fraud that we have identified or information we have obtained that indicates that a fraud may exist</li> <li>• Unless all of those charged with governance are involved in managing the PCC and CC, any identified or suspected fraud involving:               <ol style="list-style-type: none"> <li>a. Management;</li> <li>b. Employees who have significant roles in internal control; or</li> <li>c. Others where the fraud results in a material misstatement in the financial statements.</li> </ol> </li> <li>• The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected</li> <li>• Any other matters related to fraud, relevant to PCC, CC &amp; Joint Audit and Scrutiny Panel responsibility.</li> </ul> | Audit results report   |

# Appendix A

|                         |   | Our Reporting to you                |
|-------------------------|---|-------------------------------------|
| Required communications | What is reported?   | When and where                      |
| Related parties         | <p>Significant matters arising during the audit in connection with the PCC's and CC's related parties including, when applicable:</p> <ul style="list-style-type: none"> <li>• Non-disclosure by management</li> <li>• Inappropriate authorisation and approval of transactions</li> <li>• Disagreement over disclosures</li> <li>• Non-compliance with laws and regulations</li> <li>• Difficulty in identifying the party that ultimately controls the PCC or CC</li> </ul>   | Audit results report                |
| 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"> <li>• The principal threats</li> <li>• Safeguards adopted and their effectiveness</li> <li>• An overall assessment of threats and safeguards</li> <li>• Information about the general policies and process within the firm to maintain objectivity and independence</li> </ul> <p>Communications whenever significant judgments are made about threats to objectivity and independence and the appropriateness of safeguards put in place.</p> | Audit Plan and Audit results report |

# Appendix A

|   |   |  Our Reporting to you   |
|---|---|--|
| Required communications   |  What is reported?   |  When and where   |
| External confirmations  | <ul style="list-style-type: none"> <li>• Management’s refusal for us to request confirmations</li> <li>• Inability to obtain relevant and reliable audit evidence from other procedures.</li> </ul>   | We have received all requested confirmations   |
| Consideration of laws and regulations                                     | <ul style="list-style-type: none"> <li>• Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur</li> <li>• Enquiry of the PCC, CC and Joint Audit and Scrutiny Panel into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Joint Audit and Scrutiny Panel may be aware of</li> </ul> | We have asked management and those charged with governance. We have not identified any material instances or non-compliance with laws and regulations. |
| Significant deficiencies in internal controls identified during the audit | <ul style="list-style-type: none"> <li>• Significant deficiencies in internal controls identified during the audit.</li> </ul>  | Audit results report   |

# Appendix A

|  |  |  Our Reporting to you |
|--|--|--|
| Required communications  |  What is reported?  |  When and where       |
| Group Audits   | <ul style="list-style-type: none"> <li>• An overview of the type of work to be performed on the financial information of the components</li> <li>• 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</li> <li>• 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</li> <li>• Any limitations on the group audit, for example, where the group engagement team's access to information may have been restricted</li> <li>• 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.</li> </ul> | Audit Plan/audit results report  |
| Written representations we are requesting from management and/or those charged with governance                           | <ul style="list-style-type: none"> <li>• Written representations we are requesting from management and/or those charged with governance</li> </ul>   | Audit results report   |
| Material inconsistencies or misstatements of fact identified in other information which management has refused to revise | <ul style="list-style-type: none"> <li>• Material inconsistencies or misstatements of fact identified in other information which management has refused to revise</li> </ul>   | Audit results report   |
| Auditors report  | <ul style="list-style-type: none"> <li>• Any circumstances identified that affect the form and content of our auditor's report</li> </ul>  | Audit results report   |
| Fee Reporting  | <ul style="list-style-type: none"> <li>• Breakdown of fee information when the audit planning report is agreed</li> <li>• Breakdown of fee information at the completion of the audit</li> <li>• Any non-audit work</li> </ul>   | Audit Results Report   |

# Management representation letter

Draft Management representation letter for the Chief Constable (a separate, similar, representation letter will be required for the PCC/Group)

## Management Rep Letter

[To be prepared on the entity's letterhead]

[Date]

Mr Neil Harris  
Ernst & Young LLP  
400 Capability Green  
Luton LU1 3LU

Dear Neil,

This letter of representations is provided in connection with your audit of the financial statements of the Chief Constable for Nottinghamshire Police ("the CC") for the year ended 31 March 2019. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the financial position of the Chief Constable for Nottinghamshire Police as of 31 March 2019 and of its income and expenditure for the year then ended in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

We understand that the purpose of your audit of the CC's financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing, which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

### A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

2. We acknowledge, as those charged with governance and members of management of the CC, our responsibility for the fair presentation of the financial statements. We believe the financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the CC in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19. We have approved the financial statements.
3. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
4. As those charged with governance and members of management of the CC, we believe that the CC has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 that are free from material misstatement, whether due to fraud or error.
5. We believe that the effects of any unadjusted audit differences, summarised in the accompanying schedule, accumulated by you during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. We have not corrected these differences identified by and brought to the attention from the auditor because [specify reasons for not correcting misstatement].

### B. Non-compliance with law and regulations, including fraud

1. We acknowledge that we are responsible to determine that the CC's activities are conducted in accordance with laws and regulations and that we are responsible to identify and address any non-compliance with applicable laws and regulations, including fraud.
2. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.
3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
4. We have no knowledge of any identified or suspected non-compliance with laws or regulations, including fraud that may have affected the CC (regardless of the source or form and including without limitation, any allegations by "whistleblowers"), including non-compliance matters:
  - involving financial statements;
  - related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the CC's financial statements;
  - related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the CC's activities, its ability to continue to operate, or to avoid material penalties;

# Management representation letter (continued)

## Management Rep Letter

- involving management, or employees who have significant roles in internal controls, or others; or
- in relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

### C. Information Provided and Completeness of Information and Transactions

1. We have provided you with:
  - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
  - Additional information that you have requested from us for the purpose of the audit; and
  - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
3. We have made available to you all minutes of the meetings of the CC and committees, including the Joint Audit Committee, (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the year to the most recent meeting on the following date: 27 January 2020.
4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the CC's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the year ended, as well as related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the financial statements.
5. We believe that the significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
6. We have disclosed to you, and the CC has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

### D. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.

2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
3. We have recorded and/or disclosed, as appropriate, all liabilities related litigation and claims, both actual and contingent, and confirm there are no guarantees that we have given to third parties.

### E. Subsequent Events

1. There have been no events subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.

### F. Other information

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the Narrative Report and the Annual Governance Statement.
2. We confirm that the content contained within the other information is consistent with the financial statements.

### G. Going Concern

1. We are not aware of any matters that are relevant to the CC's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

### H. Reserves

1. We have properly recorded or disclosed in the financial statements the useable and unusable reserves.

### I. Contingent Liabilities

1. We are unaware of any violations or possible violations of laws or regulations the effects of which should be considered for disclosure in the financial statements or as the basis of recording a contingent loss (other than those disclosed or accrued in the financial statements).
2. We are unaware of any known or probable instances of non-compliance with the requirements of regulatory or governmental authorities, including their financial reporting requirements, and there have been no communications from regulatory agencies or government representatives concerning investigations or allegations of non-compliance.

### J. Use of the Work of a Specialist

1. We agree with the findings of the specialists that we engaged to evaluate the measurement and valuation of the Pension Fund and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

## Management representation letter (continued)

### Management Rep Letter

#### K. Estimates (pensions valuation)

1. We believe that the measurement processes, including related assumptions and models, used to determine the accounting estimate has been consistently applied and are appropriate in the context of CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.
2. We confirm that the significant assumptions used in making the estimate of the pension liability appropriately reflects our intent and ability to carry out providing services on behalf of the entity.
3. We confirm that the disclosures made in financial statements with respect to the accounting estimate are complete and made in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.
4. We confirm that no adjustments are required to the accounting estimate(s) and disclosures in the CC financial statements due to subsequent events.

#### L. Retirement Benefits

1. On the basis of the process established by us and having made appropriate enquiries, we are satisfied that the actuarial assumptions underlying the scheme liabilities are consistent with our knowledge of the business. All significant retirement benefits and all settlements and curtailments have been identified and properly accounted for.

Yours faithfully,

\_\_\_\_\_  
Chief Finance Officer

\_\_\_\_\_  
Chief Constable

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ED None

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|                           |   |
|---------------------------|---|
| <b>For Information</b>    |   |
| <b>Public/Non Public*</b> | <b>Public</b>                                     |
| <b>Report to:</b>         | <b>Audit and Scrutiny Panel – for information</b> |
| <b>Date of Meeting:</b>   | <b>24<sup>th</sup> February 2020</b>              |
| <b>Report of:</b>         | <b>The Chief Finance Officer</b>                  |
| <b>Other Contacts:</b>    | <b>Head of Finance</b>                            |
| <b>Agenda Item:</b>       | <b>11</b>   |

## **Precept and Budget Reports 2020-21**

### **1. Purpose of the Report**

- 1.1 The attached reports are the strategic financial reports that have been approved by the Commissioner and the precept report has also been agreed by the Police and Crime Panel at its meeting on 6<sup>th</sup> February.
- 1.2 These reports are provided to members of Audit & Scrutiny Panel for information, reference and to assist in the panels work throughout the year.

### **2. Recommendations**

- 2.1 Members are requested to note the reports.

### **3. Reasons for Recommendations**

- 3.1 Statutory requirement and good financial governance.

### **4. Summary of Key Points**

- 4.1 The reports provided for information are:
  - Precept report 2020-21
  - Medium Term Financial Strategy (MTFS)
  - Reserves Strategy
  - Revenue Budget Report 2020-21
  - Capital Programme 2020-25
  - Capital Strategy
  - Treasury Management Strategy
- 4.2 The precept report shows how the precept has been calculated and the now agreed band charges for 2020-21.

- 4.3 The MTFs provides a picture of estimated income and expenditure over the next few years and the level of efficiencies required to set a balanced budget. This is based on the scenario that precept increases in future years will be limited to 2%.
- 4.4 The Reserves Strategy shows that the increase in reserves recently will be utilised to meet significant capital expenditure plans over the medium term.
- 4.5 The Revenue budget is a balanced budget report and builds on recruitment plans of the PCC with the national drive to recruit 20,000 officers over the next three years..
- 4.6 The Capital Programme provides detail on proposals for 2020-21, with specific plans relating to buildings and ensuring they are fit for purpose. An indicative capital programme to 2022-25 is also provided. But the schemes are subject to full business cases being approved.
- 4.7 The Capital Strategy shows how we consider the long term, even life cycle of our most significant assets. This brings together stock condition surveys, asset management plans and the need for continued investment in assets to provide for future needs.
- 4.8 The Treasury Management Strategy provides detail on how the proposed capital programme will be financed.

## **5. Financial Implications and Budget Provision**

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

## **6. Human Resources Implications**

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

## **7. Equality Implications**

- 7.1 None as a direct result of these reports.

## **8. Risk Management**

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

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

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

## **10. Changes in Legislation or other Legal Considerations**

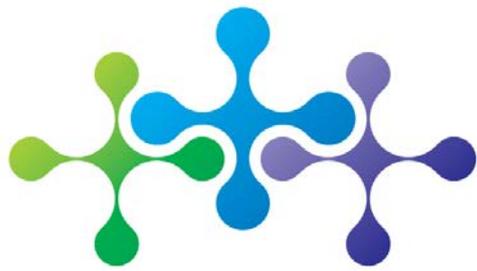
10.1 These reports comply with financial legislation.

## **11. Details of outcome of consultation**

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

## **12. Appendices**

- Appendix 1 - Precept report 2020-21
- Appendix 2 - Medium Term Financial Strategy
- Appendix 3 - Reserves Strategy
- Appendix 4 - Revenue Budget report 2020-21
- Appendix 5 - Capital Programme 2020-25
- Appendix 6 - Capital Strategy
- Appendix 7 - Treasury Management Strategy



Nottinghamshire

**POLICE & CRIME COMMISSIONER**

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**Precept 2020-21**

January 2020

# **The Police & Crime Commissioner's**

## **Precept 2020-21**

### **Letter from the Minister**

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

- Funding nationally for Policing will increase by £915m in the form of grant for the uplift in police officer numbers and increased council tax freedoms.
- Core Police Grant will remain the same as in previous years.
- Precept freedoms allow for a £10 increase on Band D properties, raising £248m nationally.
- PTF funding will reduce from £175m to approximately £114m. This is allocated £60m for on-going programmes, £30m for SOC and £24m for Firearms.
- Funding of the Uplift of 6,000 officers by March 2021 will be provided as: £500m in core grant, £200m based on performance.
- The £700m of Uplift going to forces will be allocated via the funding formula.
- Continued support to cover the increase in pensions costs.
- An additional £90m for Counter Terrorism.
- £516m to fund ESN and other national IT projects.

### **Introduction**

In light of the assumptions and opportunity made available by the Minister the Nottinghamshire Police & Crime Commissioner is proposing a precept increase of £9.99 for the 2020-21 financial year.

This increase in the precept supports the budget report and Commissioners commitment to increase in police officer numbers in our neighbourhoods. This will be achieved through Neighbourhood proactive teams. There continues to be a focus on reducing Knife Crime and the additional funding of Surge Grant (to provide resources for Policing to respond to the increase in knife crime) and additional funding for the Violence Reduction Unit (to provide multi-agency focus on violence reduction activity); this continues to build on the good work in these areas. The outcomes of these specific pieces of work will be reported to the Audit & Scrutiny Panel during the year.

Forever, cognisant of the environment the Commissioner has identified funding specifically to pilot electric police vehicles within the force, during 2020-21. The Commissioner also supports Victims Services through formal contracts and grants with the third sector. Further priorities include Rural Crime, crime prevention and partnership working, all vital to community safety.

This budget supports fully the Police & Crime Plan for 2020-21.

## **Government Assumptions**

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

Firstly, it provides additional resource to the main police grant for the Uplift of officers by 20,000 over the next 3 years. This increase is in the core police grant and is therefore likely to continue in future years, although an element is based on achieving recruitment numbers set by the Home Office and based on formula share.

The additional Treasury Grant for the remainder of the pensions funding gap continues for 2020-21.

The £10 precept freedom indicated is for one year ahead of the next CSR and potential funding formula review. The impact of Brexit is that it is uncertain there will be any additional funding available for Policing within the next CSR period. The Home Office have commented that it expects any future funding gap, from inflationary pressures, to be resourced from continued precept freedoms. Further detail on what impact this will have in Nottinghamshire is provided in the Medium Term Financial Strategy.

## **Future outlook**

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

The impact of the McCloud/Sarjeant case will have a major impact on the pension funds for Police Officers and Police Staff. The pressure to agree a remedy nationally to this, as soon as possible, is high, as further complications develop. Nationally the Government have set aside £4bn to manage the implications across all public sector pension schemes.

## **Supporting Reports**

The Budget Report and the Medium Term Financial Strategy Report on today's agenda details further the plans for 2020-21 and beyond.

The detailed budget for 2020-21, the Medium Term Financial Strategy, the Reserves Strategy, the 4 Year Capital Programme, the Capital Strategy and the Treasury Management Strategy are provided for information purposes to the Police & Crime Panel. These have been drawn together to support the Police & Crime Plan, which has been refreshed and which is currently out for consultation.

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

## Process

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

- **The Government policy on police spending** – the impact of Brexit is uncertain. The Treasury continues to focus on the NHS and its funding requirements. The grants provided to policing for 2020-21 provide for the additional police officers promised by the Prime Minister and ensure a stable financial position, but this is not guaranteed other than through continued precept freedoms into the future.
- **The medium term implications of the budget and capital programme** - the separate report sets out the Medium Term Financial Strategy, which is regularly received and updated. This is now a key indicator of financial sustainability.
- **The CIPFA Prudential Code** - the separate Treasury Management Strategy report covers the CIPFA Prudential Code, which evaluates whether the capital programme and its revenue implications are prudent, affordable and sustainable. The implications of borrowing to finance the unsupported element of the capital programme are incorporated within the proposed revenue Budget for 2020-21 and the Medium Term Financial Strategy.
- **The size and adequacy of general and specific earmarked reserves** - the current forecast of the general reserves at 31 March 2020 is £7 million. This is higher than the minimum 2% level in the approved reserves strategy and is considered by the Chief Finance Officer to be an adequate level for the year ahead. This is lower than the 5% limit set by the Home Office. The Chief Finance Officer considers that all of the earmarked reserves set out in the Reserves Strategy remain a risk and continues to monitor them and their planned usage. This will continue into the medium term.  
The Chief Finance Officer also confirms that the budgeted insurance provision is fully adequate to meet outstanding claims.
- **Whether the proposal represents a balanced budget for the year** - the assurances about the robustness of the estimates are covered in **Section 8** of this report. The proposals within this report do represent a balanced budget based upon an assumed £9.99 increase in the Police & Crime Precept on the Council Tax Band D.
- **The impact on Council Tax** - this is covered in **Section 7** of this report.
- **The risk of referendum** – the limit set for requiring a referendum is a £10 increase on the precept for all Police & Crime Commissioners. The proposed increase of £9.99 is in line with this years change (further detail is provided in **Section 6**).

## 1. COUNCIL TAX BASE

For 2020-21 the Billing Authorities continue with the local Council Tax Support Schemes introduced in 2013-14. There have not been any significant changes affecting the individual schemes, although collection rates continue to be higher than anticipated.

The Billing Authorities are working hard to keep collection rates up and as a consequence all have seen an increase in estimated tax bases. This is also partly due to an increase in the number of new properties in each area. The actual tax base has increased by 1.11% overall, this is less than last year's increase of 1.37%.

| <b>Tax base</b>   | <b>Band D<br/>Properties<br/>2019-20<br/>No</b> | <b>Band D<br/>Properties<br/>2020-21<br/>No</b> | <b>Change<br/>%</b> |
|-------------------|---|---|---------------------|
| Ashfield          | 33,542.50                                       | 33,695.30                                       | 0.46                |
| Bassetlaw         | 34,794.99                                       | 35,373.06                                       | 1.66                |
| Broxtowe          | 33,674.71                                       | 34,039.14                                       | 1.08                |
| Gedling           | 37,007.37                                       | 37,387.44                                       | 1.03                |
| Mansfield         | 29,219.90                                       | 29,407.70                                       | 0.64                |
| Newark & Sherwood | 38,771.64                                       | 39,229.76                                       | 1.18                |
| Nottingham City   | 66,766.00                                       | 67,360.00                                       | 0.89                |
| Rushcliffe        | 43,178.50                                       | 43,987.70                                       | 1.87                |
| <b>Total</b>      | <b>316,955.61</b>                               | <b>320,480.10</b>                               | <b>1.11</b>         |

## 2. COLLECTION FUND POSITION

Each billing authority uses a Collection Fund to manage the collection of the Council Tax. For 2020-21 the overall surplus continues to be created as collection rates are better than anticipated. A breakdown is provided in the table below:

| Surplus/(deficit) | Collection Fund |                |
|-------------------|-----------------|----------------|
|                   | 2019-20         | 2020-21        |
|                   | £               | £              |
| Ashfield          | 7,664           | (47,000)       |
| Bassetlaw         | 61,944          | 55,342         |
| Broxtowe          | 53,810          | 75,869         |
| Gedling           | Nil             | Nil            |
| Mansfield         | 50,073          | 103,363        |
| Newark & Sherwood | Nil             | Nil            |
| Nottingham City   | 92,473          | 176,866        |
| Rushcliffe        | (99,576)        | (103,300)      |
| <b>Total</b>      | <b>166,388</b>  | <b>261,140</b> |

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

## 3. OTHER GRANTS

This year the Government has announced a Specific Grant based upon performance. Those Forces achieving the number of recruits required for Uplift will receive additional support grant in the quarter following achievement. For Nottinghamshire this equates to 107 Officers (£3m grant) and we are on target for recruitment by the end of March 2020.

Council Tax Legacy Grant is received by Commissioners for each Policing area. There is no change in the Legacy Grant for 2020-21 at £9.7m. This grant will be considered as part of the Funding Formula Review.

The funding from the Ministry of Justice includes an inflationary uplift and the new Rape support fund of £4m will be allocated on a pro rata basis. The total allocated now is £1.592m. A further £1m national fund, for ISVAs over the next two years, will be launched shortly and Commissioner's will be required to submit and expression of interest.

## **4. CONSULTATION**

### **APPROACH**

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

In fulfilling these requirements, Nottinghamshire OPCC undertook both a robust and representative survey of public opinion on the precept for policing as part of the Commissioner's quarterly Police and Crime Survey, and held a series of local focus groups in each of the Community Safety Partnership areas across Nottinghamshire to obtain more qualitative feedback.

The Police and Crime Survey obtained the views of 4,221 residents across the force area over four quarterly waves of fieldwork which were undertaken between January and December 2019. The survey provides a stable, robust and representative sample of public opinion at CSP level by age gender, ethnicity and deprivation. Residents were asked to what extent they supported an increase in the policing precept, and if not at all, their reason for not supporting an increase. Options for an increase in the precept were set at an extra £5, £10 or £12 or £24. Although the government's referendum threshold was not known at the time of survey, the results should be interpreted with this caveat in mind.

Focus groups were undertaken in Nottingham, South Nottinghamshire, Ashfield and Newark and Sherwood during January 2020. Results are expected in the week commencing 27 January 2020 and will be reported in due course.

### **KEY FINDINGS**

Results from the Police and Crime Survey 2019 indicate that on balance, a larger proportion of residents support an increase in the council tax precept for policing than those that do not, however this margin has been diminishing year on year since March 2018. Around 53.5% of residents support an increase in the council tax precept for policing when those that are unsure are omitted from the profile, which is similar to the level of support seen in December 2016.

The proportion of residents supporting an increase within the limits of the referendum threshold fell from 45.4% in 2018 to 24.7% in 2019, while the proportion supporting a precept rise that exceeds the threshold rose from 12.0% to 28.9%. It should be noted, however, that the precept flexibility afforded to PCCs by the Government reduced from £24 to £10 over this period.

With the exception of Nottingham City, the proportion supporting an increase in the policing precept exceeded the proportion that did not across all county CSP areas. Nottingham City, however, saw the most notable decline in support for an increase, with levels having fallen from 55.1% to 48.8% during the year. Despite a 2.5% point reduction, support for an increase remains strongest in South Nottinghamshire (61.3%), while Bassetlaw, Newark and Sherwood (51.3%) and Mansfield and Ashfield (50.5%) also saw reductions of 4% pts and 2.9% pts respectively. Reflecting results from previous years, personal economic circumstances (87%) remain the most common reason for respondents not supporting a rise in the precept for policing.

The proportion of respondents feeling unable to answer the questions relating to the precept or requiring more information (22.5%) has remained stable at force level, but has risen from 22.5% to 27.5% in the city over the last year. In recognition of the high proportion of residents that felt unsure or in need of further information, the PCC commissioned a series of resident focus groups in January 2020 to obtain more detailed qualitative insight. The results of these focus groups are anticipated week commencing 27 January 2020.

The Police and Crime Survey also asks residents to what extent they agree or disagree that Nottinghamshire Police provides 'good value for money'. Positively, the proportion of residents agreeing with the statement has increased marginally over the previous year, from 38.0% to 39.6%, while the proportion of residents disagreeing with the statement has reduced from 23.0% to 19.3%.

## 5. COUNCIL TAX REFERENDUMS

The Localism Act 2011 requires authorities including Police & Crime Commissioners to determine whether their 'relevant basic amount of council tax' for a year is excessive, as excessive increases trigger a council tax referendum. The Secretary of State is required to set out principles annually, determining what increase is excessive. For 2020-21 the principles state that, for Police && Crime Commissioners, an increase of more than £10 in the basic amount of council tax between 2019-20 and 2020-21 is excessive. For 2020-21 the relevant basic amount is calculated as follows:

Formula:

$$\frac{\text{Council Tax Requirement}}{\text{Total tax base for police authority area}} = \text{Relevant basic amount of council tax}$$

Nottinghamshire 2020-21 estimated calculation:

$$\frac{\underline{\pounds 73,492,496.53}}{320,480.10} = \pounds 229.32 \text{ (}\pounds 9.99\text{)}$$

This year the Referendum limit has been announced at the time of settlement notifications. It has been set at £10 for 2020-21.

## 6. RECOMMENDATION ON THE LEVEL OF POLICE & CRIME PRECEPT ON THE COUNCIL TAX

As discussed in the Budget report resources have been allocated to support the police and crime plan. In assessing appropriate spending levels, consideration has been given to the significant unavoidable commitments facing the Police & Crime Commissioner, including the 20,000 uplift in Police Officer numbers nationally, pay awards and pension liabilities. Due regard has been given to the overall cost to the local council tax payer. Consideration has also been given to the projected value of the available reserves and balances and the medium term financial assessment (both reported separately).

The Commissioners proposed spending plans for 2020-21 result in a Police and Crime Precept on the Council Tax of £229.32 for a Band D property, representing an increase of £9.99.

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

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

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

|                    | <b>2019-20<br/>Budget<br/>£m</b> | <b>2020-21<br/>Budget<br/>£m</b> | <b>Increase/<br/>Decrease<br/>£m</b> |
|--------------------|----------------------------------|----------------------------------|--------------------------------------|
| Budget             | 206.3                            | 224.6                            | 18.3 (+)                             |
| External Income    | 138.6 (-)                        | 151.1 (-)                        | 12.5 (-)                             |
| Collection Surplus | 0.2 (-)                          | 0.3 (-)                          | 0.1 (-)                              |
| Reserves           | 2.0 (+)                          | 0.3 (+)                          | 1.7 (-)                              |
| <b>Precept</b>     | <b>69.5 (-)</b>                  | <b>73.5 (-)</b>                  | <b>4.0 (-)</b>                       |
| Council Tax Base   | 316,956                          | 320,554                          | 3,598                                |
| Council Tax Band D | £219.33                          | £229.32                          | £9.99                                |
| Council Tax Band A | £146.22                          | £152.88                          | £6.66                                |

The overall Police & Crime Precept to be collected on behalf of the Police & Crime Commissioner for 2020-21 is:

|   | <b>£m</b> |
|---|-----------|
| Budgeted Expenditure                      | 224.6 (+) |
| Less income from:                         |           |
| Police & Crime Grant                      | 136.4 (-) |
| Legacy Council Tax Grant                  | 9.7 (-)   |
| Pension Grant                             | 2.0 (-)   |
| Specific Grant                            | 3.0 (-)   |
| Collection Fund surplus                   | 0.3 (-)   |
| Net contribution to/from Balances         | 0.3 (+)   |
| Police & Crime Precept on the Council Tax | 73.5 (-)  |

**Appendix A** compares the Government Grant between 2019-20 and 2020-21.

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

**Police & Crime element of the Council Tax**

| Band     | 2019-20<br>£  | 2020-21<br>£  |
|----------|---------------|---------------|
| A        | 146.22        | 152.88        |
| B        | 170.59        | 178.36        |
| C        | 194.96        | 203.84        |
| <b>D</b> | <b>219.33</b> | <b>229.32</b> |
| E        | 268.07        | 280.28        |
| F        | 316.81        | 331.24        |
| G        | 365.55        | 382.20        |
| H        | 438.66        | 458.64        |

## Amounts to be raised from Council Tax in each billing authority area 2020-21:

|                      | Precept amount<br>to be collected<br>£ | Collection Fund<br>Surplus/(Deficit)<br>£ | Total amount due<br>£ |
|----------------------|--|---|-----------------------|
| Ashfield             | 7,727,006.20                           | (47,000.00)                               | 7,680,006.20          |
| Bassetlaw            | 8,111,750.12                           | 55,342.00                                 | 8,167,092.12          |
| Broxtowe             | 7,805,855.58                           | 75,869.00                                 | 7,881,724.58          |
| Gedling              | 8,573,687.74                           | Nil                                       | 8,573,687.74          |
| Mansfield            | 6,743,773.76                           | 103,363.00                                | 6,847,136.76          |
| Newark &<br>Sherwood | 8,996,168.56                           | Nil                                       | 8,996,168.56          |
| Nottingham City      | 15,446,995.20                          | 176,866.00                                | 15,623,861.20         |
| Rushcliffe           | 10,087,259.36                          | (103,300.00)                              | 9,983,959.36          |
| <b>Total</b>         | <b>73,492,496.53</b>                   | <b>261,140.00</b>                         | <b>73,753,636.52</b>  |

### Collection Dates

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

|                    | £                           |
|--------------------|-----------------------------|
| <b><u>2020</u></b> |                             |
| 20 April           | 7,375,364.00                |
| 28 May             | 7,375,364.00                |
| 02 July            | 7,375,364.00                |
| 06 August          | 7,375,364.00                |
| 11 September       | 7,375,364.00                |
| 15 October         | 7,375,364.00                |
| 19 November        | 7,375,364.00                |
| <b><u>2021</u></b> |                             |
| 06 January         | 7,375,364.00                |
| 03 February        | 7,375,364.00                |
| 11 March           | 7,375,360.52                |
|                    | <b><u>73,753,636.52</u></b> |

## **7. ROBUSTNESS OF THE ESTIMATES**

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

The replenishment of reserves has progressed slowly and could potentially impact on the delivery of the full capital programme. This is continuously being monitored to minimise any impact on the revenue budget. Work has already commenced on a new Custody Suite.

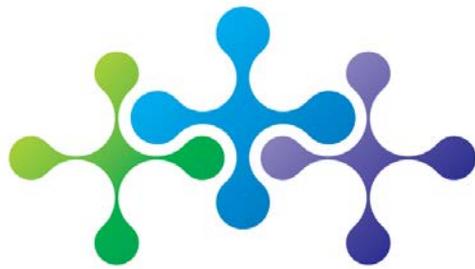
The budget proposed within this report represents a balanced budget. To achieve this, the force has provided detail on how efficiencies and savings will be delivered. There are some potential risks to the full amount of savings being achieved and this will be monitored monthly, with alternative savings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

The balanced budget is based upon the recommended £9.99 band D increase in Council Tax for 2020-21.

**Year on year comparison of settlement grants**  
**Nottinghamshire**

| <b>Grant</b>                    | <b>2019-20<br/>£</b> | <b>2020-21<br/>£</b> | <b>Change<br/>£</b> | <b>Reason</b>                       |
|---------------------------------|----------------------|----------------------|---------------------|-------------------------------------|
| Police Core grant (HO)          | 78,514,341           | 78,514,341           |                     |                                     |
| Additional £532m                |                      | 9,497,498            | 9,497,498           | Uplift for 107 officers (part)      |
| Ex-DCLG Funding Formula         | 48,395,167           | 48,387,121           | (8,046)             |                                     |
| <b>Sub-total core grant</b>     | <b>126,909,508</b>   | <b>136,398,960</b>   | <b>9,489,452</b>    |                                     |
| Legacy Grant                    | 9,726,194            | 9,726,194            |                     |                                     |
| Pensions Grant                  | 2,028,216            | 2,028,216            |                     |                                     |
| £168m Specific Grant            |                      | 2,999,210            | 2,999,210           | Uplift Performance for 107 Officers |
| <b>Total Government Funding</b> | <b>138,663,918</b>   | <b>151,152,580</b>   | <b>12,488,662</b>   |                                     |

In addition to the above Nottinghamshire receives Capital Grant. For 2020-21 this has reduced to £200,000 from £700,000 in 2019-20.



Nottinghamshire

**POLICE & CRIME COMMISSIONER**

**Medium Term Financial Strategy**

**2020-21 to 2024-25**

Jan 2020

# **Commissioners**

## **Medium Term Financial Strategy**

### **Introduction**

This document is part of the overall financial framework of the Police and Crime Commissioner. It builds on the budget proposed for 2020-21 and incorporates plans to meet changes in available financing with the need to meet current and future commitments.

The Government announced the Police settlement in January 2020. This increased the total funding envelope available to Policing by £915m for 2020-21. The majority of the increase related to additional funding for an additional 6,000 Police Officers (the first tranche of the 20,000 promised over the next 3 years).

The additional funding for the Uplift in officers comes in two parts: an increase in core grant and a specific grant payable in arrears upon achieving the required number of officers recruitment.

As part of the increase in total funding £248m will come from all forces if they chose to accept the further year of precept freedoms, by raising council tax Band D by £10. There is no additional funding to cover pay awards, inflation and increments and therefore these costs will have to be met from the increase in Council Tax.

The additional Treasury grant provided last year for the changes in the police pension valuations continues for a further year.

Nationally, the PTF funding is being phased out and only continues for those multiyear projects that were already underway. An additional £90m has been provided for counter terrorism and £516m to fund ESN and other national IT projects.

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

Under the existing funding formula, put into effect in 2005-06, Nottinghamshire continues to lose over £10m per year. The formula itself has never been fully implemented and therefore, in total this now amounts to over £150m+ that the Home Office formula calculates should have come to Nottinghamshire, but which has been withheld; instead providing protection those that would lose significantly as they are over-funded.

The Commissioner continues to make the case for a new formula at a national level, one that can be fully implemented over a relatively short period of time.

It may be the case that the CSR itself will not identify any additional funding for policing. And the Treasury have already indicated that next year's settlement is expected to be very difficult.

The Police & Crime Commissioner has produced a Police & Crime Plan, which has been refreshed to include the feedback and comments made by stakeholders, partners and the public over the last 12 months. The Police & Crime Plan is built upon the following 4 strategic priorities:

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

## Funding

As part of the budget for 2019-20 the Commissioner made funds available to recruit an additional 40 officers during the year (above the attrition that takes place and is being replaced each year). Under the Uplift being funded by additional grant Nottinghamshire will recruit a further 107 officers. These are expected to have been recruited by the end of March 2020 well in advance of the March 2021 target set by Government. In total over the next 3 years Uplift is expected to provide a total of 357 officers for Nottinghamshire.

1. The amount of core grant funding is to increase for Operation Uplift
2. An additional Pension Grant of £2.0m continues for one further year. No guarantee beyond this.
3. The Referendum assumptions allow for £10 precept increase in 2020-21.
4. The estimated tax base increase is 1.11% for 2020-21 and 1% in the following years.
5. The cost pressures that we are budgeting for have a negative impact (i.e. pay wards of 2%, inflation).
6. The longer term impact of incremental progression relating to the 300+ new police officers (since 2018) will continue to create pressures in the medium term plan.
7. The level of reserves is such that there are necessary plans to replenish the reserves used in recent years. This will be phased in over the medium to long term. Current repayment is expected by 2022-23.

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

| <b>Table 1a</b><br><b>Funding Available</b><br><b>Most Likely Scenario</b> | 2019-20<br>£m | 2020-21<br>£m | 2021-22<br>£m | 2022-23<br>£m | 2023-24<br>£m | 2024-25<br>£m |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
| Core Police Grant  | 126.9         | 126.9         | 126.9         | 126.9         | 126.9         | 126.9         |
| Uplift Grant   |               | 9.5           | 17.6          | 22.4          | 22.1          | 22.1          |
| <b>Total Core Police Grant</b>   | <b>126.9</b>  | <b>136.4</b>  | <b>144.5</b>  | <b>149.3</b>  | <b>149.0</b>  | <b>149.0</b>  |
| Council Tax Legacy Grant   | 9.7           | 9.7           | 9.7           | 9.7           | 9.7           | 9.7           |
| Pension grant  | 2.0           | 2.0           | 2.0           | 2.0           | 2.0           | 2.0           |
| Precept  | 69.5          | 73.5          | 75.0          | 76.5          | 78.0          | 79.6          |
| Specific Grant (Uplift)  |               | 3.0           | 1.0           | 1.0           |               |               |
| Collection fund surplus/(deficit)  | 0.2*          | 0.5           |               |               |               |               |
| Transfer to reserves **  | (2.0)         | (0.5)         |               |               |               |               |
| <b>TOTAL</b>   | <b>206.3</b>  | <b>224.6</b>  | <b>234.7</b>  | <b>245.7</b>  | <b>253.1</b>  | <b>260.0</b>  |

\* The surplus to be received in 2020-21 will be transferred to reserves less an adjustment for the difference between estimated and actual tax base figures.

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

## Investment

This Medium Term Financial Strategy allows the Commissioner to continue investing further in Neighbourhood Policing. This has been supported by the national drive to increase officers by 20,000 over the next three years. For Nottinghamshire this equates to a further 357 officers over the planned establishment. The Commissioner is also continuing to ensure 185 PCSO's are provided to support the front line. The current settlement also enables further investment in priorities such as Knife Crime, Violent Crime, Robbery, Victims and Rural Crime; with the success of dedicated teams being replicated in the City and County.

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

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

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

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

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

## Savings and efficiencies

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

| <b>Table 2<br/>Efficiencies</b> | 2020-21<br>£m | 2021-22<br>£m | 2022-23<br>£m | 2023-24<br>£m | 2024-25<br>£m |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|
| <b>Total<br/>Efficiencies</b>   | <b>2.0*</b>   | <b>1.0</b>    | <b>2.3</b>    | <b>1.9</b>    | <b>1.3</b>    |

- Efficiencies in 2020-21 are already allocated across the relevant budgets in 2020-21 (ie shown net)

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

## **Risks in the Medium Term**

### **Collaboration and Transformation**

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

### **Funding Formula Review**

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

### **Ministry of Justice Funding**

The allocation of funding for Victims for 2019-20 is £1.592m and this is slightly more than the previous year.

### **Emergency Services Network**

The Emergency Services Network has been progressing slowly and is significantly behind the original implementation plan. Further delays are anticipated. All delays will inevitably result in increased costs. We continue to monitor this closely at Force, Regional and National levels.

### **Capital Grant**

Capital Grant allocations have reduced significantly from £0.7m for 2019-20 to £0.2m for 2020-21. This grant is gradually being phased out.

## **Expenditure**

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

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

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

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

| <b>Table 3<br/>Expenditure Budget</b>  | 2020-21<br>£m | 2021-22<br>£m | 2022-23<br>£m | 2023-24<br>£m | 2024-25<br>£m |
|--|---------------|---------------|---------------|---------------|---------------|
| Employee                               | 177.3         | 189.4         | 200.7         | 207.7         | 212.9         |
| Non-Pay costs                          | 51.4          | 52.4          | 53.4          | 54.5          | 55.6          |
| Income                                 | (12.2)        | (12.3)        | (12.4)        | (12.6)        | (12.7)        |
| <b>Sub-total Force<br/>Expenditure</b> | <b>216.5</b>  | <b>229.5</b>  | <b>241.7</b>  | <b>249.6</b>  | <b>255.8</b>  |
| OPCC                                   | 5.1           | 5.2           | 5.3           | 5.4           | 5.5           |
| <b>Total Expenditure</b>               | <b>221.6</b>  | <b>234.7</b>  | <b>247.0</b>  | <b>255.0</b>  | <b>261.3</b>  |

## Summary

The summary below is based upon no further precept freedoms from 2021-22 onwards. The Home Office have stated that freedoms relating to inflation will be provided in the precept as Police Grant will remain flat (with the exception of Uplift).

| <b><u>Most Likely Scenario</u></b> | 2020-21<br>£m | 2021-22<br>£m | 2022-23<br>£m | 2023-24<br>£m | 2024-25<br>£m |
|------------------------------------|---------------|---------------|---------------|---------------|---------------|
| <b>Policing</b>                    |               |               |               |               |               |
| Net Expenditure **                 | 219.5         | 229.5         | 241.7         | 249.6         | 255.8         |
| <b>OPCC</b>                        |               |               |               |               |               |
| Net Expenditure *                  | 5.1           | 5.2           | 5.3           | 5.4           | 5.5           |
| <b>Total net expenditure</b>       | <b>224.6</b>  | <b>234.7</b>  | <b>247.0</b>  | <b>255.0</b>  | <b>261.3</b>  |
| <b>Total Funding Available</b>     | <b>224.6</b>  | <b>234.7</b>  | <b>245.7</b>  | <b>253.1</b>  | <b>260.0</b>  |
| <b>Savings required</b>            |               |               | 1.3           | 1.9           | 1.3           |

\* The OPCC has made efficiencies in the absorption of pay award and inflationary increases. These have been incorporated into the net budget figure.

\*\*\* specific grant expenditure has been included



Nottinghamshire

**POLICE & CRIME COMMISSIONER**

**Reserves Strategy 2020-21**

# Reserves Strategy 2020-21

## Background

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

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

## The Commissioners Plans

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

## Current Financial Climate

11. The pressures on public finances are currently forecast as improving. However, at the local level the good news of being able to recruit additional officers remains a challenge. The funding for the officer increase is being allocated on funding formula share and traditionally this has meant that Nottinghamshire has to pick up a proportion of those costs. This is particularly difficult as all support service costs are now in the lowest quartile making it difficult to find where additional savings to fund the gap can actually be made. Therefore, the ability to retain reserves for unforeseen events and circumstances becomes not only difficult, but something that requires careful consideration.
12. We are still facing an uncertain future with the impact of Brexit and how this will impact on public expenditure plans, which are currently unknown.

13. Nottinghamshire currently has one of the lowest levels of forecast reserves for policing in England and Wales. Nottinghamshire has never been cash rich and has been underfunded through the current funding mechanism.
14. The Medium Term Financial Strategy identifies risks in achieving the required efficiencies to ensure balanced budgets over future years.

### **Types of Reserve**

15. When reviewing the medium term financial strategy and preparing the annual budgets the Commissioner should consider the establishment and maintenance of reserves. These can be held for four main purposes:
  - A working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing – this forms part of general reserves.
  - A contingency to cushion the impact of unexpected events or emergencies – this also forms part of general reserves.
  - A means of building up funds often referred to as earmarked reserves, to meet known or predicted requirements; earmarked reserves are accounted for separately, but remain legally part of the general reserve.
  - The economic climate and the safety of the Commissioner's financial assets. This would link closely with the Treasury Management and Prudential Code Strategy - this also forms part of general reserves.
16. The Commissioner also holds other reserves that arise out of the interaction of legislation and proper accounting practice. These reserves are not resource-backed and cannot be used for any other purpose, are described below:
  - The Pensions Reserve – this is a specific accounting mechanism used to reconcile the payments made for the year to various statutory pension schemes.
  - The Revaluation Reserve – this is a reserve that records unrealised gains in the value of fixed assets. The reserve increases when assets are revalued upwards, and decreases as assets are depreciated or revalued downwards or disposed of.
  - The Capital Adjustment Account – this is a specific accounting mechanism used to reconcile the different rates at which assets are depreciated under proper accounting practice and are financed through the capital controls system.

- The Available-for-Sale Financial Instruments Reserve – this is a reserve that records unrealised revaluation gains arising from holding available-for-sale investments, plus any unrealised losses that have not arisen from impairment of the assets. Currently none.
  - The Financial Instruments Adjustment Reserve – this is a specific accounting mechanism used to reconcile the different rates at which gains and losses (such as premiums on the early repayment of debt) are recognised under proper accounting practice and are required by statute to be met from the General Fund. Currently none.
  - The Unequal Pay Back Pay Account – this is a specific accounting mechanism used to reconcile the different rates at which payments in relation to compensation for previous unequal pay are recognised under proper accounting practice and are required by statute to be met from the general fund. Currently none.
  - Collection Fund Adjustment account – this is specific to the changes in accounting entries relating to the Collection Fund Accounts held by the Billing Authorities.
  - Accumulated Absences Account – this account represents the value of outstanding annual leave and time off in lieu as at 31<sup>st</sup> March each year.
17. Other such reserves may be created in future where developments in local authority accounting result in timing differences between the recognition of income and expenditure under proper accounting practice and under statute or regulation, such as the Capital Grants Unapplied.
18. In addition the Commissioner will hold a Capital Receipts Reserve. This reserve holds the proceeds from the sale of assets, and can only be used for capital purposes in accordance with the regulations.
19. For each earmarked reserve held by the Commissioner there should be a clear protocol setting out:
- The reason for/purpose of the reserve
  - How and when the reserve can be used
  - Procedures for the reserves management and control
  - A process and timescale for review of the reserve to ensure continuing relevance and adequacy

20. When establishing reserves, The Commissioner needs to ensure compliance with the Code of Practice on Local Authority Accounting and in particular the need to distinguish between reserves and provisions.

# Nottinghamshire Police and Crime Commissioner's

## Reserves

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

### The General Reserve

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

## **Earmarked Reserves**

28. Unlike General Reserves earmarked reserves have been identified for specific areas of expenditure where there are anticipated costs that can only be estimated. It is therefore prudent for the Commissioner to identify such areas of expenditure and set aside amounts that limit future risk exposure (e.g. balancing budget shortfalls in the MTFs).
29. Such expenditure usually arises out of changes in policy or where the organisation is working in collaboration with other forces to provide a specific service (for example Private Finance Initiative (PFI)).
30. Expenditure relating to earmarked reserves has to specifically relate to the purpose of the reserve.
31. **Appendix B** details for each of the earmarked reserves that existed at the start of the 2019-20 financial year and their estimated balance by 1<sup>st</sup> April 2020.

Details of the **earmarked reserves** available for use in 2020-21 are given below:

### **Medium Term Financial Plan (MTFP) Reserve**

32. The medium term financial strategy of the Commissioner is under constant review and changes as new and reliable information becomes available.
33. The original purpose of this reserve was to alleviate financial pressure on the budgets in current and future years.
34. The support from this reserve is only one-off support and as such cannot be used to finance on-going commitments.
35. This reserve has been completely utilised as at the end of 2018-19 and will only be replenished from potential underspends in the future. This means that total revenue expenditure must agree to the budget going forward.

### **Asset Replacement Reserve**

36. This reserve is reflecting the need to consider the major programme of asset replacement in the capital programme.

37. This reserve has been created from the repayment of reserves used in previous years. A significant call on those reserves has had a major impact on the levels of reserves held. Therefore, it has been agreed that £11.5m will be repaid to finance the major capital expenditure on assets over the next few years.
38. Specifically, a new Custody building at an estimated cost of £20m and a new building on the HQ site to accommodate the former training school, the control room (c£18m) and collaboration with NHSE for a new SARC building (£1.9m). These are major items of expenditure and it is prudent to create a reserve to part fund such items. This will also alleviate the need to borrow as the borrowing level impact on the CFR and future revenue budgets.
39. The Commissioner has also requested a full Asset Strategy to include a detailed stock condition. This will enable the updating of all remaining buildings to a reasonable and comparable standard.

#### **IT Investment Reserve**

40. This reserve is set aside to support investment and replacement of IT hardware and software. IT revenue underspends will be transferred to this reserve to meet future changes in IT investment and in support of a medium term IT Strategy.

#### **PCC Reserve**

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

#### **Grants & Commissioning Reserve**

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

#### **Private Finance Initiative (PFI) Reserve**

43. This is a reserve for the equalisation of expenditure over the life of the contract. This is a statutory reserve to maintain.

#### **Property Act Fund Reserve**

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

### **Drugs Fund**

45. This minor reserve is received from court awards in drugs cases and is only used for initiatives that reduce drug related crime.

### **Revenue Grants**

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

### **Animal Welfare Reserve**

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

### **Tax Base Reserve**

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

### **Night Time Levy**

52. The Commissioner utilises this funding to contribute towards projects that ensure the City Night Time economy runs smoothly and safely (e.g. the work of the Street Pastors/additional policing when required). Decisions on what projects should be funded are made in partnership with the City Council.

53. The amount of funding through the levy has reduced significantly over the few years it has operated. There is a full programme of projects to utilise the revenue received.

#### **Allard Reserve**

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

#### **Jointly Controlled Operations (Regional Collaboration) Revenue Reserve**

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

#### **Procedure for Use of Reserves**

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

## **Monitoring**

62. The level of reserves is kept under continuous review. The Commissioner receives reports on the levels of reserves as part of the Medium Term Financial Strategy updates together with the Annual Reserves Strategy in January and the out-turn position in June each year.
63. The current level of forecast reserves remains low and if called upon will impact negatively on the financial viability of the force. Reserves and their usage is carefully planned for and monitored throughout the year.

## **Risk Analysis**

64. Any recommendations that change the planned use of reserves reported within the Annual Budget and Precept Reports will take account of the need for operational policing balanced against the need to retain prudent levels of reserves.
65. However, there are significant risks, which affect the level of reserves to be maintained, and it is for this reason that a minimum level of 2% (with a maximum level of 5%) of total net budget has been set for the General Reserve.
66. The significant risks that have been considered, but which will also be kept under review are:
  - Significant unforeseen legal costs.
  - The budget monitoring report highlights potential risks in being able to achieve the required efficiencies and savings during the year.
  - The ability to seek financial assistance from the Home Office for major incidents has been diminished and can no longer be relied upon.
  - The need to finance organisational change and redundancies may have an impact on the use of reserves, although this is also reducing in value and risk.
  - The ability to recover significant overspends by divisions and departments would be very difficult in the current financial climate.
  - The instability of the Financial Markets means that the investments we make with balances are currently exposed to greater risk. This is negated by the Treasury Management Strategy, but returns on investment have reduced significantly.
  - Should the Commissioner and Force be faced with two or more of the above issues at the same time then the reserves may be needed in full.

- Once utilised reserves have limited scope for replenishment. This is usually achieved through a budget underspend.
- There may be exceptional levels of insurance claims that cannot be met from the usual provisions.
- Home Office interest in the levels of reserves held by Police Forces. Nottinghamshire is in the lower quartile in regard to this so any requirement by Central Government affecting reserves would impact on us greater.

### **CFO Opinion**

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

### **STRATEGY REVIEW**

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

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

**Charlotte Radford (CPFA)**  
**Chief Finance Officer**

**Reserves Risk Assessment**  
**2020-20**

**GENERAL RESERVE**

| <b>RISK</b>                                 | <b>IMPACT</b>   | <b>PROBABILITY</b>   | <b>Min<br/>£m</b> | <b>Max<br/>£m</b> | <b>Proposed<br/>for 2020-21<br/>£m</b> |
|---|---|--|-------------------|-------------------|--|
| Major Incident(s)<br>Unbudgeted expenditure | Any amount under 1% of net budget is to be funded by the authority.<br>Amounts over 1% of net budget are subject to Home Office application approval. | Single Incident amounting to less than 1% of net budget. <b>MEDIUM</b><br>Multiple incidents amounting to over 1% of net budget. <b>MEDIUM</b><br>Single incident amounting to over 1% of net budget. <b>LOW</b> | 2.1               | 4.2               | 4.2                                    |
| Major Disaster (e.g. natural)               | Operation policing affected and resources diverted. (e.g. through building being inaccessible and disaster recovery plan being auctioned).            | <b>LOW</b>   | 0.5               | 1.0               | 0.5                                    |
| Partnership Support                         | Funding for posts and PCSO's withdrawn. This has also been risk assessed as part of the budget assumptions.   | <b>Medium to HIGH</b>  | 0.5               | 4.6               | 1.2                                    |
| Counterparty failure                        | If invested balances were tied up in a process to recovery there would be an immediate impact on the revenue budget (possibly short term).            | <b>LOW</b>   | 0.5               | 5.0               | 0.5                                    |
| Employment Tribunals and other litigation   | Direct impact on revenue budgets.   | <b>LOW</b>   | 0.1               | 0.5               | 0.1                                    |
| Insurance                                   | Emerging Risks and late reported claims.  | To date no claims of this type have affected the accounts. <b>Low to MEDIUM</b>  | 0.3               | 0.7               | 0.5                                    |
| <b>TOTAL</b>                                |   |  |                   |                   | <b>7.0</b>                             |

**Earmarked Reserves Assessment**

| <b>RISK/RESERVE</b>               | <b>PURPOSE</b>   | <b>HOW AND WHEN IT WILL BE USED</b>   | <b>Management and control</b>        | <b>Review</b>          | <b>Estimated Balance 31.03.20 £m</b> |
|-----------------------------------|--|---|--------------------------------------|------------------------|--------------------------------------|
| Medium Term Financial Plan (MTFP) | To provide against financial shortfalls identified within the MTFS.  | Smoothing peaks and troughs in financing the MTFS.  | Chief Finance Officer & Commissioner | Minimum twice annually | 0.000                                |
| Asset Replacement                 | To provide funding towards major items of capital expenditure.   | In conjunction with the Treasury Management Strategy and where borrowing is not the whole answer. | Chief Finance Officer                | On-going               | 6.747                                |
| IT Investment                     | To provide for investment in new IT software and hardware  | In line with the IT strategy  | Chief Finance Officer                | On-going               | 0.372                                |
| PCC Reserve                       | Underspends on PCC budgets are transferred here, to meet future needs.   | To be utilised to meet unforeseen expenditure.  | Chief Finance Officer                | On-going               | 0.560                                |
| Grants & Commissioning            | To collate small balances within revenue accounts to provide funding for this growing area of work.            | To meet specific requirements relating to Grants and Commissioning.                               | Chief Finance Officer                | On-going               | 3.799                                |
| PFI reserve                       | To fund irregular PFI related expenditure on a smoothed basis. And to provide for end of life PFI expenditure. | Life cycle equalisation.  | Chief Finance Officer                | Annually               | 0.088                                |

|                                     |  |  |  |                 |               |
|-------------------------------------|--|--|--|-----------------|---------------|
| Property Act Fund                   | Income from the sale of property act confiscations.                          | To be determined by the Police & Crime Commissioner.   | PCC and CFO                                  | Annually        | 0.196         |
| Drug Fund                           | For use in reducing drug related crime.                                      | To be determined by the Police & Crime Commissioner and CC.                                  | PCC and CFO                                  | Annually        | 0.027         |
| Revenue Grants                      | Balances on grants not required to be repaid. Use needs to be risk assessed. | To be determined by the Police & Crime Commissioner.   | Drawn upon when repayment has been requested | Annually        | 1.974         |
| Animal Welfare                      | To set up a scheme for animal welfare on retirement as working animals.      | Scheme established.  | Chief Finance Officer                        | During the year | 0.018         |
| Tax Base                            | To iron out fluctuations caused between estimated and actual tax base data.. | Annually to balance the budget.<br>Every 3-4 years to finance Single Person Discount Review. | Chief Finance Officer                        | Annually        | 1.640         |
| Night Time Levy                     | To be utilised to address Night Time economy issues of crime and safety.     | To be determined by the Police & Crime Commissioner.   | PCC and CFO                                  | Annually        | 0.045         |
| Target Hardening                    | To be utilised when activity has been identified and agreed with partners.   | Once schemes have been approved.   | Chief Finance Officer                        | Annually        | 0.000         |
| Allard                              | Once legitimate claims are made and approved for payment                     | On receipt of claims.  | Chief Finance Officer                        | During the year | 1.200         |
| JCO – Jointly Controlled Operations | To provide for unexpected expenditure relating to regional collaboration.    | Decisions relating to the use of this fund follow the regional governance arrangements.      | EM meeting of the PCC's                      | Annually        | 0.908         |
| <b>TOTAL</b>                        |  |  |  |                 | <b>17.574</b> |

Tables to show the use of General Reserves

|                              | 2019-20                   | 2020-21                   |                         | 2021-22                   |                      | 2022-23                   |                      | 2023-24                   |                      | 2024-25                   |                      |
|------------------------------|---------------------------|---------------------------|-------------------------|---------------------------|----------------------|---------------------------|----------------------|---------------------------|----------------------|---------------------------|----------------------|
|                              | 01.04.19<br>Balance<br>£m | 01.04.20<br>balance<br>£m | Use<br>in<br>year<br>£m | 01.04.21<br>balance<br>£m | Use in<br>year<br>£m | 01.04.22<br>balance<br>£m | Use in<br>year<br>£m | 01.04.23<br>balance<br>£m | Use in<br>year<br>£m | 01.04.24<br>balance<br>£m | Use in<br>year<br>£m |
| <b>General Reserve</b>       | <b>7.000</b>              | <b>7.000</b>              | <b>0</b>                | <b>7.000</b>              | <b>0</b>             | <b>7.000</b>              | <b>0</b>             | <b>7.000</b>              | <b>0</b>             | <b>7.000</b>              | <b>0</b>             |
| <b>EMSOU general reserve</b> | <b>0.075</b>              | 0.075                     |                         | 0.075                     |                      | 0.075                     |                      | 0.075                     |                      | 0.075                     |                      |
| <i>% of net budget</i>       | <b>3.4%</b>               | 3.2%                      |                         | 3.0%                      |                      | 2.8%                      |                      | 2.8%                      |                      | 2.7%                      |                      |

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

Tables to show the estimated use of Earmarked Reserves

|                                  | 2019-20                   | 2020-21             |                |                     | 2021-22          |                     | 2022-23          |                     | 2023-24        |                     | 2024-25        |                     |
|----------------------------------|---------------------------|---------------------|----------------|---------------------|------------------|---------------------|------------------|---------------------|----------------|---------------------|----------------|---------------------|
| <b><u>Earmarked Reserves</u></b> | <b>01.04.19 Actual £m</b> | 01.04.20 balance £m | Use in year £m | 31.03.21 balance £m | Use in year £m   | 31.03.22 balance £m | Use in year £m   | 31.03.23 balance £m | Use in year £m | 31.03.24 balance £m | Use in year £m | 31.03.25 balance £m |
| MTFP                             | <b>0.000</b>              | 0.000               |                | 0.000               |                  | 0.000               |                  | 0.000               |                | 0.000               |                | 0.000               |
| Asset Replacement                | <b>4.947</b>              | 6.747               | (6.000)        | 0.747               | 2.000<br>(2.500) | 0.247               | 2.000<br>(2.200) | 0.047               |                | 0.047               |                | 0.047               |
| IT Investment                    | <b>0.722</b>              | 0.372               |                | 0.372               |                  | 0.372               | (0.300)          | 0.072               |                | 0.072               |                | 0.072               |
| PCC Reserve                      | <b>0.760</b>              | 0.560               | (0.043)        | 0.517               |                  | 0.517               |                  | 0.517               |                | 0.517               |                | 0.517               |
| Grants & Commissioning           | <b>3.999</b>              | 3.799               | (0.800)        | 2.999               | (0.500)          | 2.499               |                  | 2.499               |                | 2.499               |                | 2.499               |
| PFI                              | <b>0.048</b>              | 0.088               | 0.041          | 0.129               | (0.330)          | (0.201)             | 0.042            | (0.159)             | 0.042          | (0.117)             | 0.042          | (0.075)             |
| Property Act Fund                | <b>0.196</b>              | 0.196               |                | 0.196               |                  | 0.196               |                  | 0.196               |                | 0.196               |                | 0.196               |
| Drug Fund                        | <b>0.027</b>              | 0.027               |                | 0.027               |                  | 0.027               |                  | 0.027               |                | 0.027               |                | 0.027               |
| Revenue Grants                   | <b>1.974</b>              | 1.974               |                | 1.974               |                  | 1.974               |                  | 1.974               |                | 1.974               |                | 1.974               |
| Animal welfare                   | <b>0.019</b>              | 0.018               | (0.001)        | 0.017               | (0.001)          | 0.016               | (0.001)          | 0.015               | (0.001)        | 0.014               | (0.001)        | 0.013               |
| Tax Base                         | <b>1.514</b>              | 1.640               |                | 1.640               |                  | 1.640               |                  | 1.640               |                | 1.640               |                | 1.640               |
| Night Time Levy                  | <b>0.201</b>              | 0.045               | 0.100          | 0.145               | 0.100            | 0.245               | 0.100            | 0.345               | 0.100          | 0.445               | 0.100          | 0.545               |
| Target Hardening                 | <b>0.073</b>              | 0.000               |                | 0                   |                  |                     |                  |                     |                |                     |                |                     |
| Allard                           | <b>1.200</b>              | 1.200               | (1.200)        | 0                   |                  |                     |                  |                     |                |                     |                |                     |
| Joint Ops                        | <b>0.908</b>              | 0.908               |                | 0.908               |                  | 0.908               |                  | 0.908               |                | 0.908               |                | 0.908               |
| <b>TOTAL</b>                     | <b>16.588</b>             | <b>17.574</b>       | <b>(7.903)</b> | <b>9.671</b>        | <b>(1.231)</b>   | <b>8.440</b>        | <b>(0.359)</b>   | <b>8.081</b>        | <b>0.141</b>   | <b>8.222</b>        | <b>0.141</b>   | <b>8.363</b>        |



Nottinghamshire

**POLICE & CRIME COMMISSIONER**

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**Budget 2020-21**



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NOTTINGHAMSHIRE  
**POLICE**

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PROUD TO SERVE

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January 2020

Between 2008-09 and 2017-18 efficiency savings and budget reductions were required to deliver annual balanced budgets, in some years these reductions have proved difficult to deliver resulting on the need to use reserves. 2015-16 proved to be the toughest year with efficiency programmes not being delivered and budget omissions being identified during the year. This resulted in £9.3m being required from reserves.

In 2018-19 additional council tax freedoms were allowed and the PCC agreed much needed investment of £3.3m to:

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

In addition a £2.4 million contribution to replenish reserves was anticipated, but budget pressures in the year, especially from externally managed collaboration services (MFSS), and from an increased number of knife crime related incidents meant that the amount of funding available to contribute to reserves was £0.7m.

However, with improved medium term budgeting, continued efficiency drives and additional funding the outlook remains positive and a sustainable financial position being achieved.

Changes at a national government level during 2019 resulted in a change to policy for policing with the announcement of a commitment to achieve an uplift of 20,000 police officers over the period to 2022-23. Nottinghamshire's share of this uplift is to be 107, 143 and 107 officer uplift in each of the next three financial years respectively.

Locally both the PCC and Chief Constable have supported achieving this uplift of numbers earlier than the government require and we will start 2020-21 with the full complement of our additional 107 officers.

Central government have included funding in the annual settlement to support their aims and also announced additional funding to encourage early achievement of targets for each individual force. The positive action of the PCC and Chief Constable has placed Nottinghamshire in a very good position to achieve an additional £3m in funding, the maximum amount available which will allow for future investment in 2020-21 in the PCC's priorities, over and above those confirmed in this report.

The careful management of finances and foresight of investment means that Nottinghamshire Police force is well placed to deliver investment in the future and maintain a sustainable financial position.

During 2019-20 the PCC has continued to fund safe and effective victim support services. Areas he has developed further during the year have been sexual violence support and non-domestic stalking. The sexual violence support work has included:

- working with city and county partners to ensure that support was in place for survivors affected by the publication of the Independent Inquiry into Child Sexual Abuse's Nottinghamshire report;
- driving forward work with Clinical Commissioning Groups (CCGs) and local authorities to improve mental health support services for sexual violence survivors, resulting in the development of a specialist pathway through mental health services and personal health budgets for adult survivors of child sexual abuse;
- co-commissioning with NHS England a comprehensive need assessment for sexual violence and abuse;
- successfully securing £545,000 for additional support for sexual violence and abuse survivors in Nottinghamshire from NHS England's High Volume Fund;
- working with survivors to develop a new model of support which will deliver what survivors have been asking for as well as meeting the recommendations of the needs assessment.

Work continues in January 2020 to agree collective funding for the new model, which will be commissioned later in 2020.

Other victim support services continue to deliver well. This includes adult and paediatric Sexual Assault Referral Centres, adult and children's Independent Sexual Violence Adviser services, domestic abuse support and Nottinghamshire Victim CARE. The PCC worked with the County Council to re-co-commission domestic abuse support services, with new contracts due to begin in April 2020.

In July 2019 the PCC's pilot of support for victims of non-domestic stalking began. The specialist service, which mostly provides safety planning and advocacy, works closely with officers and Nottinghamshire Police's monthly stalking clinic. Feedback from victims has been extremely positive.

In other commissioning work, the PCC has worked with his city and county colleagues to co-commission new substance misuse support services in the City and County which incorporate the findings of the independent review he commissioned in 2018.

Nottingham City and Nottinghamshire were one of 18 areas in the country to receive funding from the Home Office's Serious Violence Fund in 2019/20 to form a Violence Reduction Unit (VRU) which, based on models previously seen in London and Glasgow, tasked with developing a long term a public health approach to tackling serious violence. A VRU was formed in September 2019, having received funding of £880,000, reporting into the OPCC, and working alongside existing statutory partnerships such as the CDP and the SNB. A multi-agency team has been established with a focus on strategic leadership and coordination of violence reduction activity.

The VRU are in the process of producing a number of mandatory products such as a countywide Serious Violence Strategic Needs Assessment and a Response Strategy, and has commissioned a number of interventions aimed at a life course approach. Commissioned activity is based on the principle that intervening early to prevent issues emerging is the most effective way to ensure children, young people, families and communities in Nottingham City and Nottinghamshire County thrive.

£0.5m (58% of the funding allocated) has been spent on interventions, which vastly outweighs the minimum 20% spend on interventions recommended in the Home Office guidance. Outputs so far include holding one to one sessions with children who have grown up in homes with domestic violence to cope with trauma, workshops with young men who are at risk of perpetrating violence, particularly toward women and girls, enabling them to understand healthy relationships, and workshops at HMP Nottingham aimed at building the resilience of those who have already offended to help them make the right choices in the future. All interventions are being evaluated to build a local evidence base so we can understand what works to reduce violence in the context of Nottingham and Nottinghamshire.

Current performance in reducing knife crime in Nottinghamshire is extremely positive, with an 8.4% reduction during the last 12 months to end October 2019. The most significant reduction has been in the City. Latest national comparisons (12 months to June 19) show that Nottinghamshire is one of the few areas nationally experiencing a decrease in knife crime.

## **BUDGET 2020-21**

Government funding has increased in order to deliver the priority of increased police numbers. A focus on delivering value for money from the investment placed over the next three years will be maintained and existing efficiency processes remain in place. Savings are still required to meet day to day increases in demand and to afford continued investment in assets and technology in order to maintain an effective Nottinghamshire Police Force.

### **1.1. Funding levels**

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

| <b>Funding 2020-21</b>                          | <b>2020-21<br/>£m</b> |
|---|-----------------------|
| <b>Core grants &amp; funding</b>                |                       |
| Police & Crime grant                            | (139.4)               |
| Council Tax legacy grant                        | (9.7)                 |
| Pensions grant                                  | (2.0)                 |
| <b>Sub-total core grants</b>                    | <b>(151.1)</b>        |
| <b>Precept</b>                                  | <b>(73.5)</b>         |
| Collection fund (surplus)/deficit               | (0.5)                 |
| <b>Contribution to Reserves</b>                 | 0.5                   |
| <b>Total funding available</b>                  | <b>(224.6)</b>        |
| <b>Performance grant for in year allocation</b> | 3.0                   |
| <b>Total funding available</b>                  | <b>(221.6)</b>        |

In addition to the funding available above there is also a £3m ring fenced grant in relation to the uplift of an extra 20,000 officers nationally. This will be based on performance in delivering the additional 107 officers that relate to the Nottinghamshire allocation. This will be paid quarterly in arrears and when achieved will be allocated in year.

As this funding is based on performance throughout the year no specific budget allocation has been made in the base budget. It is expected that as performance funding is released by government the PCC will make decisions in year as to its allocation.

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

The Referendum Limit was announced at the same time as the provisional settlement and is set at a maximum increase of £10.00 for a band D property for 2019-20 this equates to a maximum rise of 4.55%. This level of increase has been assumed in the above figures. Additional funding created as a result of this increase will ensure that officer and staff numbers increase in line with government projections.

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

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

## **1.2 Investment in Service**

The increase in precept and government funding will allow Nottinghamshire to invest further in frontline resources, for example having 107 additional officers working on the front line by April 2020. This builds on the existing schools early intervention officers, dedicated burglary, robbery and knife crime teams, and working in local neighbourhoods, that have resulted in 140 additional officers being made available since 2018-19. Therefore by 2023-24 almost 500 additional officers will have been created over a five year period.

In addition £0.5million is being made available to invest in outcomes from the annual departmental assessments (ADAs), which identify changes to demand and improvements to the operational approach to policing. This includes refreshing IT and technical equipment, investment in detection technology and in partnership working.

Supporting the growth in officers funding has also been identified for staff support, this will include investment in partnership working, front line officer support as well as infrastructure and enabling services. In total an additional 50 staff roles will be recruited during 2020-21.

Funding of £0.5m has been allocated to support demand and activity changes identified as part of the forces Annual Departmental Assessments, a process by which value for money is internally assessed. During the year business cases will be developed and where these meet organisational requirements funding will be supplied from within this £0.5m total.

A small team of four staff has been created to develop the future strategy for corporate IT services (Op Regain). This project is to ensure future systems are fit for purpose.

The Commissioner and Chief Constable also have allocated £150,000 to further augment our prevention activity based on in year demand. The PCC already funds a number of bespoke crime prevention initiatives in the community and the Chief Constable has embedded Schools Officers across the force.

In our capital expenditure plans significant spend is expected in delivering a new custody facility and joint Police and Fire headquarters building at Sherwood Lodge. There is also a commitment to sustainability in these new builds and this is further embedded in our core activities with investment in four electric vehicles for operational policing.

### 1.3 Summary expenditure

The Commissioner is required to set a balanced budget each year, with increased pressures from inflation, pay awards, new demands and investment this inevitable means efficiencies have to be identified and delivered in order to balance the budget. In 2020-21 £2m cashable efficiencies are identified and have been allocated to specific areas within the base budget.

| <b>Expenditure 2020-21</b>   | <b>2020-21<br/>£m</b> |
|------------------------------|-----------------------|
| Previous expenditure         | 206.3                 |
| Non Pay inflation increases  | 0.6                   |
| Pay increases                | 9.9                   |
| Changes in demand            | 5.3                   |
| Investment                   | 1.5                   |
| <b>Sub-total expenditure</b> | <b>223.6</b>          |
| Efficiencies                 | (2.0)                 |
| <b>Total net expenditure</b> | <b>221.6</b>          |

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

## 2. 2020-21 Budget breakdown

Annex 1 details the proposed expenditure budget for 2020-21. The proposed revenue budget is £221.6m.

| <b>Net expenditure budget</b> | <b>Initial<br/>2020-21<br/>£m</b> | <b>Efficiencies<br/>£m</b> | <b>Base<br/>2020-21<br/>£m</b> | <b>Note</b>    |
|-------------------------------|-----------------------------------|----------------------------|--------------------------------|----------------|
| Employee                      | 144.3                             | 0.6                        | 143.7                          | 2.1            |
| Premises                      | 6.1                               | 0.0                        | 6.1                            | 2.2            |
| Transport                     | 6.2                               | 0.0                        | 6.2                            | 2.3            |
| Comms and Computing           | 8.9                               | 0.0                        | 8.9                            | 2.4            |
| Supplies & services           | 10.0                              | 0.2                        | 9.8                            | 2.5            |
| Agency & contract services    | 18.4                              | 0.0                        | 18.4                           | 2.6            |
| Pensions                      | 35.8                              | 1.2                        | 34.6                           | 2.7            |
| Capital financing             | 8.5                               | 0.0                        | 8.5                            | 2.8            |
| Income                        | (14.6)                            | 0.0                        | (14.6)                         | 2.9            |
| <b>Net Expenditure</b>        | <b>223.6</b>                      | <b>2.0</b>                 | <b>221.6</b>                   | <b>Annex 1</b> |

An alternative thematic view of the 2020-21 budget is also detailed at Annex 5.

### 2.1 Employee related expenditure

The 2019-20 budget provided for continued officer and staff recruitment. 40 new front line police officer posts were recruited and this follows on from an increase of 80 new front line posts in 2018-19.

In line with the government uplift programme Nottinghamshire will have also recruited an additional 107 officers by March 2020 for deployment in 2020-21. During this year as additional 50 staff members will also be added to the establishment. This makes this the single biggest increase in force resources since austerity measures began in 2008-09.

A pay award has been included in the budget at 2.5% payable from 1<sup>st</sup> September each year. Employee expenditure accounts for approximately 80% of the total expenditure budget.

Annex 2 details the budgeted staff movement between the current year and 2020-21. Annex 3 details the budgeted police officer, police staff and PCSO numbers for 2020-21.

## **2.2 Premises related expenditure**

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

Capital investment in new buildings is included in the capital programme, the main investment being a replacement custody suite, as the current operation become increasingly less fit for purpose. The land has been purchased and the majority of building works are expected during 2020-21. A new building project is due to commence for a joint headquarters building with Fire on the current Police Headquarters site. It is not expected that either new buildings will become operational during 2020-21 although future operational efficiencies should be delivered as the purpose built buildings will have latest maintenance/fuel efficiencies built in and should be designed to deliver other operational efficiencies. These will contribute to future efficiency requirements identified in the Medium Term Plan.

Premises related expenditure includes the provision of utility services to those properties and these are elements of the budget that are adversely affected by inflation. For 2020-21 inflation for gas and electricity has been budgeted at 3.0%. In addition costs have increased as a result of uplift numbers.

## **2.3 Transport related expenditure**

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

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

The additional funding for uplift has allowed for 40 extra vehicles to support the growth in officer/staff numbers. This has resulted in increased transport running costs.

## **2.4 Comms & Computing expenditure**

This category captures the costs of the computing infrastructure for the force, including hardware, software and licences. Costs of mobile data and investments in agile working provide for a more efficient front line policing presence. During 2019-20 a new command and control system has been implemented and relevant running costs of this system have been included in the budget.

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

The IT/IS service remains critical to the business of the Force and its ability to deliver future efficiencies. Within the ADA funding it is expected that investment in the core activity will be made during 2020-21.

## **2.5 Supplies & services expenditure**

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

For all other expenditure an inflation factor of 2.0% has been applied in 2020-21, unless there was specific contracted inflation.

## 2.6 Agency & contract services

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

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

| <b>Analysis of Agency &amp; contracted services</b> | <b>2020-21<br/>£m</b> |
|---|-----------------------|
| Agency costs  | 0.0                   |
| Collaboration contributions                         | 11.5                  |
| Community safety                                    | 5.3                   |
| Other partnership costs                             | 1.6                   |
| <b>Total</b>  | <b>18.4</b>           |

In year additional agency costs may be incurred as a result of utilising agency staff to cover short term vacancies, especially where departmental restructures are taking place.

Regional collaboration is shown as a joint authority as this is the basis of the collaboration agreements. The region has been challenged to deliver savings from across those projects already in place. Nottinghamshire's element of the regional budget is £11.5m for 2020-21. There have been additional cost pressures in this area from the reduction of government grants that EMSOU receive, especially within Serious and Organised Crime. No savings have been assumed within this budget for collaboration or innovation projects.

| <b>Analysis of Collaboration contributions</b> | <b>2020-21<br/>£m</b> |
|--|-----------------------|
| EMSOU  | 3.5                   |
| Major crime                                    | 0.2                   |
| Tactical surveillance unit                     | 0.6                   |
| Forensics                                      | 1.4                   |
| EMOpSS Air Support                             | 0.7                   |
| EMCJS  | 0.3                   |
| Learning & development                         | 0.8                   |
| Occupational health unit                       | 0.5                   |
| Legal  | 0.5                   |
| Multi Force Shared Services (MFSS)             | 3.0                   |
| <b>Total</b>                                   | <b>11.5</b>           |

## **2.7 Pensions**

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

The budgeting for medical retirements has seen the number of medical retirements and the associated costs increasing over time, the 2019-20 budget was increased by £0.2m reflecting this trend. For 2020-21 a more stable outlook is expected and current budget levels have remained.

Employer contributions in respect of the LGPS scheme are reviewed by the Actuaries on a tri-annual basis and annual contributions are then adjusted. This revaluation took place in 2019 and contributions were increased by 3.1%, this increase has been included within the budget.

A reduction in pension cost has arisen as the number of contributors to the scheme has reduced. This is generally down to either officers reaching the 30 years contribution or due to staff/officers opting out of the pension scheme.

## **2.8 Capital financing**

This relates directly to the value of the capital expenditure requiring loan funding in previous years. The proposed capital programmes for 2020-21 has been prioritised to ensure that schemes included are not only reflective of need but also are realistic in deliverability.

In line with the new approach fewer schemes are proposed in 2020-21, and they are more appropriately apportioned; over several years in some cases. All have active delivery plans that are monitored centrally on a regular basis.

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

Significant increases in capital financing cost have arisen due to increased revenue support for the financing of projects. This cost has been funded from uplift as funding has been front loaded to allow forces to put the infrastructure in place to support additional officers and staff.

## **2.9 Income**

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

During 2019-20 surge funding in respect of the serious violence strategy was announced. Nottinghamshire received £1.5m in funding. The government have indicated that this funding will continue but at a reduced level; grant income of £0.7m has therefore been assumed.

## **2.10 Use of reserves**

There are no plans to use significant reserves in 2020-21.

Strategically it is anticipated that £11.5m will be returned to reserves over the medium term, with £4.7million already achieved. The remainder amount is forecast to be repaid within the current medium term planning period, as shown in the Medium Term Financial Strategy.

## **2.11 Variation to 2019-20 Budget**

A variation of budgets between years arises as a result of a variety of changes (e.g. inflationary pressures, efficiency reductions and service demands). Annex 4 details a high level summary of reasons for variations between the original budgets for 2019-20 and 2020-21.

### 3. Efficiencies

#### 3.1 2019-20 Efficiencies

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

| <b>Efficiencies 2019-20</b> | <b>£m</b>  |
|-----------------------------|------------|
| Procurement                 | 0.3        |
| Supplies & Services         | 0.2        |
| Overtime                    | 0.5        |
| Comms & Computing           | 0.3        |
| Income                      | 0.2        |
| Capital Financing           | 0.3        |
| <b>Total</b>                | <b>1.8</b> |
| Ongoing staff pay savings   | 1.5        |
| <b>Total</b>                | <b>3.3</b> |

3.2 The Commissioner is of the view that continually achieving efficiencies is challenging and current indications at the time of producing this report is the Force may achieve a reduction of £2.2m against the 2019-20 budget. In year additional vacancies above those budgeted have been achieved to offset this reduction.

### 3.3 2020-21 Efficiencies

As part of the 2020-21 budget the following efficiencies are required in order to set a balanced budget.

| <b>Efficiencies 2020-21</b> | <b>£m</b>  |
|-----------------------------|------------|
| Procurement                 | 0.2        |
| Pensions                    | 1.2        |
| <b>Total</b>                | <b>1.4</b> |
| Ongoing staff pay savings   | 0.6        |
| <b>Total</b>                | <b>2.0</b> |

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

## 4. External Funding

There is an assessment of the financial risk in respect of external funding currently provided. In 2020-21, 3 officers and 76 staff FTE's are funded externally and are added within the expenditure and workforce plans. This could be an additional pressure in future years as funding pressures mount for partners. In the 2020-21 budget reduced contributions from partners has been absorbed without the need to reduce the core police officer numbers.

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

In addition to these we have 33 police officers and 7 staff FTE's seconded out of the organisation in 2020-21. This compares with 31 officers and 7 staff FTE's seconded in 2019-20.

## 2020-21 Commissioner's Total Budget (£m)

|   | <b>Force<br/>Budget<br/>2020-21<br/>£m</b> | <b>OPCC<br/>Budget<br/>2020-21<br/>£m</b> | <b>Total<br/>Budget<br/>2020-21<br/>£m</b> |
|---|--|---|--|
| <b>Pay &amp; allowances</b>                             |  |   |  |
| Officer   | 113.1                                      | 0.0                                       | 113.1                                      |
| Staff   | 46.3                                       | 1.0                                       | 47.3                                       |
| PCSO  | 5.7  | 0.0                                       | 5.7  |
|   | <b>165.1</b>                               | <b>1.0</b>                                | <b>166.1</b>                               |
| <b>Overtime</b>   |  |   |  |
| Officer   | 4.2  | 0.0                                       | 4.2  |
| Staff   | 0.8  | 0.0                                       | 0.8  |
| PCSO  | 0.1  | 0.0                                       | 0.1  |
|   | <b>5.1</b>                                 | <b>0.0</b>                                | <b>5.1</b>                                 |
| Other employee expenses                                 | 2.2  | 0.0                                       | 2.2  |
| Medical retirements                                     | 4.9  | 0.0                                       | 4.9  |
|   | <b>177.3</b>                               | <b>1.0</b>                                | <b>178.3</b>                               |
| <b>Other operating expenses</b>                         |  |   |  |
| Premises related  | 6.1  | 0.0                                       | 6.1  |
| Transport   | 6.1  | 0.0                                       | 6.1  |
| Communications & computing                              | 8.9  | 0.0                                       | 8.9  |
| Clothing & uniforms                                     | 0.6  | 0.0                                       | 0.6  |
| Other supplies & services                               | 5.5  | 0.3                                       | 5.8  |
| Custody costs & police doctor                           | 1.6  | 0.0                                       | 1.6  |
| Forensic & investigative costs                          | 2.1  | 0.0                                       | 2.1  |
| Partnership payments & grants to external organisations | 1.3  | 6.2                                       | 7.5  |
| Collaboration contributions                             | 11.5                                       | 0.0                                       | 11.5                                       |
| Capital financing                                       | 8.5  | 0.0                                       | 8.5  |
|   | <b>52.2</b>                                | <b>6.5</b>                                | <b>58.7</b>                                |
| <b>Total expenditure</b>                                | <b>229.5</b>                               | <b>7.5</b>                                | <b>237.0</b>                               |
| <b>Income</b>   |  |   |  |
| Seconded officers & staff income                        | (2.5)                                      | 0.0                                       | (2.5)                                      |
| Externally funded projects income                       | (4.1)                                      | 0.0                                       | (4.1)                                      |
| PFI grant   | (1.9)                                      | 0.0                                       | (1.9)                                      |
| Ministry of Justice (MoJ)                               | 0.0  | (2.4)                                     | (2.4)                                      |
| Investment interest                                     | (0.3)                                      | 0.0                                       | (0.3)                                      |
|   |  |   |  |

| <b>Force<br/>Budget<br/>2020-21<br/>£m</b> | <b>PCC<br/>Budget<br/>2020-21<br/>£m</b> | <b>Total<br/>Budget<br/>2020-21<br/>£m</b> |
|--|--|--|
|--|--|--|

|                            |               |              |               |
|----------------------------|---------------|--------------|---------------|
| Other income               | (4.3)         | 0.0          | (4.3)         |
|                            | <b>(13.1)</b> | <b>(2.4)</b> | <b>(15.5)</b> |
| <b>Net use of reserves</b> | <b>0.0</b>    | <b>0.0</b>   | <b>0.0</b>    |
| <b>Total</b>               | <b>216.5</b>  | <b>5.1</b>   | <b>221.6</b>  |

Efficiencies as a result of specific plans totalling £2.0m have already been removed from the main budgets.

## Annex 2

### Workforce Movements 2019-20 Estimated Outturn v 2020-21 Budget

|                               | 2019-20<br>Estimated<br>Outturn*<br>FTE's | 2020-21<br>Budgeted<br>Total<br>FTE's | Movements<br>FTE's |
|-------------------------------|---|---------------------------------------|--------------------|
| <b>Core Funded</b>            |   |                                       |                    |
| <b>Police Officers</b>        |   |                                       |                    |
| Operational                   | 1,216                                     | 1,251                                 | 35                 |
| Intelligence & Investigations | 699                                       | 677                                   | (22)               |
| Operational Collaborations    | 111                                       | 105                                   | (6)                |
| Corporate Services            | 23  | 21                                    | (2)                |
|                               | <b>2,049</b>                              | <b>2,054</b>                          | <b>5</b>           |
| <b>Police Staff</b>           |   |                                       |                    |
| Staff                         | 1,156                                     | 1,206                                 | 50                 |
| PCSO                          | 166                                       | 185                                   | 19                 |
|                               | <b>1,322</b>                              | <b>1,391</b>                          | <b>69</b>          |
|                               | <b>3,371</b>                              | <b>3,445</b>                          | <b>74</b>          |
| <b>Group Total</b>            |   |                                       |                    |
| Core                          | 3,371                                     | 3,445                                 | 74                 |
| Seconded                      | 43  | 40                                    | (3)                |
| Externally Funded             | 72  | 79                                    | 7                  |
| <b>Force Total</b>            | <b>3,486</b>                              | <b>3,564</b>                          | <b>78</b>          |
| <b>OPCC</b>                   | <b>22</b>                                 | <b>23</b>                             | <b>1</b>           |
|                               | <b>3,508</b>                              | <b>3,587</b>                          | <b>79</b>          |

\* The estimated outturn as at 31<sup>st</sup> March 2020.

\* There is a temporary uplift in the OPCC numbers as there are an extra 7.1 FTE's included that relate to the violence reduction unit that is currently planned to continue until March 2021.

## Workforce Plan FTE's

|                        | 2020-21              |   |  |                                |                         |
|------------------------|----------------------|---|--|--------------------------------|-------------------------|
|                        | Operational<br>FTE's | Intelligence &<br>Investigations<br>FTE's | Operational<br>Collaborations<br>FTE's | Corporate<br>Services<br>FTE's | Core<br>Funded<br>FTE's |
| <b>Police Officers</b> |                      |   |  |                                |                         |
| Opening balance*       | 1,216                | 699                                       | 111                                    | 23                             | 2,049                   |
| Leavers / restructure  | (60)                 | -   | -                                      | -                              | (60)                    |
| Retirement             | (11)                 | (22)                                      | (6)                                    | (2)                            | (41)                    |
| Recruitment            | 106                  | -   | -                                      | -                              | 106                     |
|                        | <b>1,251</b>         | <b>677</b>                                | <b>105</b>                             | <b>21</b>                      | <b>2,054</b>            |
| <b>Police Staff</b>    |                      |   |  |                                |                         |
| Opening balance*       | 397                  | 263                                       | 218                                    | 278                            | 1,156                   |
| Leavers / restructure  | -                    | -   | -                                      | -                              | -                       |
| Recruitment            | 19                   | 19  | -                                      | 12                             | 50                      |
|                        | <b>416</b>           | <b>282</b>                                | <b>218</b>                             | <b>290</b>                     | <b>1,206</b>            |
| <b>PCSOs</b>           |                      |   |  |                                |                         |
| Opening balance*       | 161                  | 5   | -                                      | -                              | 166                     |
| Leavers / restructure  | (30)                 | -   | -                                      | -                              | (30)                    |
| Recruitment            | 49                   | -   | -                                      | -                              | 49                      |
|                        | <b>180</b>           | <b>5</b>                                  | <b>-</b>                               | <b>-</b>                       | <b>185</b>              |
| Opening Balance*       | 1,774                | 967                                       | 329                                    | 320                            | 3,371                   |
| Movement               | 73                   | (3)                                       | (6)                                    | (5)                            | 74                      |
| <b>Closing Balance</b> | <b>1,847</b>         | <b>964</b>                                | <b>323</b>                             | <b>315</b>                     | <b>3,445</b>            |

\* Opening balance is the estimated outturn as at 31<sup>st</sup> March 2020.

## Workforce Plan FTE's

|                        | 2020-21                 |                   |                               |                         |               |                |
|------------------------|-------------------------|-------------------|-------------------------------|-------------------------|---------------|----------------|
|                        | Core<br>Funded<br>FTE's | Seconded<br>FTE's | Externally<br>Funded<br>FTE's | Force<br>Total<br>FTE's | OPCC<br>FTE's | Total<br>FTE's |
| <b>Police Officers</b> |                         |                   |                               |                         |               |                |
| Opening balance*       | 2,049                   | 36                | 3                             | 2,088                   | -             | 2,088          |
| Leavers / restructure  | (60)                    | -                 | -                             | (60)                    | -             | (60)           |
| Retirement             | (41)                    | (3)               | -                             | (44)                    | -             | (44)           |
| Recruitment            | 106                     | -                 | -                             | 106                     | -             | 106            |
|                        | <b>2,054</b>            | <b>33</b>         | <b>3</b>                      | <b>2,090</b>            | <b>-</b>      | <b>2,090</b>   |
| <b>Police Staff</b>    |                         |                   |                               |                         |               |                |
| Opening balance*       | 1,156                   | 7                 | 69                            | 1,232                   | 22            | 1,247          |
| Leavers / restructure  | -                       | -                 | -                             | -                       | -             | -              |
| Recruitment            | 50                      | -                 | 7                             | 57                      | 1             | 1              |
|                        | <b>1,206</b>            | <b>7</b>          | <b>76</b>                     | <b>1,289</b>            | <b>23</b>     | <b>1,312</b>   |
| <b>PCSOs</b>           |                         |                   |                               |                         |               |                |
| Opening balance*       | 166                     | -                 | -                             | 166                     | -             | 166            |
| Leavers / restructure  | (30)                    | -                 | -                             | (30)                    | -             | (30)           |
| Recruitment            | 49                      | -                 | -                             | 49                      | -             | 49             |
|                        | <b>185</b>              | <b>-</b>          | <b>-</b>                      | <b>185</b>              | <b>-</b>      | <b>185</b>     |
| Opening Balance*       | <b>3,371</b>            | <b>43</b>         | <b>72</b>                     | <b>3,486</b>            | <b>22</b>     | <b>3,508</b>   |
| Movement               | <b>74</b>               | <b>(3)</b>        | <b>7</b>                      | <b>78</b>               | <b>1</b>      | <b>79</b>      |
| <b>Closing Balance</b> | <b>3,445</b>            | <b>40</b>         | <b>79</b>                     | <b>3,564</b>            | <b>23</b>     | <b>3,587</b>   |

\* Opening balance is the estimated outturn as at 31<sup>st</sup> March 2020.

## Variation to the 2019-20 Budget

### Police pay & allowances

The £5.2m increase from the 2019-20 budget is predominantly due to achieving the additional 107 officers for uplift by March 2020. Also the increase will have the impact of pay scale increments and the 2.5% pay award which has been partly offset by a reduction in pension costs due to a lower amount of officers taking up the scheme.

### Police staff pay & allowances

The £3.3m increase from the 2019-20 budget is due to factoring an additional 50 staff members for uplift as well as pay awards of 2.5% and increments. The force budgets for a vacancy rate, anticipating that there is a gap between a leaver and a new starter. This is anticipated at 3% for 2020-21 and this gap is now much lower than in previous years due to the continued impacts of changes to departmental structures following the Annual Departmental Assessments – a business management programme introduced in 2017-18.

### PCSO pay & allowances

The costs year on year remain flat for PCSOs. There has been a greater level of leavers in 2019-20 mainly due to them becoming regular police officers but the plan is to maintain PCSO numbers at 185 FTE's by March 2021 to align with the current operating model.

### Overtime

The £0.3m increase from the 2019-20 budget is due to officer and staff costs rising by at least the pay award of 2.5% and also to recognise the fact that amount of FTE's is increasing in the organisation.

### Medical retirements

The costs of this are expected to remain flat year on year and the budgeted number reflects that amount of forecasted medical retirements in 2020-21.

### Premises related

There is an increase of £0.3m from the 2019-20 budget due to additional costs in relation to the uplift of officers, increased services for fees relating to property sales, an increase in day to day maintenance charges keeping our estate in working order and an increase in hiring of rooms, which will hopefully decline when the new joint FHQ is operational.

## **Transport**

The £0.4m increase from the 2019-20 budget is largely due to an increase in the cost of repairs to our vehicle fleet, and a general increase in running costs, fuel, maintenance etc. due to the increase in vehicles as a result of Operation Uplift.

## **Communications & Computing**

There is a £0.2m increase in costs from the 2019-20 budget and this is because of increased support and maintenance charges due to the implementation of the new Command and Control system and increases in Home Office ICT charges above the level of inflation.

## **Other supplies & services**

The £0.1m decrease stems from procurement savings found in 2018-19 that have a full year effect in 2019-20.

## **Partnership payments**

The £0.8m increase from the 2018-19 budget is mainly due to the inclusion of the violence reduction unit and this is fully offset by income received from the Home Office.

## **Collaboration contributions**

The £1.3m increase from the 2019-20 budget is due to increased payments to regional collaborative teams, mainly EMSOU, in light of reduced government funding received and the increased cost of Police Officer pensions. There is also an increase for MFSS and £0.5m is allocated in relation to an essential upgrade in the system for DEV2.

## **Capital financing**

The £4.2m increase from the 2019-20 budget largely reflects a greater contribution from revenue in order to fund the capital programme. There are two large projects in 2020-21 which this contribution will help to reduce the impact of borrowing elsewhere.

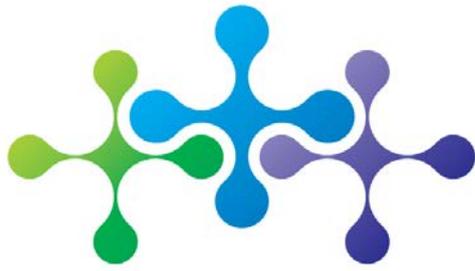
## **Income**

This has increased by £0.9m from the 2019-20 predominantly from the implementation of the violence reduction unit which is temporarily funded until March 2021. There has been a decrease in income expected from mutual aid and football but this is offset by the expectation of the knife crime funding to be continued, albeit at a lower value, in 2020-21.

## 2020-21 Commissioner's Total Budget – Thematic View (£m)

| 2020-21                         |                                   |                                  |                          |                |                         |                   |              |             |              |
|---------------------------------|-----------------------------------|----------------------------------|--------------------------|----------------|-------------------------|-------------------|--------------|-------------|--------------|
| Local Policing<br>£m            | Crime & Operational Support<br>£m | Operational Collaborations<br>£m | Corporate Services<br>£m | Seconded<br>£m | Externally Funded<br>£m | Force Total<br>£m | OPCC<br>£m   | Total<br>£m |              |
| <b>Pay &amp; allowances</b>     |                                   |                                  |                          |                |                         |                   |              |             |              |
| Officer                         | 62.7                              | 38.3                             | 6.9                      | 2.8            | 2.3                     | 0.1               | 113.1        | -           | 113.1        |
| Staff                           | 14.7                              | 8.7                              | 7.3                      | 13.1           | 0.3                     | 2.2               | 46.3         | 1.0         | 47.3         |
| PCSO                            | 5.6                               | 0.1                              | -                        | -              | -                       | -                 | 5.7          | -           | 5.7          |
|                                 | <b>83.0</b>                       | <b>47.1</b>                      | <b>14.2</b>              | <b>15.9</b>    | <b>2.5</b>              | <b>2.3</b>        | <b>165.1</b> | <b>1.0</b>  | <b>166.1</b> |
| <b>Overtime</b>                 |                                   |                                  |                          |                |                         |                   |              |             |              |
| Officer                         | 1.3                               | 2.0                              | 0.9                      | 0.0            | -                       | -                 | 4.2          | -           | 4.2          |
| Staff                           | 0.2                               | 0.2                              | 0.2                      | 0.2            | -                       | -                 | 0.8          | -           | 0.8          |
| PCSO                            | 0.1                               | -                                | -                        | -              | -                       | -                 | 0.1          | -           | 0.1          |
|                                 | <b>1.6</b>                        | <b>2.2</b>                       | <b>1.1</b>               | <b>0.2</b>     | <b>-</b>                | <b>-</b>          | <b>5.1</b>   | <b>-</b>    | <b>5.1</b>   |
| Other employee expenses         | -                                 | -                                | -                        | 2.2            | -                       | -                 | 2.2          | -           | 2.2          |
| Medical retirements             | -                                 | -                                | -                        | 4.9            | -                       | -                 | 4.9          | -           | 4.9          |
|                                 | <b>84.6</b>                       | <b>49.3</b>                      | <b>15.3</b>              | <b>23.2</b>    | <b>2.5</b>              | <b>2.3</b>        | <b>177.3</b> | <b>1.0</b>  | <b>178.3</b> |
| <b>Other operating expenses</b> |                                   |                                  |                          |                |                         |                   |              |             |              |
| Premises related                | -                                 | -                                | -                        | 5.9            | -                       | 0.2               | 6.1          | -           | 6.1          |
| Transport                       | 0.2                               | 0.1                              | 0.1                      | 5.4            | -                       | 0.3               | 6.1          | -           | 6.1          |
| Communications & computing      | -                                 | -                                | -                        | 8.6            | -                       | 0.3               | 8.9          | -           | 8.9          |
| Clothing & uniforms             | -                                 | -                                | -                        | 0.6            | -                       | -                 | 0.6          | -           | 0.6          |
| Other supplies & services       | 0.3                               | 1.0                              | 0.5                      | 3.3            | -                       | 0.4               | 5.5          | 0.3         | 5.8          |
| Custody costs & police doctor   | -                                 | 0.3                              | 1.2                      | 0.1            | -                       | -                 | 1.6          | -           | 1.6          |
| Forensic & investigative costs  | 0.1                               | 0.8                              | 1.2                      | -              | -                       | -                 | 2.1          | -           | 2.1          |
| Partnership payments            | 0.2                               | 0.2                              | 0.2                      | 0.1            | -                       | 0.6               | 1.3          | 6.2         | 7.5          |
| Collaboration contributions     | -                                 | 0.7                              | 10.8                     | -              | -                       | -                 | 11.5         | -           | 11.5         |

| 2020-21                    |                                   |                                  |                          |                |                         |                   |               |              |               |
|----------------------------|-----------------------------------|----------------------------------|--------------------------|----------------|-------------------------|-------------------|---------------|--------------|---------------|
| Local Policing<br>£m       | Crime & Operational Support<br>£m | Operational Collaborations<br>£m | Corporate Services<br>£m | Seconded<br>£m | Externally Funded<br>£m | Force Total<br>£m | OPCC<br>£m    | Total<br>£m  |               |
| Capital financing          | -                                 | -                                | -                        | 8.5            | -                       | -                 | 8.5           | -            | 8.5           |
|                            | <b>0.8</b>                        | <b>3.1</b>                       | <b>14.0</b>              | <b>32.5</b>    | <b>-</b>                | <b>1.8</b>        | <b>52.2</b>   | <b>6.5</b>   | <b>58.7</b>   |
| <b>Total expenditure</b>   | <b>85.4</b>                       | <b>52.4</b>                      | <b>29.3</b>              | <b>55.7</b>    | <b>2.5</b>              | <b>4.1</b>        | <b>229.5</b>  | <b>7.5</b>   | <b>237.0</b>  |
| <b>Income</b>              | <b>(0.8)</b>                      | <b>(1.5)</b>                     | <b>(0.8)</b>             | <b>(3.4)</b>   | <b>(2.5)</b>            | <b>(4.1)</b>      | <b>(13.1)</b> | <b>(2.4)</b> | <b>(15.5)</b> |
| <b>Net use of reserves</b> | <b>-</b>                          | <b>-</b>                         | <b>-</b>                 | <b>-</b>       | <b>-</b>                | <b>-</b>          | <b>-</b>      | <b>-</b>     | <b>-</b>      |
| <b>Total</b>               | <b>84.6</b>                       | <b>50.9</b>                      | <b>28.5</b>              | <b>52.3</b>    | <b>0.0</b>              | <b>0.0</b>        | <b>216.5</b>  | <b>5.1</b>   | <b>221.6</b>  |



Nottinghamshire

**POLICE & CRIME COMMISSIONER**

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**Capital Programme**  
**2020-2025**

January 2020

## 1. Introduction

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

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

The ability for the Commissioner to finance capital expenditure through borrowing is limited by the Capital Financing Requirement – prudential indicator. With some major building works planned we are continuing to review the capital programmes for the lower value and shorter life capital expenditure items to consider financing these through revenue.

## 2. Capital Programme 2020-21

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

It is currently estimated that there will be approximately £5.581m slippage from 2019-20 capital programme into 2020-21, these figures will be re-evaluated and confirmed at the end of the financial year.

The detailed programme, proposed by the Force, for 2020-21 is provided in **Appendix A**.

The proposed programme is summarised in the table below:

| <b>Capital category</b> | <b>2020-21<br/>£m</b> | <b>2021-22<br/>£m</b> | <b>2022-23<br/>£m</b> | <b>2023-24<br/>£m</b> | <b>2024-25<br/>£m</b> |
|-------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Assets                  | 28.270                | 10.823                | 2.613                 | 2.174                 | 2.240                 |
| IT                      | 5.212                 | 4.384                 | 2.344                 | 0.230                 | 0.774                 |
| Other                   | 1.107                 | 1.250                 | 1.058                 | 0.508                 | 0.693                 |
| <b>Total</b>            | <b>34.589</b>         | <b>16.457</b>         | <b>6.015</b>          | <b>2.912</b>          | <b>3.707</b>          |

Inflation has been added over the life of the 5 year programme to show what we expect the impact to be based on current assumptions.

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

Continuation of the joint headquarters based on the existing Police FHQ site; this work will provide further efficiencies for the estate. Planning permission has been granted and preliminary building work has started whilst detailed plans are completed and contracts awarded.

Work continues in line with the building condition survey from 2017 ensuring all our buildings are safe and fit for purpose. The work should be concluded during 2021-22, from 2022-23 onwards a new base-line budget has been set, increased with inflation for on-going building condition and capital maintenance works. A breakdown of these works can be found in **Appendix B**.

Within IT the technical refresh project continues with emphasis on replacement of agile devices, body worn video equipment and multi-functional devices. From 2021-22 the majority of this budget will be included in the medium term financial plan in revenue in line with Treasury Management Strategy. A breakdown of these works can be found in **Appendix B**.

Budgets for operation uplift have been included in line with government funding expectations. Fleet shows an increase in vehicles for the three years of the project with replacements built in, including inflation, for the following years. IT has also been included for three years with the expectation that this will be included within the MTFP as per the technical refresh project.

### **3. Medium Term Capital Programme**

It is normal practice to provide an indication of the capital programme for 2020-21 to 2024-25. With the understanding that this part of the programme will be subject to change following a detailed business case and affordability assessment.

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

### **4. Financing**

Financing is included within the Treasury Management Strategy, included within today's agenda.

### **5. Revenue Implications**

Capital Expenditure does have revenue implications; generally these have the greatest impact in the year after the capital expenditure has been incurred/project completed. These costs reflect a depreciation cost and a cost of borrowing. Currently, the cost of borrowing is interest only, but at some point in the future the capital sum will need to be repaid. Depreciation is allocated over the life of the asset. The portfolio of loans is currently being reviewed.

The Revenue budget for 2020-21 includes the estimated Minimum Revenue Provisions (MRP) based on expenditure prior to 1<sup>st</sup> April 2020, including an estimated cost of borrowing for existing borrowing and new borrowing planned in 2020-21.

The MTFS makes adjustments for significant changes in MRP and interest costs.

**Capital Programme 2020-21 to 2024-25**

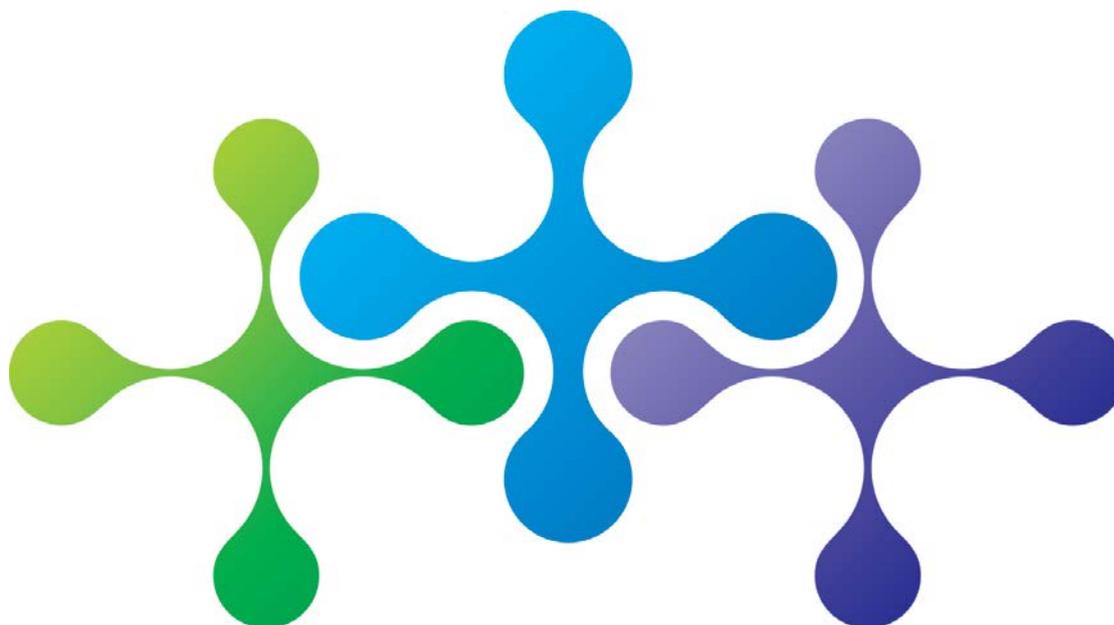
| Priority                         | Project                           | Dept   | 2020-21<br>£m | 2021-22<br>£m | 2022-23<br>£m | 2023-24<br>£m | 2024-25<br>£m |
|----------------------------------|-----------------------------------|--------|---------------|---------------|---------------|---------------|---------------|
| 1                                | ANPR Replacements                 | IS     | 0.096         | 0.099         | 0.102         | 0.136         | 0.140         |
| 1                                | Custody improvements              | Assets | 0.103         | 0.106         | 0.110         | 0.113         | 0.116         |
| 1                                | New Custody                       | Assets | 12.400        | 3.000         | 0.253         |               |               |
| 1                                | Joint FHQ new build (part Uplift) | Assets | 12.000        | 5.017         | 0.250         |               |               |
| 1                                | ESN                               | IS     | 0.800         | 0.824         |               |               |               |
| <b>Total Priority 1 Projects</b> |                                   |        | <b>25.399</b> | <b>9.046</b>  | <b>0.715</b>  | <b>0.249</b>  | <b>0.256</b>  |
| 2                                | Vehicle & equipment replacement   | Other  | 0.435         | 0.361         | 0.372         | 0.383         | 0.395         |
| 2                                | SARC New Build                    | Assets | 0.800         | 0.500         |               |               |               |
| 2                                | Hucknall EMAS Extension           | Assets | 0.017         |               |               |               |               |
| 2                                | Operation Uplift – IT             | IS     | 1.926         | 2.651         | 2.043         |               |               |
| 2                                | Operation Uplift – Fleet          | Other  | 0.572         | 0.787         | 0.607         | 0.125         | 0.298         |
| 2                                | Operation Uplift - Other          | Other  | 0.100         | 0.102         | 0.079         |               |               |
| 2                                | Building condition & maintenance  | Assets | 2.350         | 2.200         | 2.000         | 2.061         | 2.124         |
| 2                                | Estate Improvements               | Assets | 0.600         |               |               |               |               |
| 2                                | Tech refresh & upgrades           | IS     | 2.390         | 0.810         | 0.199         | 0.094         | 0.634         |
| <b>Total Priority 2 Projects</b> |                                   |        | <b>9.190</b>  | <b>7.411</b>  | <b>5.300</b>  | <b>2.663</b>  | <b>3.451</b>  |
| <b>Total Capital Programme</b>   |                                   |        | <b>34.589</b> | <b>16.457</b> | <b>6.015</b>  | <b>2.912</b>  | <b>3.707</b>  |

## BREAKDOWN OF TECH. REFRESH AND UPGRADES

| Figures shown £'000                       | Year         |            |            |           |            |
|---|--------------|------------|------------|-----------|------------|
|   | 2020-21      | 2021-22    | 2022-23    | 2023-24   | 2024-25    |
| Sub Project Name                          |              |            |            |           |            |
| Agile Phase 3 - PCSO                      | 135          |            |            |           |            |
| BWV Cameras                               | 273          |            |            |           |            |
| Dell Laptop Refresh                       | 270          |            |            |           |            |
| DIR Suites & Laptops                      | 100          |            |            |           |            |
| DIU Nimble SAN                            | 450          |            |            |           | 539        |
| Hyper V Virtual Platform Hardware Refresh | 90           | 92         | 93         | 94        | 95         |
| MFD (Copiers)                             | 200          | 103        | 106        |           |            |
| Nimble Storage Expansion                  | 50           | 50         |            |           |            |
| Polycom Room Video Conferencing           |              | 360        |            |           |            |
| SEIM - IT Health Check Recommendations    | 250          |            |            |           |            |
| Storage Expansion                         | 200          | 205        |            |           |            |
| Toughbook Refresh                         | 72           |            |            |           |            |
| Workstations                              | 300          |            |            |           |            |
| <b>TOTAL TECH. REFRESH AND UPGRADES</b>   | <b>2,390</b> | <b>810</b> | <b>199</b> | <b>94</b> | <b>634</b> |

## BREAKDOWN OF BUILDING CONDITION & CAPITAL MTN WORKS

| Figures shown £'000                                     | Year         |              |              |              |              |
|---|--------------|--------------|--------------|--------------|--------------|
|   | 2020-21      | 2021-22      | 2022-23      | 2023-24      | 2024-25      |
| Sub Project Name  |              |              |              |              |              |
| Mansfield Electrical Lighting                           | 311          |              |              |              |              |
| Mansfield Prelims                                       | 93           |              |              |              |              |
| Oxclose Lane BWIC Windows                               | 50           |              |              |              |              |
| Oxclose Lane Prelims                                    | 147          |              |              |              |              |
| Oxclose Lane PV Removal and Reassemble                  | 20           |              |              |              |              |
| Oxclose Lane Roof Replacement                           | 90           |              |              |              |              |
| Oxclose Lane Window Overhaul                            | 400          |              |              |              |              |
| Radford Rd Building Fabric                              | 220          |              |              |              |              |
| Radford Rd Electrical                                   | 199          |              |              |              |              |
| Radford Rd Mechanical                                   | 5            |              |              |              |              |
| Radford Rd Prelims                                      | 127          |              |              |              |              |
| Radford Rd TBC  |              | 300          |              |              |              |
| Radford Road BWIC Windows                               | 50           |              |              |              |              |
| Radford Road Prelims                                    | 147          |              |              |              |              |
| Radford Road Roof Replacement                           | 90           |              |              |              |              |
| Radford Road Window Overhaul                            | 400          |              |              |              |              |
| TBC   | 0            | 1,900        | 2,000        | 2,061        | 2,124        |
| <b>TOTAL BUILDING CONDITION &amp; CAPITAL MTN WORKS</b> | <b>2,350</b> | <b>2,200</b> | <b>2,000</b> | <b>2,061</b> | <b>2,124</b> |



The Nottinghamshire Office of the Police & Crime Commissioner

## **Capital Strategy**

2020-21

# Contents

## **Section A Introduction** **pages 1 - 2**

1. Purpose
2. Scope
3. Capital Expenditure - Definition
4. Capital vs. Treasury Management Investments
5. Links to other Corporate Strategies and Plans

## **Section B Developing a Capital Programme** **pages 3 - 8**

6. The Capital Budget Setting Process
  - 6.1. Introduction
  - 6.2. Force collaboration and wider section engagement
  - 6.3. Capital budget setting process and timetable overview
  - 6.4. Identifying capital expenditure/investment requirements
  - 6.5. Business case and prioritisation
  - 6.6. Affordability and Financial Planning
  - 6.7. Capital sustainability
  - 6.8. Approval Process

## **Section C Governance** **pages 9 - 11**

7. Funding Strategy and Capital Policies
  - 7.1. Government Grant
  - 7.2. Capital Receipts
  - 7.3. Revenue Funding
  - 7.4. Prudential Borrowing
  - 7.5. Reserves and Balances
  - 7.6. Third Party capital contributions
  - 7.7. Leasing
8. Procurement and Value for Money
9. Partnerships and Relationships with other Organisations

## **Section D Management** **pages 12 - 16**

10. Management Framework
11. Individual Project Management
12. Monitoring of the Capital Programme
13. Performance Management
14. Risk Management
15. Other Considerations

# Capital Strategy

## Section A Introduction

### 1. Purpose

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

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

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

### 2. Scope

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

### 3. Capital Expenditure - Definition

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

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

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

#### **4. Capital vs Treasury Management Investments**

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

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

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

#### **5. Links to other Corporate Strategies and Plans**

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

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

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

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

## **Section B Developing a Capital Programme**

### **6. The Capital Budget Setting Process**

#### **6.1 Introduction**

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

Key focuses of the Capital Programme:

- To ensure the property estate remains fit for purpose, identifying opportunities to streamline assets and develop the estate infrastructure; maintaining core sites, improving core training facilities and progressing the Asset Management Plan.
- To ensure provision is made for IT & Business Change Technology to maintain and develop the existing infrastructure and invest in the core technologies required to provide innovative digital policing services.
- The maintenance and replacement of other core assets where necessary, (e.g. vehicles and communication infrastructure).

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

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

#### **6.2 Force Collaboration and Wider Sector Engagement**

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

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

Wherever possible and subject to the usual risk assessment process, the Group will look to expand the number of capital schemes, which are completed on a partnership basis, and continually look for areas where joint projects can be implemented, in support of this initiative.

### **6.3 The Capital Budget Setting Process and Timetable Overview**

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

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

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

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

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

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

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

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

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

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

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

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

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

#### **6.4 Identifying Capital Expenditure/Investment Requirements**

The need for a capital scheme will typically be identified through one or more of the following processes:-

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

buildings and estates, and may require, either sale or purchase or redevelopment of an element of the estate.

Where investment needs are identified these are reported in a business case (on a standardised form) and submitted into the budget setting process (6.3).

## **6.5 Business Case and Prioritisation**

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

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

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

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

Business case prioritisation is achieved by initially applying an agreed Force Prioritisation Matrix to the bid. The matrix reflects operational priorities, risk profile, benefits and costs.

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

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

## **6.6 Affordability and Financial Planning**

The overall financial position of the Group and therefore the scope for future capital expenditure, must take into consideration the combination of the revenue budget, capital programme as well as the position on reserves.

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

The revenue position influences the capital position in terms of potential affordability of support for Direct Revenue Financing (DRF) or debt charges (for external borrowing) whereas the capital bid process influences the revenue position in terms of both revenue consequences of capital programmes and also the requirement to financially support capital investment, either through DRF or external borrowing.

The extent to which the annual revenue budget, through the 4 year forecast, is expected to be able to support the capital programme is a key factor to overall financial planning and is becoming more so as other sources of funding cease to be available. The annual police capital grant provides only a small fraction of the funding required to maintain the Group assets.

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

## **6.7 Capital Sustainability**

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

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

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

The Group's Strategy is therefore to invest in core infrastructure now that will not only offer overall service improvements to the public, but also maximise

revenue savings into the future through more efficient and mobile use of police personnel, enabled by improved Information and Communication Technology systems and other core infrastructure for example, connected vehicle fleet and building assets.

The Group investment strategy will also be influenced by, and take account of National visions for policing, regional and local priorities.

## **6.8 Approval Process**

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

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

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

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

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

## **Section C Governance**

### **7. Funding Strategy and Capital Policies**

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

#### **7.1 Government Grant**

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

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

#### **7.2 Capital Receipts**

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

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

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

#### **7.3 Revenue Funding**

Recognising that the pool of assets available for sale is declining, Direct Revenue Funding (DRF) is seen as a funding alternative. However the revenue budget is under significant pressure and is currently overspent year on year. Therefore opportunities to budget for DRF are limited.

#### **7.4 Prudential Borrowing**

Local Authorities, including the Police, can set their own borrowing levels based on their capital need and their ability to pay for the borrowing. The levels will be set by using the indicators and factors set out in the Prudential Code. The borrowing costs are not supported by the Government so the Group needs to ensure it can fund the repayment costs. The Group's Minimum Revenue

Provision (MRP) Policy sets out a prudent approach to the amount set aside for the repayment of debt.

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

### **7.5 Reserves and balances**

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

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

### **7.6 Third party capital contributions**

Occasionally the Group will receive income from a third party (usually another authority) who has agreed to contribute towards an asset (eg. SARC), that the Group will then own.

### **7.7 Leasing**

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

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

## **8. Procurement and Value for Money**

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

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

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

## **9. Partnerships and Relationships with other Organisations**

Wherever possible and subject to the usual risk assessment process the Group will look to expand the number of capital schemes which are completed on a partnership basis and continually look for areas where joint projects can be implemented.

## **Section D Management**

### **10. Management Framework**

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

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

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

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

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

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

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

### **11. Individual Project Management**

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

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

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

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

Regional Projects or Programmes may also report into Regional Boards.

## **12. Monitoring of the Capital Programme**

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

For proposed in-year amendments to the capital programme, for new schemes not already included in the medium term capital plan, the department in consultation with the Head of Finance will prepare a business case for submission to the Futures Board and then to the PCC for consideration and approval, including details on how the new scheme is to be funded: such as revenue, grants and/or savings from current capital programme. Additional capital funding will only be considered in exceptional circumstances approved by CFO and PCC.

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

## **13. Performance Management**

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

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

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

## **14. Risk Management**

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

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

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

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

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

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

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

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

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

- **Funding Capacity Risk**

This is the risk that identified project costs are either understated or escalate during the project lifecycle, for example if the project scope changes. This risk is mitigated as far as possible by the identified monitoring process and controls.

- **Credit Risk**

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

- **Liquidity Risk**

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

- **Interest Rate Risk**

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

There is also a risk that external interest rates will rise, after the budget has been set, meaning that actual debt charges are higher than those included in individual business cases and more widely in the revenue budget. This risk will be managed by the Chief Finance Officer who will liaise with external Treasury Management advisors to determine the best time to take new external loans.

- **Exchange Rate Risk**

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

- **Inflation Risk**

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

- **Legal and Regulatory Risk**

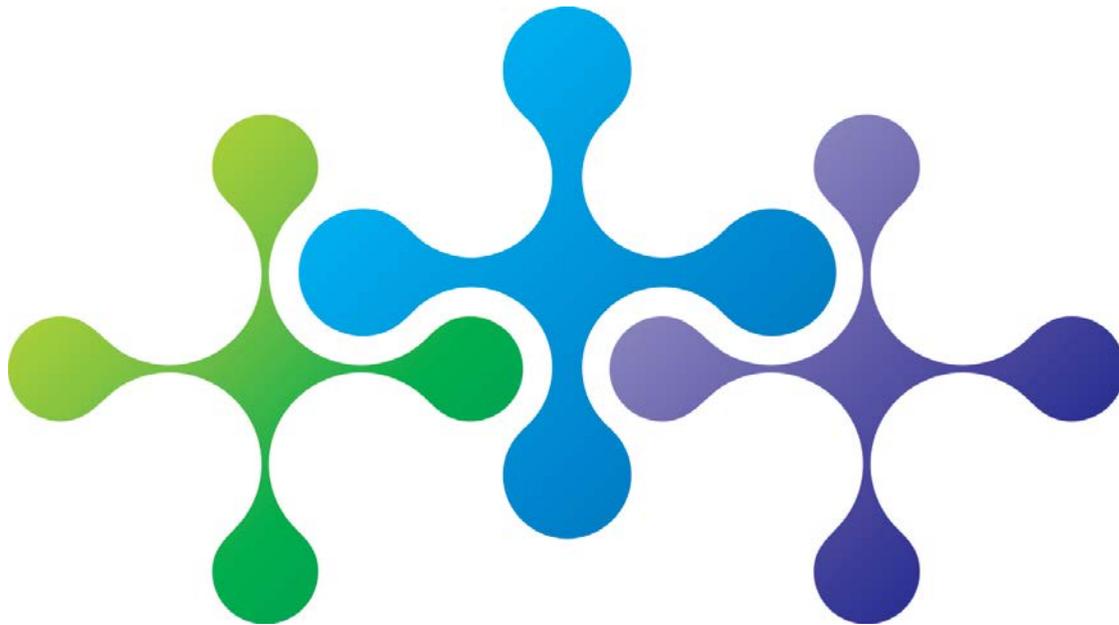
This is the risk that changes in laws or regulation make a capital project more expensive or time consuming to complete, make it no longer cost effective or make it illegal or not advisable to complete. Before entering into capital expenditure or making capital investments, the Group will understand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

- **Fraud, Error and Corruption Risk**

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

## **15. Other Considerations**

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



The Nottinghamshire Office of the Police & Crime Commissioner

## **Treasury Management Strategy**

Minimum Revenue Provision Policy Statement and  
Annual Investment Strategy

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2020-21

# **Contents**

- 1. Introduction** **pages 1 - 3**
  - 1.1. Background
  - 1.2. Reporting Requirements
  - 1.3. Treasury Management Strategy 2020-21
  - 1.4. Treasury Management Consultants
  - 1.5. Training
  
- 2. The Capital Prudential Indicators 2020-21 to 2024-25** **pages 4 - 7**
  - 2.1. Capital Expenditure
  - 2.2. Commissioner's borrowing need (Capital Financing Requirement)
  - 2.3. Minimum Revenue Provision (MRP) policy statement
  - 2.4. Core funds and expected investment balances
  - 2.5. Affordability
  - 2.6. Ratio of financing costs to net revenue stream
  - 2.7. Incremental impact of capital investment decisions on council tax
  
- 3. Borrowing** **pages 8 - 14**
  - 3.1. Current portfolio position
  - 3.2. Treasury Indicators - Limits to borrowing activity
  - 3.3. Prospects for interest rates and economic background
  - 3.4. Policy on borrowing in advance of need
  - 3.5. Debt rescheduling
  - 3.6. Municipal Bond Agency
  
- 4. Annual Investment Strategy** **pages 15 - 20**
  - 4.1. Investment policy
  - 4.2. Non financial investments policy
  - 4.3. Creditworthiness policy
  - 4.4. Country limits
  - 4.5. Investment Strategy
  - 4.6. Investment risk benchmarking
  
- 5. Section151 Officer** **page 21**
  - 5.1. Treasury Management role

# 1. INTRODUCTION

## 1.1 Background

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

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

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

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

## 1.2 Reporting requirements

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

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

- A summary of the capital plans (see also the strategy report), prudential indicators and borrowing plans
- The minimum revenue provision (MRP) policy (how residual capital expenditure is charged to revenue over time)
- The treasury management strategy (how the investments and borrowings are to be organised) including treasury indicators
- The investment strategy (the parameters for managing investments)
- Information regarding non treasury investments such as property

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

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

**A detailed capital strategy report** – contained in a separate report

### **Scrutiny**

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

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

## **1.3 Treasury Management Strategy 2020-21**

The strategy covers two main areas:

### **Capital issues**

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

### **Treasury management issues**

- current treasury position
- treasury indicators which limit the treasury risk and activities of the NOPCC
- prospects for interest rates
- borrowing strategy
- policy on borrowing in advance of need
- debt rescheduling
- the investment strategy
- creditworthiness policy
- policy on use of external service providers
- Policy on use non financial investments

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

#### **1.4 Treasury management consultants**

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

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

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

#### **1.5 Training**

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

## 2. THE CAPITAL PRUDENTIAL INDICATORS 2020-21 to 2024-25

The Commissioner's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in prudential indicators, to give an overview and confirm capital expenditure plans. Full information regarding capital expenditure plans is included within the separate capital strategy report and capital programme report.

### 2.1 Capital expenditure

This prudential indicator is a summary of the Commissioner's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle.

The Commissioner is asked to approve the capital expenditure forecasts, excluding other long term liabilities, such as Private Finance Initiatives (PFI) and leasing arrangements, which already include borrowing instruments.

The table below summarises the capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a net financing need.

| Capital Expenditure            | 2018-19<br>Actual<br>£m | 2019-20<br>Estimate<br>£m | 2020-21<br>Estimate<br>£m | 2021-22<br>Estimate<br>£m | 2022-23<br>Estimate<br>£m | 2023-24<br>Estimate<br>£m | 2024-25<br>Estimate<br>£m |
|--------------------------------|-------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| <b>Capital Programme</b>       | <b>9.653</b>            | <b>8.720</b>              | <b>34.589</b>             | <b>16.457</b>             | <b>6.015</b>              | <b>2.912</b>              | <b>3.707</b>              |
| <b>Financed by:</b>            |                         |                           |                           |                           |                           |                           |                           |
| Capital Receipts               | (2.715)                 | (2.682)                   | (2.524)                   | 0.000                     | 0.000                     | 0.000                     | 0.000                     |
| Capital Grants & Contributions | (0.753)                 | (0.758)                   | (0.200)                   | (0.100)                   | 0.000                     | 0.000                     | 0.000                     |
| Direct Revenue Financing       | 0.000                   | 0.000                     | (7.000)                   | 0.000                     | 0.000                     | 0.000                     | 0.000                     |
| Capital Reserve                | (0.250)                 | 0.000                     | (6.800)                   | (3.000)                   | (2.200)                   | 0.000                     | 0.000                     |
| <b>Net Financing need</b>      | <b>5.935</b>            | <b>5.280</b>              | <b>18.065</b>             | <b>13.357</b>             | <b>3.815</b>              | <b>2.912</b>              | <b>3.707</b>              |

It is currently estimated that the capital programme for 2019-20 will slip by a total of £5.581m. The borrowing relating to this will also slip and a revised programme and its financing will be produced once this is confirmed.

### 2.2 Commissioner's borrowing need (Capital Financing Requirement)

The second prudential indicator is the Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure, which has not yet been financed from either revenue or capital resources. It is essentially a measure of the underlying borrowing need. Any capital expenditure above, which has not immediately been financed, will increase the CFR.

The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge, which broadly reduces the borrowing need in line with each assets life.

The CFR includes any other long term liabilities (e.g. PFI schemes and finance leases). Whilst these increase the CFR, and therefore the borrowing requirement, these types of scheme include a borrowing facility and so the Commissioner is not required to separately borrow for these schemes.

The Commissioner is asked to approve the CFR projections below:

| Capital Financing Requirement (CFR) | 2018-19 Actual £m | 2019-20 Estimate £m | 2020-21 Estimate £m | 2021-22 Estimate £m | 2022-23 Estimate £m | 2023-24 Estimate £m | 2024-25 Estimate £m |
|-------------------------------------|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Total CFR</b>                    | 61.224            | 63.677              | 78.743              | 88.272              | 87.476              | 85.213              | 83.631              |
| <b>Movement in CFR</b>              | 3.519             | 2.453               | 15.066              | 9.529               | (0.796)             | (2.263)             | (1.582)             |

| Movement in CFR represented by             | 2018-19 Actual £m | 2019-20 Estimate £m | 2020-21 Estimate £m | 2021-22 Estimate £m | 2022-23 Estimate £m | 2023-24 Estimate £m | 2024-25 Estimate £m |
|--|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Net financing need for the year (above)    | 5.935             | 5.280               | 18.065              | 13.357              | 3.815               | 2.912               | 3.707               |
| Less MRP/VRP and other financing movements | (2.416)           | (2.827)             | (2.999)             | (3.828)             | (4.611)             | (5.175)             | (5.289)             |
| <b>Movement in CFR</b>                     | 3.519             | 2.453               | 15.066              | 9.529               | (0.796)             | (2.263)             | (1.582)             |

N.B. The code does not require the reporting of estimated downward movements to CFR, but this information is included for completeness.

### 2.3 Minimum Revenue Provision (MRP) policy statement

NOPCC is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the minimum revenue provision - MRP). Additional voluntary payments are also allowed. It is at the CFO's discretion to reverse these additional payments at future dates if deemed necessary or prudent. Payments included in annual PFI or finance leases are applied as MRP.

A change introduced by the revised MHCLG MRP Guidance was the allowance that any charges made over the statutory minimum revenue provision (MRP), voluntary revenue provision or overpayments, can, if needed, be reclaimed in later years if deemed necessary or prudent. In order for these sums to be reclaimed for use in the budget, this policy must disclose the cumulative overpayment made each year.

The additional provision that has been made to date is shown in the table below:

| <b>Additional Revenue Provision</b> | <b>£m</b>    |
|-------------------------------------|--------------|
| 2016-17                             | 0.750        |
| 2017-18                             | 0.250        |
| <b>Total Additional Provision</b>   | <b>1.000</b> |

Ministry of Housing, Communities and Local Government (MHCLG) regulations have been issued, which require the Commissioner to approve an MRP Statement in advance of each year. A variety of options are available to the Commissioner, as long as there is a prudent provision. No change is proposed from last year.

***The Commissioner is recommended to approve the following MRP Statement:***

*The Commissioner will set aside an amount for MRP each year, which is deemed to be both prudent and affordable. This will be after considering statutory requirements and relevant guidance from the MHCLG.*

## **2.4 Core funds and expected investment balances**

The application of resources (capital receipts, grants, reserves etc.) to either finance capital or revenue expenditure, will reduce investments unless replaced by asset sales or an underspend on revenue. Detailed below are estimates of the year end resource balances and anticipated daily cash flow balances:

|                               | <b>2018-19<br/>Actual<br/>£m</b> | <b>2019-20<br/>Estimate<br/>£m</b> | <b>2020-21<br/>Estimate<br/>£m</b> | <b>2021-22<br/>Estimate<br/>£m</b> | <b>2022-23<br/>Estimate<br/>£m</b> | <b>2023-24<br/>Estimate<br/>£m</b> | <b>2024-25<br/>Estimate<br/>£m</b> |
|-------------------------------|----------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Fund balances/Reserves        | 22.755                           | 23.741                             | 15.838                             | 14.607                             | 14.248                             | 14.389                             | 14.530                             |
| Capital Receipts              | 3.000                            | 2.524                              | 0.000                              | 0.000                              | 0.000                              | 0.000                              | 0.000                              |
| Provisions                    | 3.936                            | 3.936                              | 3.936                              | 3.936                              | 3.936                              | 3.936                              | 3.936                              |
| Other                         | (2.720)                          | (2.720)                            | (2.720)                            | (2.720)                            | (2.720)                            | (2.720)                            | (2.720)                            |
| <b>Total Core funds</b>       | <b>26.971</b>                    | <b>27.481</b>                      | <b>17.054</b>                      | <b>15.823</b>                      | <b>15.464</b>                      | <b>15.605</b>                      | <b>15.746</b>                      |
| <b>Working Capital*</b>       | <b>(0.298)</b>                   | <b>(0.298)</b>                     | <b>(0.298)</b>                     | <b>(0.298)</b>                     | <b>(0.298)</b>                     | <b>(0.298)</b>                     | <b>(0.298)</b>                     |
| <b>(Under)/Over borrowing</b> | <b>(13.217)</b>                  | <b>(11.346)</b>                    | <b>(12.094)</b>                    | <b>(12.526)</b>                    | <b>(10.018)</b>                    | <b>(7.081)</b>                     | <b>(4.162)</b>                     |
| <b>Expected Investments</b>   | <b>13.456</b>                    | <b>15.837</b>                      | <b>4.662</b>                       | <b>2.999</b>                       | <b>5.148</b>                       | <b>8.226</b>                       | <b>11.286</b>                      |

\*Working capital balances shown are estimated as at the year-end; these may vary throughout the year

## **2.5 Affordability**

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Commissioners overall finances.

**The Commissioner is requested to approve the following indicators:**

**2.6 Ratio of financing costs to net revenue stream**

This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream. This indicator is not a mandatory indicator under the revised code, but it has been reviewed and considered a good indication of the commitment from capital spending.

The estimates of financing costs include commitments and a reasonable assessment of forthcoming capital proposals.

| Ratio | 2018-19 Actual | 2019-20 Estimate | 2020-21 Estimate | 2021-22 Estimate | 2022-23 Estimate | 2023-24 Estimate | 2024-25 Estimate |
|-------|----------------|------------------|------------------|------------------|------------------|------------------|------------------|
|       | 1.8%           | 1.9%             | 2.1%             | 2.7%             | 3.1%             | 3.3%             | 3.4%             |

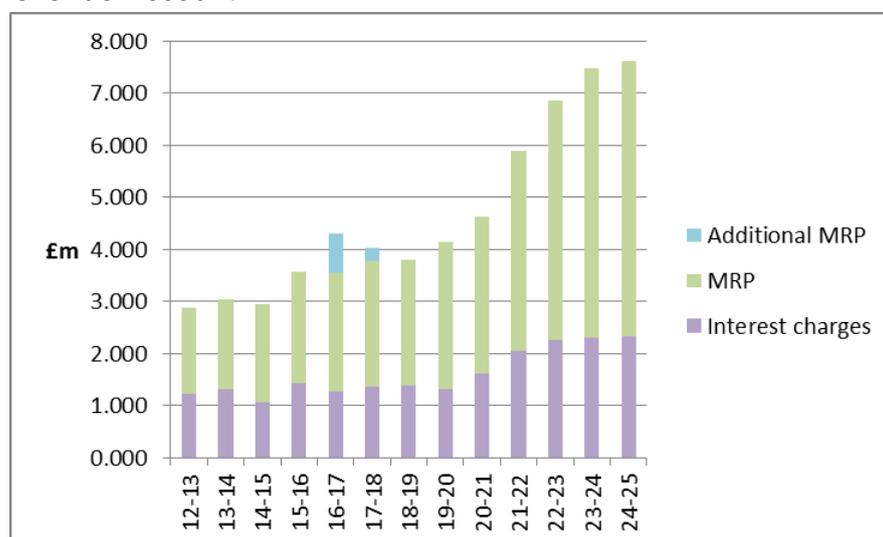
**2.7 Incremental impact of capital investment decisions on council tax**

This indicator identifies the revenue costs associated with a reasonable assessment of forthcoming capital proposals, compared to the Commissioners existing approved commitments and current plans. The assumptions are based on current plans, but will invariably include some estimates, such as the level of Government support, which is not published over a three year period. Again this indicator is not a mandatory indicator under the revised code, but it has been reviewed and considered a good indicator of the commitment from capital spending.

**Incremental impact of capital investment decisions on the band D council tax**

| Ratio | 2018-19 Actual | 2019-20 Estimate | 2020-21 Estimate | 2021-22 Estimate | 2022-23 Estimate | 2023-24 Estimate | 2024-25 Estimate |
|-------|----------------|------------------|------------------|------------------|------------------|------------------|------------------|
|       | £0.24          | -£0.46           | £1.17            | £5.28            | £8.53            | £10.57           | £11.18           |

The graph below shows the financial impact of capital expenditure and borrowing on the Revenue Account:



### 3. BORROWING

The treasury management function ensures that the Commissioners cash is organised in accordance with the the relevant professional codes, so that sufficient cash is available to meet the capital expenditure plan summarised in Section 2. This will involve both the organisation of the cash flow, including the arrangement of borrowing as appropriate. The strategy covers the relevant treasury/prudential indicators, the current and projected debt positions and the annual investment strategy.

#### 3.1 Current portfolio position

The Commissioners borrowing portfolio position at March 2019, with forward projections is summarised below. The table shows external debt against the underlying capital borrowing need (the Capital Financing Requirement – CFR), highlighting any over or under borrowing.

|                               | 2018-19<br>Actual<br>£m | 2019-20<br>Estimate<br>£m | 2020-21<br>Estimate<br>£m | 2021-22<br>Estimate<br>£m | 2022-23<br>Estimate<br>£m | 2023-24<br>Estimate<br>£m | 2024-25<br>Estimate<br>£m |
|-------------------------------|-------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| <b>External Debt</b>          |                         |                           |                           |                           |                           |                           |                           |
| Debt at 1 April               | 37.169                  | 51.349                    | 55.673                    | 69.991                    | 79.088                    | 80.800                    | 81.474                    |
| New Borrowing                 | 15.000                  | 5.280                     | 18.065                    | 13.357                    | 3.815                     | 2.912                     | 3.707                     |
| Borrowing Repaid              | (0.820)                 | (0.956)                   | (3.747)                   | (4.260)                   | (2.103)                   | (2.238)                   | (2.370)                   |
| Movement in Borrowing         | 14.180                  | 4.324                     | 14.318                    | 9.097                     | 1.712                     | 0.674                     | 1.337                     |
| <b>Debt as at 31 March</b>    | <b>51.349</b>           | <b>55.673</b>             | <b>69.991</b>             | <b>79.088</b>             | <b>80.800</b>             | <b>81.474</b>             | <b>82.811</b>             |
| Capital Financing Requirement | 61.224                  | 63.677                    | 78.743                    | 88.272                    | 87.476                    | 85.213                    | 83.631                    |
| Other longterm liabilities    | 3.342                   | 3.342                     | 3.342                     | 3.342                     | 3.342                     | 3.342                     | 3.342                     |
| Underlying Borrowing Need     | 64.566                  | 67.019                    | 82.085                    | 91.614                    | 90.818                    | 88.555                    | 86.973                    |
| <b>Under/(over) borrowing</b> | <b>13.217</b>           | <b>11.346</b>             | <b>12.094</b>             | <b>12.526</b>             | <b>10.018</b>             | <b>7.081</b>              | <b>4.162</b>              |
| <b>Investments</b>            | 13.456                  | 15.837                    | 3.862                     | 2.499                     | 5.148                     | 8.226                     | 11.286                    |
| <b>Net Debt</b>               | <b>37.893</b>           | <b>39.836</b>             | <b>66.129</b>             | <b>76.589</b>             | <b>75.652</b>             | <b>73.248</b>             | <b>71.525</b>             |

Within the prudential indicators there are a number of key indicators to ensure that activities operate within well defined limits. One of these is that the Commissioner needs to ensure that his gross debt does not (except in the short term), exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2020-21 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.

The CFO reports that this prudential indicator will be complied with in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.

### 3.2 Treasury Indicators - Limits to borrowing activity

**Operational boundary.** This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR.

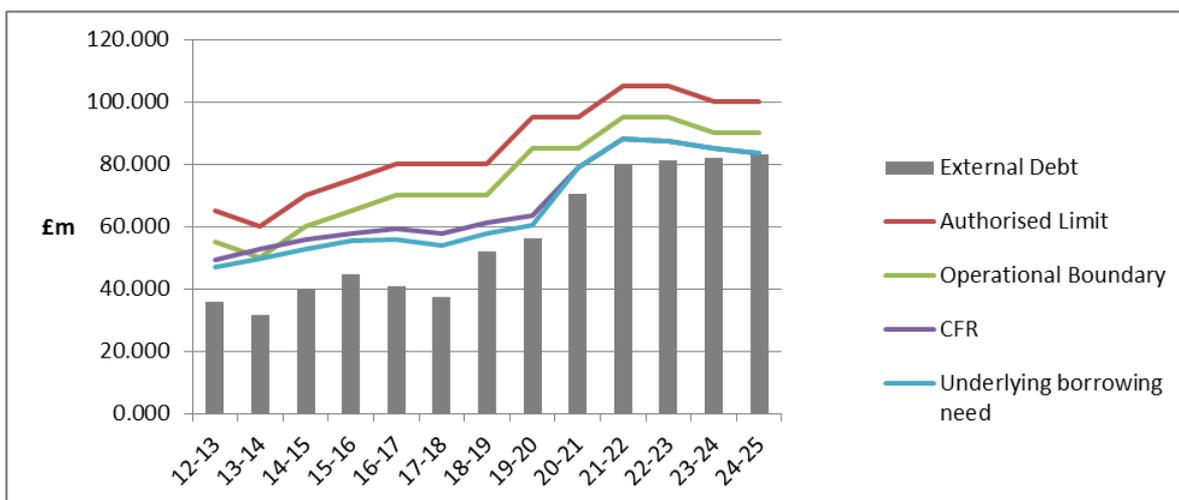
| Operational Boundary | 2019-20<br>Forecast<br>£m | 2020-21<br>Estimate<br>£m | 2021-22<br>Estimate<br>£m | 2022-23<br>Estimate<br>£m | 2023-24<br>Actual<br>£m | 2024-25<br>Actual<br>£m |
|----------------------|---------------------------|---------------------------|---------------------------|---------------------------|-------------------------|-------------------------|
|                      | 85.000                    | 85.000                    | 95.000                    | 95.000                    | 90.000                  | 90.000                  |

**Authorised limit.** A further key prudential indicator representing a control on the maximum level of borrowing. This is a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the Commissioner. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

***The Commissioner is requested to approve the following authorised limit:***

| Authorised Limit | 2019-20<br>Forecast<br>£m | 2020-21<br>Estimate<br>£m | 2021-22<br>Estimate<br>£m | 2022-23<br>Estimate<br>£m | 2023-24<br>Actual<br>£m | 2024-25<br>Actual<br>£m |
|------------------|---------------------------|---------------------------|---------------------------|---------------------------|-------------------------|-------------------------|
|                  | 95.000                    | 95.000                    | 105.000                   | 105.000                   | 100.000                 | 100.000                 |

The graph below shows CFR and debt figures from paragraphs 2.2 and 3.1 compared with relevant borrowing limits.



### 3.3 Prospects for interest rates and economic background

One of the services provided by Link Asset Services is to assist the Commissioner in formulating a view on interest rates. The table below gives the view as at 23<sup>rd</sup> December 2019.

| Link Asset Services Interest Rate View |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
|  | Dec-19 | Mar-20 | Jun-20 | Sep-20 | Dec-20 | Mar-21 | Jun-21 | Sep-21 | Dec-21 | Mar-22 | Jun-22 | Sep-22 | Dec-22 | Mar-23 |
| Bank Rate View                         | 0.75   | 0.75   | 0.75   | 0.75   | 0.75   | 1.00   | 1.00   | 1.00   | 1.00   | 1.00   | 1.25   | 1.25   | 1.25   | 1.25   |
| 3 Month LIBID                          | 0.70   | 0.70   | 0.70   | 0.80   | 0.90   | 1.00   | 1.00   | 1.00   | 1.10   | 1.20   | 1.30   | 1.30   | 1.30   | 1.30   |
| 6 Month LIBID                          | 0.80   | 0.80   | 0.80   | 0.90   | 1.00   | 1.10   | 1.10   | 1.20   | 1.30   | 1.40   | 1.50   | 1.50   | 1.50   | 1.50   |
| 12 Month LIBID                         | 1.00   | 1.00   | 1.00   | 1.10   | 1.20   | 1.30   | 1.30   | 1.40   | 1.50   | 1.60   | 1.70   | 1.70   | 1.70   | 1.70   |
| 5yr PWLB Rate                          | 2.30   | 2.40   | 2.40   | 2.50   | 2.50   | 2.60   | 2.70   | 2.80   | 2.90   | 2.90   | 3.00   | 3.10   | 3.20   | 3.20   |
| 10yr PWLB Rate                         | 2.60   | 2.70   | 2.70   | 2.70   | 2.80   | 2.90   | 3.00   | 3.10   | 3.20   | 3.20   | 3.30   | 3.30   | 3.40   | 3.50   |
| 25yr PWLB Rate                         | 3.20   | 3.30   | 3.40   | 3.40   | 3.50   | 3.60   | 3.70   | 3.70   | 3.80   | 3.90   | 4.00   | 4.00   | 4.10   | 4.10   |
| 50yr PWLB Rate                         | 3.10   | 3.20   | 3.30   | 3.30   | 3.40   | 3.50   | 3.60   | 3.60   | 3.70   | 3.80   | 3.90   | 3.90   | 4.00   | 4.00   |

The above forecasts have been based on an assumption that there is an agreed deal on Brexit, including agreement on the terms of trade between the UK and EU, at some point in time. The result of the general election has removed much uncertainty around this major assumption. However, it does not remove uncertainty around whether agreement can be reached with the EU on a trade deal within the short time to December 2020, as the prime minister has pledged.

It has been little surprise that the Monetary Policy Committee (MPC) has left Bank Rate unchanged at 0.75% so far in 2019 due to the ongoing uncertainty over Brexit and the outcome of the general election. In its meeting on 7 November, the MPC became more dovish due to increased concerns over the outlook for the domestic economy if Brexit uncertainties were to become more entrenched, and for weak global economic growth: if those uncertainties were to materialise, then the MPC were likely to cut Bank Rate. However, if they were both to dissipate, then rates would need to rise at a “gradual pace and to a limited extent”. Brexit uncertainty has had a dampening effect on UK GDP growth in 2019, especially around mid-year. There is still some residual risk that the MPC could cut Bank Rate as the UK economy is still likely to only grow weakly in 2020 due to continuing uncertainty over whether there could effectively be a no deal Brexit in December 2020 if agreement on a trade deal is not reached with the EU. Until that major uncertainty is removed, or the period for agreeing a deal is extended, it is unlikely that the MPC would raise Bank Rate.

During the first half of 2019-20 to 30 September, gilt yields plunged and caused a near halving of longer term PWLB rates to completely unprecedented historic low levels. The overall longer run future trend is for gilt yields, and consequently PWLB rates, to rise, albeit gently. From time to time, gilt yields, and therefore PWLB rates, can be subject to exceptional levels of volatility due to geo-political, sovereign debt crisis, emerging market developments and sharp changes in investor sentiment.

Such volatility could occur at any time during the forecast period. In addition, PWLB rates are subject to ad hoc decisions by **H.M. Treasury** to change the margin over gilt yields charged in PWLB rates: such changes could be up or down. It is not clear that if gilt yields were to rise back up again by over 100bps within the next year or so, whether H M Treasury would remove the extra 100 bps margin implemented on 9<sup>th</sup> October 2019.

**Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:**

- **Brexit** – if it were to cause significant economic disruption and a major downturn in the rate of growth.
- **Bank of England** takes action too quickly, or too far, over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- A resurgence of the **Eurozone sovereign debt crisis**. Weak capitalisation of some **European banks**, particularly Italian banks.
- **German minority government**.
- **Other minority EU governments**. Austria, Finland, Sweden, Spain, Portugal, Netherlands and Belgium also have vulnerable minority governments dependent on coalitions, which could prove fragile.
- **Austria, the Czech Republic, Poland and Hungary** now form a strongly anti-immigration bloc within the EU. There has also been rising anti-immigration sentiment in Germany and France.
- In October 2019, the IMF issued a report on the World Economic Outlook which flagged up a synchronised slowdown in world growth. However, it also flagged up that there was **potential for a rerun of the 2008 financial crisis**, but this time centred on the huge debt binge accumulated by corporations during the decade of low interest rates.
- **Geopolitical risks**, for example in North Korea, but also in Europe and the Middle East, which could lead to increasing safe haven flows.

**Upside risks to current forecasts for UK gilt yields and PWLB rates**

- **Brexit** – if agreement was reached all round that removed all threats of economic and political disruption between the EU and the UK.
- The **Bank of England is too slow** in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to build up too strongly within the UK economy, which then necessitates a later rapid series of increases in Bank Rate faster than we currently expect.
- **UK inflation**, whether domestically generated or imported, returning to sustained significantly higher levels causing an increase in the inflation premium inherent to gilt yields.

## Investment and borrowing rates

- Investment returns are likely to remain low during 2020/21 with little increase in the following two years. However, if major progress was made with an agreed Brexit, then there is upside potential for earnings.
- Borrowing interest rates were on a major falling trend during the first half of 2019-20 but then jumped up by 100 bps on 9.10.19. The policy of avoiding new borrowing by running down spare cash balances has served local authorities well over the last few years. However, the unexpected increase of 100 bps in PWLB rates requires a major rethink of local authority treasury management strategy and risk management

While the NOPCC will not be able to avoid borrowing to finance new capital expenditure, replace maturing debt or avoid the complete rundown of reserves, there will be a cost of carry, (the difference between higher borrowing costs and lower investment returns), to any new short or medium-term borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost.

Against this background and the risks within the economic forecast, caution will be adopted with the 2020-21 treasury operations. The CFO will monitor interest rates and financial markets and adopt a pragmatic approach to changing circumstances.

## Treasury Management limits on activity

There are three debt related treasury activity limits. The purpose of these are to constrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set too restrictively they will impair the opportunities to reduce costs/improve performance.

The indicators are:

**Upper limits on variable interest rate exposure.** This identifies a maximum limit for variable interest rates based upon the debt position net of investments

**Upper limits on fixed interest rate exposure.** This gives a maximum limit on fixed interest rates;

**Maturity structure of borrowing.** These gross limits are set to reduce the exposure to large fixed rate sums falling due for refinancing.

***The Commissioner is requested to approve the following treasury indicators and limits:***

| <b>Upper Interest rate exposures 2020-21 to 2022-23</b>                       |              |              |
|---|--------------|--------------|
| <b>Limits on fixed interest rates:</b>  |              |              |
| • Debt only   |              | 100%         |
| • Investments only  |              | 100%         |
| <b>Limits on variable interest rates</b>                                      |              |              |
| • Debt only   |              | 50%          |
| • Investments only  |              | 100%         |
| <b>Maturity structure of fixed interest rate borrowing 2020-21 to 2022-23</b> |              |              |
|   | <b>Lower</b> | <b>Upper</b> |
| Under 12 months   | 0%           | 30%          |
| 12 months to 2 years  | 0%           | 40%          |
| 2 years to 5 years  | 0%           | 50%          |
| 5 years to 10 years   | 0%           | 70%          |
| 10 years and above  | 0%           | 100%         |

### **3.4 Policy on borrowing in advance of need**

NOPCC will not borrow more than, or in advance of its needs purely in order to profit from the investment of extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the security of such funds is considered.

Borrowing in advance will be made within the following constraints:

- It will be limited to no more than 50% of the expected increase in borrowing need (CFR) over the three year planning period
- Would not be more than 18 months in advance of need

Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

### **3.5 Debt rescheduling**

Rescheduling of current borrowing in our debt portfolio is unlikely to occur as the 100 bps increase in PWLB rates only applied to new borrowing rates and not to premature debt repayment rates.

Following the decision by the PWLB on 9<sup>th</sup> October 2019 to increase their margin over gilt yields by 100 bps to 180 basis points on loans lent to local authorities, consideration will also need to be given to sourcing funding at cheaper rates from the following:

- Local authorities (primarily shorter dated maturities)
- Financial institutions (primarily insurance companies and pension funds but also some banks, out of spot or forward dates)
- Municipal Bonds Agency (no issuance at present but there is potential)

The degree which any of these options proves cheaper than PWLB Certainty Rate is still evolving at the time of writing, but our advisors will keep us informed.

As short term borrowing rates will be considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be compared to the cost of debt repayment (premiums incurred). Also the current treasury position needs due consideration.

The reasons for any rescheduling to take place will include:

- the generation of cash savings and/or discounted cash flow savings
- helping to fulfil the treasury strategy
- enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility)

Consideration will also be given to identify if there is any potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt.

All rescheduling will be reported to the Commissioner at the earliest opportunity.

### **3.6 Municipal Bond Agency**

It is possible that the Municipal Bond Agency, will be offering loans to Local Authorities in the near future at borrowing rates lower than those offered by the Public Works Loan Board (PWLB). The Commissioner intends to make use of this new source of borrowing if it becomes available.

## **4. ANNUAL INVESTMENT STRATEGY**

### **4.1 Investment Policy**

The Commissioner's investment policy has regard to the MHCLG's Guidance on Local Government Investments ("the Guidance") and CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes. The Commissioner's investment priorities will be security first, liquidity second and then return.

In accordance with guidance from the MHCLG and CIPFA, and in order to minimise the risk to investments, the NOPCC has below clearly stipulated the minimum acceptable credit quality of counterparties for inclusion on the lending list. This enables diversification and avoids the concentration of risk. The key ratings used to monitor counterparties are the Short Term and Long Term ratings.

The aim of the strategy is to generate a list of highly creditworthy counterparties which will also enable diversification and thus avoidance of concentration risk. Therefore, providing security of investment and minimisation of risk.

Ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets, by actively engaging with advisors to maintain monitoring on market pricing such as "credit default swaps" and overlay that information on top of the credit ratings.

Other information sources used will include the financial press, share price and other such information regarding the banking sector. This allows a robust scrutiny process on investment counterparties.

At the end of the financial year, the CFO will report on the investment activity as part of the Annual Treasury Report.

### **4.2 Non-financial Investments Policy**

Non-financial investments are essentially the purchase of income yielding assets. Currently radio masts are held and income is received for an item that is no longer operational. They were not acquired with that as a purpose, and were originally operational. The current income yield is circa £0.090m per annum. There is no intention to purchase these kinds of investments and any divergence from this would be the subject of a future report.

### 4.3 Creditworthiness Policy

The primary criterion is the security of investments. The liquidity (availability) of the investments is secondary consideration. The yield (return) on the investment is also a further consideration. The Commissioner will ensure that:

- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the specified and non-specified investment sections below:
- It has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the prudential indicators covering the maximum principal sums invested.

The CFO will maintain a counterparty list in compliance with the following considerations and will keep the criteria under review. It provides an overall pool of counterparties considered high quality which the Commissioner may use, rather than defining what types of investment instruments are to be used.

The lowest credit rating from the main agencies is used when considering counterparties. It is considered that this does not significantly increase risk but may widen the pool of available counter parties. Credit rating information is supplied by Link Asset Services, on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating watches (notification of a likely change), rating outlooks (notification of a possible longer term change) are provided to officers almost immediately after they occur and this information is considered before dealing. Link Asset Services updates counterparties who qualify under the list on a daily basis.

**UK banks – ring fencing** - The largest UK banks, (those with more than £25bn of retail/Small and Medium-sized Enterprise (SME) deposits), are required, by UK law, to separate core retail banking services from their investment and international banking activities by 1<sup>st</sup> January 2019. This is known as “ring-fencing”. Whilst smaller banks with less than £25bn in deposits are exempt, they can choose to opt up. Several banks are very close to the threshold already and so may come into scope in the future regardless.

Ring-fencing is a regulatory initiative created in response to the global financial crisis. It mandates the separation of retail and SME deposits from investment banking, in order to improve the resilience and resolvability of banks by changing their structure. In general, simpler activities offered from within a ring-fenced bank,

(RFB), will be focused on lower risk, day-to-day core transactions, whilst more complex and “riskier” activities are required to be housed in a separate entity, a non-ring-fenced bank, (NRFB). This is intended to ensure that an entity’s core activities are not adversely affected by the acts or omissions of other members of its group.

While the structure of the banks included within this process may have changed, the fundamentals of credit assessment have not. The Commissioner will continue to assess the new-formed entities in the same way that it does others and those with sufficiently high ratings, (and any other metrics considered) will be considered for investment purposes.

**Country and sector considerations** - Due care will be taken to consider the country, group and sector exposure of the Commissioners investments. In addition to the considerations already outlined the limits in place will apply to a group of companies and sector limits will be monitored regularly for appropriateness. Investments will only be made in sterling.

**Use of additional information other than credit ratings** - Additional requirements under the Code requires the Commissioner to supplement credit rating information. Whilst the above criteria relies primarily on the application of credit ratings to provide a pool of appropriate counterparties for officers to use, additional operational market information will be applied before making any specific investment decision from the agreed pool of counterparties. This additional market information (for example Credit Default Swaps, negative rating watches/outlooks and relevant news articles) will be applied to compare the relative security of differing investment counterparties.

**Time and monetary limits applying to all investments.** The time and monetary limits for institutions on the Commissioners counterparty list are as follows: No changes are proposed. The range of values for Low Volatility Net Asset Value Funds and Ultra Short Dated Bond Funds have the lower limit being the 'normal limit' and above this being at the CFO's discretion.

|  | Fitch Long term Rating<br>(or equivalent) | Money and/or %<br>Limit | Time Limit |
|--|---|-------------------------|------------|
| Banks 1 higher quality   | AAA                                       | £5m                     | 1 yr       |
| Banks 1 medium quality   | AA-                                       | £5m                     | 1 yr       |
| Banks 1 medium/lower quality   | A   | £4m                     | 6 month    |
| Banks 1 Lower quality  | A-  | £3m                     | 3 months   |
| Banks 2 – part nationalised  | N/A                                       | £5m                     | 1yr        |
| <b>Additional criteria for non UK Banks</b>  |   |                         |            |
| Sovereign  | AA-                                       |                         |            |
| Country  |   | 25%/£5m                 |            |
| Banks 3 category – Commissioners banker (not meeting Banks 1)  | N/A                                       | £5m                     | 1 day      |
| UK Govt - DMADF  | AAA                                       | Unlimited               | 6 months   |
| Local authorities  | N/A                                       | £8m                     | 2 yr       |
| Low Volatility Net Asset Value Funds (LVNAV) (Used to be called Enhanced money market funds with instant access) | AAA                                       | £12/15m                 | liquid     |
| Ultra Short Dated Bond Funds (Used to be called Enhanced money market funds with notice)                         | AAA                                       | £3/5m                   | liquid     |

#### 4.4 Country Limits

The Commissioner has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of AA- from Fitch. For information the UK has maintained an AA rating.

## Approved Non UK countries for investments as at 23<sup>rd</sup> December 2019

*Based on lowest available rating*

| AAA         | AA+     | AA        | AA-     |
|-------------|---------|-----------|---------|
| Australia   | Finland | Abu Dhabi | Belgium |
| Canada      | U.S.A.  | France    | Qatar   |
| Denmark     |         | Hong Kong |         |
| Germany     |         |           |         |
| Luxembourg  |         |           |         |
| Netherlands |         |           |         |
| Norway      |         |           |         |
| Singapore   |         |           |         |
| Sweden      |         |           |         |
| Switzerland |         |           |         |

### 4.5 Investment Strategy

**In-house funds.** Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (up to 12 months).

**Investment returns expectations** - On the assumption that the UK and EU agree a Brexit deal including the terms of trade by the end of 2020 or soon after, then Bank Rate is forecast to increase only slowly over the next few years to reach 1.00% by quarter 1 2023. Bank Rate forecasts for financial year ends (March) are:

- Q1 2021 0.75%
- Q1 2022 1.00%
- Q1 2023 1.00%

The overall balance of risks to economic growth in the UK is probably to the downside due to the weight of all the uncertainties over Brexit, as well as a softening global economic picture.

The forecast earnings rates for returns on investments placed for periods up to 3 months are as follows:

- 2019-20 0.75%
- 2020-21 0.75%
- 2021-22 1.00%
- 2022-23 1.25%
- 2023-24 1.50%
- 2024-25 1.75%
- Later years 2.25%

**Investment treasury indicator and limit** - total principal funds invested for greater than 365 days are limited with regard to liquidity requirements and to reduce the need for early redemption.

***The Commissioner is requested to approve the treasury indicator and limit:***

| Maximum principal sums invested > 365 days | 2019-20<br>£m | 2020-21<br>£m | 2021-22<br>£m | 2022-23<br>£m | 2023-24<br>£m | 2024-25<br>£m |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
|  | 5.000         | 5.000         | 5.000         | 5.000         | 5.000         | 5.000         |

There are currently no funds invested for greater than 365 days. For cash flow generated balances, the CFO will seek to utilise instant access and notice accounts, LVNAVs and short-dated deposits (overnight to 100 days) in order to benefit from the compounding of interest. Ultra Short Dated Bond Funds will be used if considered appropriate by the CFO.

#### **4.6 Investment Risk Benchmarking**

These benchmarks are simple guides to maximum risk, and may be breached occasionally, depending on circumstances. The purpose of the benchmarks is that officers will monitor the current and trend position and amend the operational strategy to manage risk as conditions change. Any breach of the benchmarks will be reported, with supporting reasons in the mid-year or Annual Report.

**Security** - The Commissioner's maximum security risk benchmark for the current portfolio, when compared to these historic default tables, is 0.06% historic risk of default when compared to the whole portfolio.

**Liquidity** - in respect of this area the Commissioner seeks to maintain:

- Bank overdraft - avoided if possible
- Liquid short term deposits of at least £5.0m available on instant access
- Weighted average life benchmark is expected to be 1 month, with a maximum of 6 months

**Yield** - local measures of yield benchmarks is that investments achieve returns above the 7 day LIBID rate.

## **SECTION 151 OFFICER**

### **5.1 Treasury Management Role**

The S151 (responsible) officer is the Chief Financial Officer to the Commissioner and they have responsibility for the following:

- Recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance
- Submitting regular treasury management policy reports
- Submitting budgets and budget variations
- Receiving and reviewing management information reports
- Reviewing the performance of the treasury management function
- Ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function
- Ensuring the adequacy of internal audit, and liaising with external audit
- Recommending the appointment of external service providers

|                           |  |
|---------------------------|--|
| <b>For Information</b>    |  |
| <b>Public/Non Public*</b> | <b>Public</b>                                  |
| <b>Report to:</b>         | <b>Joint Audit and Scrutiny Panel</b>          |
| <b>Date of Meeting:</b>   | <b>24 February 2020</b>                        |
| <b>Report of:</b>         | <b>Police &amp; Crime Commissioner</b>         |
| <b>Report Author:</b>     | <b>Business Support Manager</b>                |
| <b>E-mail:</b>            | <b>Katy.owen@nottinghamshire.pnn.police.uk</b> |
| <b>Other Contacts:</b>    |  |
| <b>Agenda Item:</b>       | <b>12</b>                                      |

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

## **OPCC Publication Scheme Monitoring, Review and Assurance**

### **1. Purpose of the Report**

- 1.1 The purpose of this report is to provide the Joint Audit and Scrutiny Panel (the Panel) with assurance that the Nottinghamshire Office of the Police and Crime Commissioner is working in full compliance of the Freedom of Information (FOI) Act 2000 and The Elected Local Policing Bodies (Specified Information) Order 2011.
- 1.2 The FOI Act 2000 provides public access to information held by public authorities. It does this in two ways:
- Public authorities are obliged to publish certain information about their activities; and
  - Members of the public are entitled to request information from public authorities.
- 1.3 The Elected Local Policing Bodies (Specified Information) Order 2011 (“the 2011 Order”) specifies information which must be published by a Police and Crime Commissioner.<sup>1</sup>

### **2. Recommendations**

- 2.1 That the panel notes the report.

### **3. Reasons for Recommendations**

- 3.1 The Panel have a responsibility to ensure that the Commissioner and Chief Constable discharge their legal obligations and responsibilities.
- 3.2 The public also hold Commissioners to account through being able to benchmark their performance and vote accordingly in elections. To help the public fulfil this role there are a number of separate pieces of information that Commissioners

<sup>1</sup> [Elected Local Policing Bodies \(Specified Information\) Order 2011](#)

much publish to comply with The Elected Local Policing Bodies (Specified Information) Order 2011 such as data on salaries and contracts.

- 3.3 The CoPaCC monitors police governance in the United Kingdom.
- 3.4 The CoPaCC team undertook a review of England and Wales Police and Crime Commissioners' compliance with The Elected Local Policing Bodies (Specified Information) Order 2011.
- 3.5 The Nottinghamshire Office of the Police and Crime Commissioner has been awarded the OPCC Transparency Quality Mark 2019.
- 3.6 Confirmation of the CoPaCC Transparency Quality Mark Award can be found via the Nottinghamshire Office of the Police & Crime Commissioner's website.

<https://policinginsight.com/news/transparency-twenty-seven-opccs-recognised-for-excellence/>

#### **4. Summary of Key Points**

- 4.1 The Office of the Police and Crime Commissioner received 40 requests for information between the period of 1 January – 31 December 2019. Details of the requests are published on the Police and Crime Commissioner's website.
- 4.2 97.5% of the requests for information were responded to within the 20 working days deadline.
- 4.3 The Office of the Police and Crime Commissioner is fully compliant with the Elected Local Policing Bodies (Specified Information) Order 2011. The information is detailed on the Police and Crime Commissioner's website via the follow website address:  
  
<http://www.nottinghamshire.pcc.police.uk/Get-in-touch/Freedom-of-Information/Publication-Scheme.aspx>
- 4.4 The Order is reviewed by the Business Support Manager on at least a quarterly basis to ensure information is up to date and accurate.

#### **5. Financial Implications and Budget Provision**

- 5.1 None

#### **6. Human Resources Implications**

- 6.1 None

**7. Equality Implications**

7.1 None

**8. Risk Management**

8.1 None

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

9.1 None

**10. Changes in Legislation or other Legal Considerations**

10.1 None

**11. Details of outcome of consultation**

11.1 None

**12. Appendices**

12.1 None

**13. Background Papers (relevant for Police and Crime Panel Only)**

13. N/A

|                         |   |
|-------------------------|---|
| <b>For Information</b>  |   |
| <b>Public</b>           | <b>Public</b>   |
| <b>Report to:</b>       | <b>Audit and Scrutiny Panel</b>                         |
| <b>Date of Meeting:</b> | <b>24<sup>th</sup> February 2020</b>                    |
| <b>Report of:</b>       | <b>Deputy Chief Constable</b>                           |
| <b>Report Author:</b>   | <b>Pat Stocker – Information Management Lead</b>        |
| <b>E-mail:</b>          | <b>pat.stocker@nottinghamshire.pnn.police.uk</b>        |
| <b>Other Contacts:</b>  | <b>lehan.fielding7194@nottinghamshire.pnn.police.uk</b> |
| <b>Agenda Item:</b>     | <b>13</b>   |

## **Nottinghamshire Police Information Management - Freedom of Information and Data Protection Information Requests update for calendar year 2019.**

### **1. Purpose of the Report**

- 1.1 To provide the Audit and Scrutiny Panel with data on the legislative compliance for Information Requests under the Freedom of Information Act and Data Protection Act legislation for calendar year January to December 2019

### **2. Recommendations**

- 2.1 For Members to note the monitoring statistics for calendar year 2019 in relation to information requests processed by Nottinghamshire Police in line with Freedom of Information and Data Protection legislation.

### **3. Reasons for Recommendations**

- 3.1 To enable the Audit and Scrutiny Panel to fulfil its scrutiny obligations to oversee and consider Freedom of Information and Data Protection Information Request Compliance.

### **4. Summary of Key Points**

- 4.1 Nottinghamshire Police as a public authority has a legal responsibility to respond to information requests received and processed in line with Freedom of Information Act (FOIA) and Data Protection legislation. These requests are processed and completed by the Information Request Team
- 4.2 The legislative deadlines for the Acts are:-
- Freedom of Information 20 working days
  - Data Protection Subject Access 1 calendar month from receipt of request

4.3 In the calendar year 2019 the Force has received 1279 valid Freedom of Information Act requests and 498 valid Data Protection Subject Access requests

|  | 2016        | 2017        | 2018        | 2019        |
|--|-------------|-------------|-------------|-------------|
| <b>Valid FOI's Received/Assigned</b>       | 1239        | 1247        | 1273        | 1279        |
| <b>Invalid FOI's Received/Not assigned</b> | 7           | 6           | 64          | 111         |
| <b>Total FOI</b>                           | <b>1246</b> | <b>1253</b> | <b>1337</b> | <b>1390</b> |
| <b>Valid SAR's Received/Assigned</b>       | 284         | 319         | 391         | 498         |
| <b>Invalid SAR's Received/Not assigned</b> | 78          | 81          | 86          | 143         |
| <b>Total SAR</b>                           | <b>362</b>  | <b>400</b>  | <b>477</b>  | <b>641</b>  |

4.4 Based on figures as recorded on our Cyclops (request management) system, this represents an increase in total FOI requests received in 2019 of 3.96% (when based on total FOI requests received in 2018 and an increase in total SAR's received of 34.38%. The respective increases from 2017 to 2018 (as reported in our previous report) were 6.7% for FOI and 19.5% for SARs respectively.

4.5 The increase in SAR figures can be largely attributed to the removal of the £10 fee and the more accessible nature of making a subject access request under GDPR which now includes verbal requests.

4.6 Additionally, adjustments to legal aid funding now means that payments for Police disclosure in respect of private family court proceedings are being refused funding, as these can be obtained for free under the GDPR right of access provisions. Consequently, many requests which would previously have been made as Court Order instructions and which would have been chargeable, are now being made as subject access requests and are being dealt with without cost to the applicant (but not without cost to the organisation).

4.7 The workload demand is also compounded by the reduction of the statutory deadline for provision of disclosure in respect of SARs from 40 calendar days to 1 calendar month. We are also finding that requests are becoming more complex and voluminous in nature due to increased social awareness of GDPR and right of access provisions.

4.8 The Information Request team is responsible for receiving, validating and recording requests for information under both the FOIA and DPA. This includes Court Orders served upon the Force. The team is responsible for interrogating the relevant Force systems in order to

research records available in relation to requests, manually review each record and judge its appropriateness for disclosure in line with the Acts mentioned above.

4.9 Any exemptions prohibiting disclosure are applied by the Information Request officer based on expert knowledge of the Acts. Any exempt information is redacted from disclosure and reasoned arguments recorded. Any public interest arguments are conducted by the relevant Information Request Officer and recorded accordingly.

4.10 The Information Request team currently comprises of:

- 6.6 x FTE staff members including 1 Team Leader and 5.6 FTE Request Officers dealing with FOIA and DPA. There is also 1 x FTE Information Request Administrator post which has been vacant since December 2019. This post has recently been recruited to and we are currently awaiting vetting clearance for the new starter in question.
- 2 further staff members who facilitate timely and consistent disclosure of information and documents from the police, into the Family Justice System and conduct 'Police checks' on behalf of Social Care. However, at present only 1 of these posts is filled. We are currently recruiting to the second vacant position.

4.11 NPCC Compliance Figures provided to the ICO for publication

The Force monitors compliance and provides quarterly statistics for Freedom of Information to the NPCC Central Referral Unit based in Hampshire. Since September 2019 compliance figures in respect of FOI and Subject Access requests have been required to be provided to the Information Commissioners Office for performance monitoring purposes. The intention is that these performance figures be published on the ICO website.

4.12 Current Demand Levels: **FOI**

- The tables at **Appendix 1** shows Nottinghamshire Police's ICO Performance returns for FOI and SARs from September 2019 to December 2019.
- The graph at **Appendix 2** shows the total number of FOI's closed and those closed within the legislative timescales. These figures show that towards the end of 2019 our compliance figures are showing signs of improvement. This is in part due to a shift in focus to prioritise new requests and ensure they are responded to within statutory timescales and managing older requests by liaising with the applicant.

- Although the number of FOI requests being responded to within timescales is improving, there has been a slight decrease in the number of FOI requests being closed overall as we have seen the usual increase in other types of requests for personal data (such as Court Orders) being received which is normal practice at the end of each year.

A number of efficiencies in procedure have been looked at in terms of the management of FOI requests at the initial stages of processing. This includes a more effective triaging system.

| NPCC – ICO SUBMISSION – FOI DATA (NOVEMBER) |  |
|---|--|
| Force                                       | Percentage of FOI requests completed on time |
| <b>Derbyshire</b>                           | 100%   |
| Norfolk                                     | 100%   |
| Suffolk                                     | 100%   |
| NPCC  | 100%   |
| BTP   | 98%  |
| Cheshire                                    | 98%  |
| Essex                                       | 97%  |
| Mersey                                      | 97%  |
| Hants                                       | 97%  |
| N. Wales                                    | 97%  |
| Wilts                                       | 96%  |
| Gwent                                       | 96%  |
| A & S                                       | 96%  |
| Surrey                                      | 96%  |
| Beds  | 95%  |
| <b>W. Mids</b>                              | 95%  |
| S. Yorks                                    | 94%  |
| Dorset                                      | 94%  |
| <b>Lincs</b>                                | 93%  |
| Northumbria                                 | 93%  |
| D & C                                       | 92%  |
| Cleveland                                   | 89%  |
| Sussex                                      | 88%  |
| Herts                                       | 86%  |
| <b>Staffs</b>                               | 86%  |
| S. Wales                                    | 82%  |
| Lancs                                       | 82%  |
| Cambs                                       | 79%  |
| <b>Notts</b>                                | 78%  |
| TVP   | 78%  |
| D. Powys                                    | 75%  |
| Durham                                      | 72%  |
| Gloucs                                      | 68%  |
| <b>Leics</b>                                | 67%  |
| W. Yorks                                    | 61%  |
| <b>Northants</b>                            | 57%  |
| MPS   | 56%  |
| GMP   | 40%  |
| Kent  | 37%  |
| PSNI  | 31%  |
| Cumbria                                     | 18%  |
| N. Yorks                                    | 18%  |
| City/Lon'n                                  | 11%  |

|              |                   |
|--------------|-------------------|
| Warwickshire | 4%                |
| W. Mercia    | 4%                |
| Humberside   | No stats returned |

In terms of the latest ICO submission data for 2019 (November returns) circulated by the NPCC, Nottinghamshire Police sit at 29<sup>th</sup> position in terms of compliance with FOI timescales in November 2019:

\*Notts highlighted in yellow. East/West Mids regional Forces highlighted in orange.

#### 4.13 Subject Access Requests (SAR)

The Information Request team processes Subject Access requests received under Data Protection legislation for information held by Nottinghamshire Police. National Statistics are not routinely circulated from the National Subject Access Group. However since September 2019 compliance figures in respect of FOI and Subject Access requests have been required to be provided to the Information Commissioners Office for performance monitoring purposes. The intention is that these performance figures be published on the ICO website.

#### 4.14 Current Demand Levels: Subject Access Requests (SAR)

- The graph shown at **Appendix 3** shows that Nottinghamshire Police have seen a significant increase in the amount of SARs received quarter after quarter since 2018 and are only slowly plateauing towards the end of 2019.
- In line with this there has been an increase in the number of SARs being disclosed per quarter in 2019 with fewer SARs being disclosed outside of the statutory timescales. The ICO returns at **Appendix 1** show that compliance with the SAR timescales is good currently sitting at 85% in December.
- On average Nottinghamshire Police receive approximately 160 SARs per quarter.

This performance level is affected by the complexity and size of requests, especially those relating to email records. We are finding that requests are becoming increasingly more detailed, complex and voluminous in nature as the social awareness of information rights increases. Due to the recent Information Management restructure we have more Request Officers available to deal with the demand of Information requests across both DP and FOI however, an uplift in compliance performance will not be demonstrable until new starters are fully trained which can take several months. It is likely that as the backlog of requests is addressed, compliance performance may suffer until the backlog is eliminated completely.

In terms of the latest ICO submission data for 2019 (November returns) circulated by the NPCC, Nottinghamshire Police sit at 27<sup>th</sup> position in terms of compliance with SAR timescales in November 2019:

| <b>NPCC – ICO SUBMISSION – SAR DATA (NOVEMBER)</b> |   |
|--|---|
| <b>Force</b>                                       | <b>Percentage of requests completed on time</b> |
| Durham   | 100%  |
| Essex  | 100%  |
| Gwent  | 100%  |
| Herts  | 100%  |
| N. Wales   | 100%  |
| North'ria  | 100%  |
| <b>Staffs</b>                                      | <b>100%</b>                                     |
| Surrey   | 100%  |
| Beds   | 98%   |
| TVP  | 98%   |
| Cambs  | 98%   |
| <b>Lincs</b>                                       | <b>97%</b>                                      |
| Suffolk  | 97%   |
| Wilts  | 97%   |
| <b>Derb're</b>                                     | <b>96%</b>                                      |
| Cheshire   | 96%   |
| Hants  | 96%   |
| Mersey   | 96%   |
| Cumbria  | 95%   |
| Norfolk  | 95%   |
| Gloucs   | 92%   |
| BTP  | 92%   |
| Cleveland  | 91%   |
| D. Powys   | 89%   |
| N. Yorks   | 87%   |
| <b>Northants</b>                                   | <b>85%</b>                                      |
| <b>Notts</b>                                       | <b>80%</b>                                      |
| <b>W. Mids</b>                                     | <b>75%</b>                                      |
| PSNI   | 71%   |
| <b>W. Mercia</b>                                   | <b>69%</b>                                      |
| MPS  | 64%   |
| A &S   | 63%   |
| S. Yorks   | 63%   |
| <b>Leics</b>                                       | <b>63%</b>                                      |
| GMP  | 61%   |
| <b>Warwicks</b>                                    | <b>55%</b>                                      |
| Lancs  | 42%   |
| S. Wales   | 38%   |
| Kent   | 38%   |

|            |                   |
|------------|-------------------|
| City/Lon'n | 34%               |
| Sussex     | 26%               |
| W. Yorks   | 24%               |
| D & C      | 0%                |
| Dorset     | 0%                |
| Humb'de    | No stats returned |
| NPCC       | N/A               |

\*Notts highlighted in yellow. East/West Mids regional Forces highlighted in orange.

#### 4.15 Court Orders

The Information Request Team also discloses information in relation to Court orders which can be received from any court in the UK and Ireland for Child Care, Private and Family Proceedings. In 2019 Nottinghamshire Police received 589 Court orders in total; this is an increase of 10.5% on the number of orders received in 2018. We have seen a steady increase in Court orders year after year which is reflected nationally.

#### 4.16 Current Demand Levels: Court Orders

The graph shown at **Appendix 4** shows that Nottinghamshire Police receives on average 122 Court Orders per quarter. The majority of all Court Orders received have been responded to within the order deadline during 2019 as they are prioritised over other types of request.

The chart also shows an upward surge in Court Orders received in Quarter 4. This is traditionally seen towards the end of the year with the closures of Courts and Local Authorities over the Christmas period and the rush to put in requests prior to closure.

Requests for Court orders are always prioritised due to the risk of delays on cases being managed through the Family Court system if timely checks are not completed. This prioritisation impacts on the corresponding delays to the other types of request such as FOI's and Subject Access requests.

### Other types of Information requests

4.17 The Information Request Team also provide responses for many other types of disclosure, all of which have to comply with the principles of the FOIA and DPA legislation but may have different timescales. (See table below)

#### Table of Data Protection General Requests Categories

| Category | Description | Time scale |
|----------|-------------|------------|
|----------|-------------|------------|

|   |   |  |
|---|---|--|
| Insurance   | Validation of details in relation to crimes for insurer to settle claim   | 30 working days                            |
| Home Office   | UK Border Agency and Immigration requiring confirmation and details of Police involvement for those wishing to stay in the country  | 40 calendar days                           |
| Housing Confirmation                                | Local and Social housing requiring confirmation of the reason given by the person who has presented to them as homeless.  | 10 working days                            |
| Housing General                                     | As above but require more specific detail   | 40 calendar days                           |
| Insurance Appendix E                                | Insurance companies requiring information in relation to a claim that they believe is fraudulent  | 40 calendar days                           |
| NHS   | General Medical Council, Nursing Midwifery Council require details of a registered practitioner who has been involved with the police to consider their fitness to practice | 20 working days                            |
| Legal proceedings                                   | Private legal proceedings such as a personal injury claims  | 20 working days                            |
| Other Police Forces                                 | Request from other forces for information held by Nottinghamshire Police  | No set timescale as soon as is practicable |
| Schedule 2, Part 1, Paragraph 2: Crime and Taxation | Requests from other prosecuting bodies such as DWP, local authorities and RSPCA   | 20 working days                            |

### Income Generation from Information requests

4.18 The Information Request Team generate income from some types of information request. (See table below)

| Income £      | 2016              | 2017              | 2018              | 2019              |
|---------------|-------------------|-------------------|-------------------|-------------------|
| SAR           | £2,060.00         | £2,240.00         | £910              | £0.00             |
| Court         | £12,576.70        | £18,436.28        | £13,850.85        | £37,417.10        |
| Insurance     | £13,376.61        | £15,448.30        | £9,985.30         | £18,028.20        |
| Private/Civil | £7,086.00         | £5,106.60         | £2,411.90         | £6,958.30         |
| DP Gen        | £2,402.00         | £1,955.90         | £789.30           | £6,837.90         |
| <b>Total</b>  | <b>£37,501.31</b> | <b>£43,187.08</b> | <b>£27,947.35</b> | <b>£69,241.50</b> |

Figures compiled from Cyclops – additional income received electronically (i.e. via BACs) is recorded in Finance

The removal of the £10 SAR fee and the more accessible nature of subject access requests have also prompted many organisations to encourage individual service users to use the subject access request process rather making requests under other parts of the Data Protection Act where charges can still be applied.

We have seen a dramatic increase in income related to Court Order requests in 2019 possibly due to Court Orders becoming more complex and voluminous in the amount of information being requested. We are also seeing an increase in income generated across all areas and further research is required to understand the reasons behind these areas. We are monitoring these figures with the Finance department as part of the Information Management Unit Budget Review.

### **Current Risks and Mitigations**

- 4.19 Continued delays in responding to FOI/SAR requests outside of the legislative timescales also results in an increase of demand in the form of telephone calls from individuals chasing their requests and complaints being made.
- 4.20 A continuous trend of delays to requests may increase the possibility of scrutiny by the Information Commissioners Office.
- 4.21 The restructure of the Information Management is now implemented which has led to an uplift in the number of Requests Officers from 2.6 to 5.6 FTEs
- 4.22 An interim post implementation review of the IMU restructure is due to take place at the end of March 2020.

## **5 Financial Implications and Budget Provision**

5.1 There are no direct financial implications for this year

## **6 Human Resources Implications**

There are no direct HR implications for this year

## **7 Equality Implications**

7.1 There are no equality implications

## **8 Risk Management**

8.1 Any risks relating to the FOI/DP function are identified on the Information Management Risk Register and managed locally. The Senior Information Risk Owner (DCC Barber) monitors all relevant risks via the Information Management Board

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

9.1 Links to Police and Crime Plan 2018 – 2021:

9.1.1 **Transforming Services** and Delivering Quality Policing: The benefits of providing a good service to the public by responding to external DP and FOI requests fully and on time will support the Commissioners pledge to improve confidence and satisfaction in policing services. It will also reduce complaints to both the Information Commissioners office and PSD and reduce the resources required to respond to this failure demand.

9.1.2 **Demand for Service:** As stated in the PCP 2018-2021 “Calls for service to the Force remain significantly higher than average and are increasing in Nottinghamshire against the backdrop of reduced Police officer and staff capacity. The service also records more incidents than an average force” The higher demand recorded in Nottinghamshire aligned with the records management issues that sees the Force retaining data for longer periods, especially those relating to IICSA and UCPI, also increases the amount of data that needs to be searched on and returned when queried leading to additional time to read and redact requests appropriately.

9.1.3 **Governance & Accountability** As stated in the PCP 2018-2021 “To discharge this accountability the Commissioner and senior officers must put in place proper procedures for the governance and stewardship of the resources at their disposal” Both Data Protection and FOI legislation identify roles and responsibilities accountable for the legislative compliance against the Acts. The Information Commissioner would assess the governance processes in place if the Force was to come under their scrutiny following an event such as a number of complaints or a data breach.

## **10 Changes in Legislation or other Legal Considerations**

- 10.1 The General Data Protection Regulations (GDPR) including the Data Protection Act 2018 is now applicable in the UK from 25 May 2018.
- 10.2 An extension to the FOI Act is currently being debated in Parliament which seeks to add to the authorities who are subject to FOI legislation. The bill would include Social Housing and Children's Safeguarding Boards (amongst others). It would also make information held by contractors acting on behalf of public authorities subject to FOI Act. If the changes to the Contractors information are implemented this could significantly add to FOI demand already in place. A second reading of the Bill is being heard in Parliament on a date to be announced.

## **11 Details of outcome of consultation**

- 11.1 No consultation took place in preparing this report

## **12. Appendices**

- 12.1 Appendix 1 – ICO Performance submissions for Nottinghamshire Police Sept-Dec 2019
- 12.2 Appendix 2 – FOI Requests Disclosed
- 12.3 Appendix 3 – Subject Access requests
- 12.4 Appendix 4 – Court Orders

## **13. Background Papers (relevant for Police and Crime Panel Only)**

13. No background papers have been provided

## Appendix 1: ICO Performance Returns Nottinghamshire Police September 2019 – December 2019

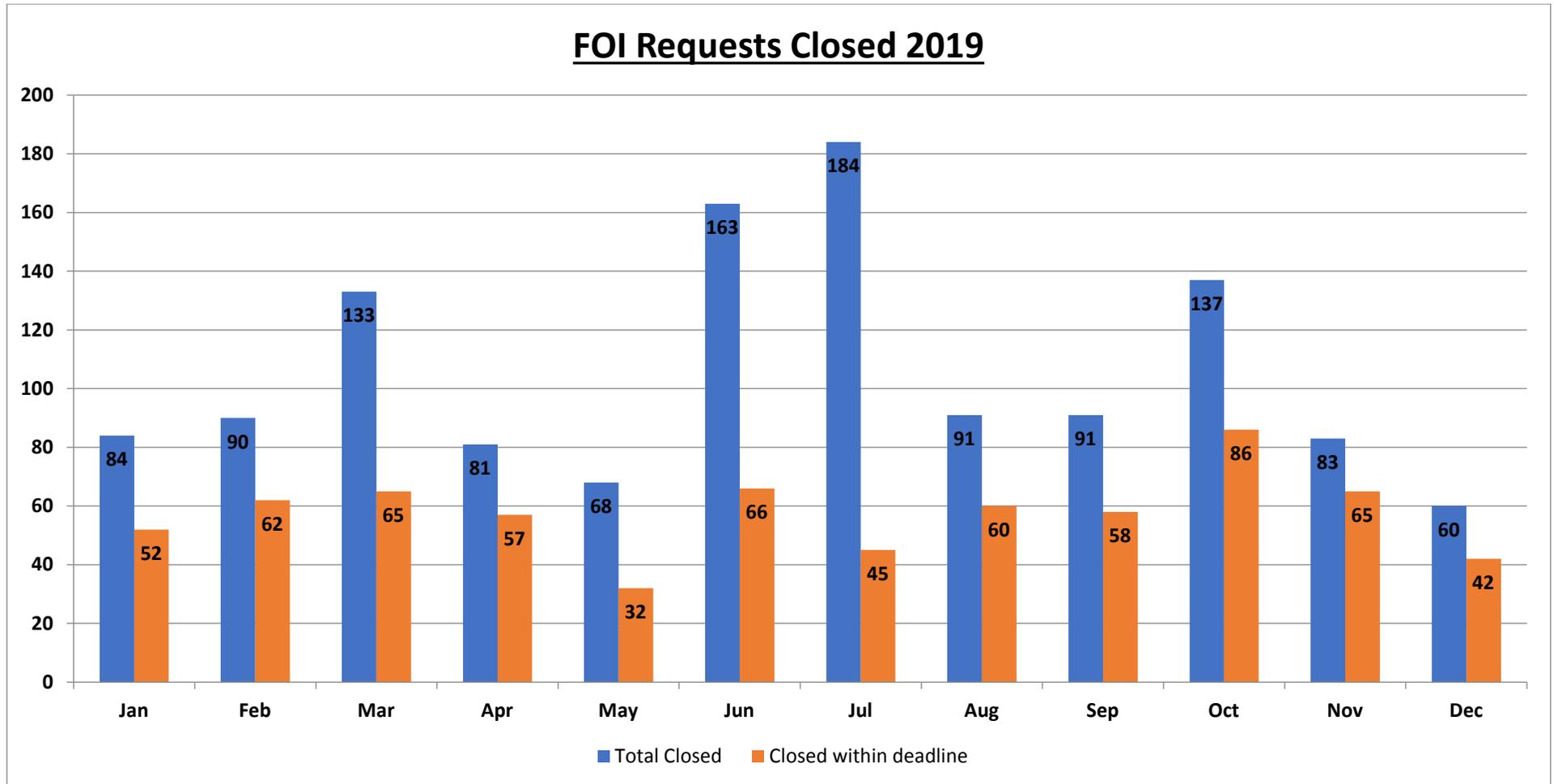
### Freedom of Information Requests

| Month | No of requests received in month | No of requests closed in month | No of requests closed in time | Percentage of requests completed in time | Total No of open requests | Total No of open requests overdue | No of Internal Reviews closed in month | No of Internal Reviews closed in time | Percentage of internal reviews completed in time | No of open Internal Reviews | No of Internal Reviews overdue | No of open requests older than 6 months | No of open requests older than a year | Oldest open request (days) |
|-------|----------------------------------|--------------------------------|-------------------------------|--|---------------------------|-----------------------------------|--|---------------------------------------|--|-----------------------------|--------------------------------|---|---------------------------------------|----------------------------|
| Sep   | 87                               | 91                             | 58                            | 64%                                      | 306                       | 262                               | 0                                      | 0                                     | #DIV/0!  | 4                           | 4                              | 115                                     | 4                                     | 476                        |
| Oct   | 114                              | 137                            | 86                            | 63%                                      | 302                       | 243                               | 4                                      | 0                                     | 0%   | 1                           | 0                              | 108                                     | 23                                    | 507                        |
| Nov   | 104                              | 83                             | 65                            | 78%                                      | 326                       | 273                               | 0                                      | N/A                                   | #VALUE!  | 4                           | 2                              | 125                                     | 50                                    | 537                        |
| Dec   | 76                               | 60                             | 42                            | 70%                                      | 328                       | 290                               | 0                                      | 0                                     | #DIV/0!  | 5                           | 4                              | 148                                     | 80                                    | 567                        |

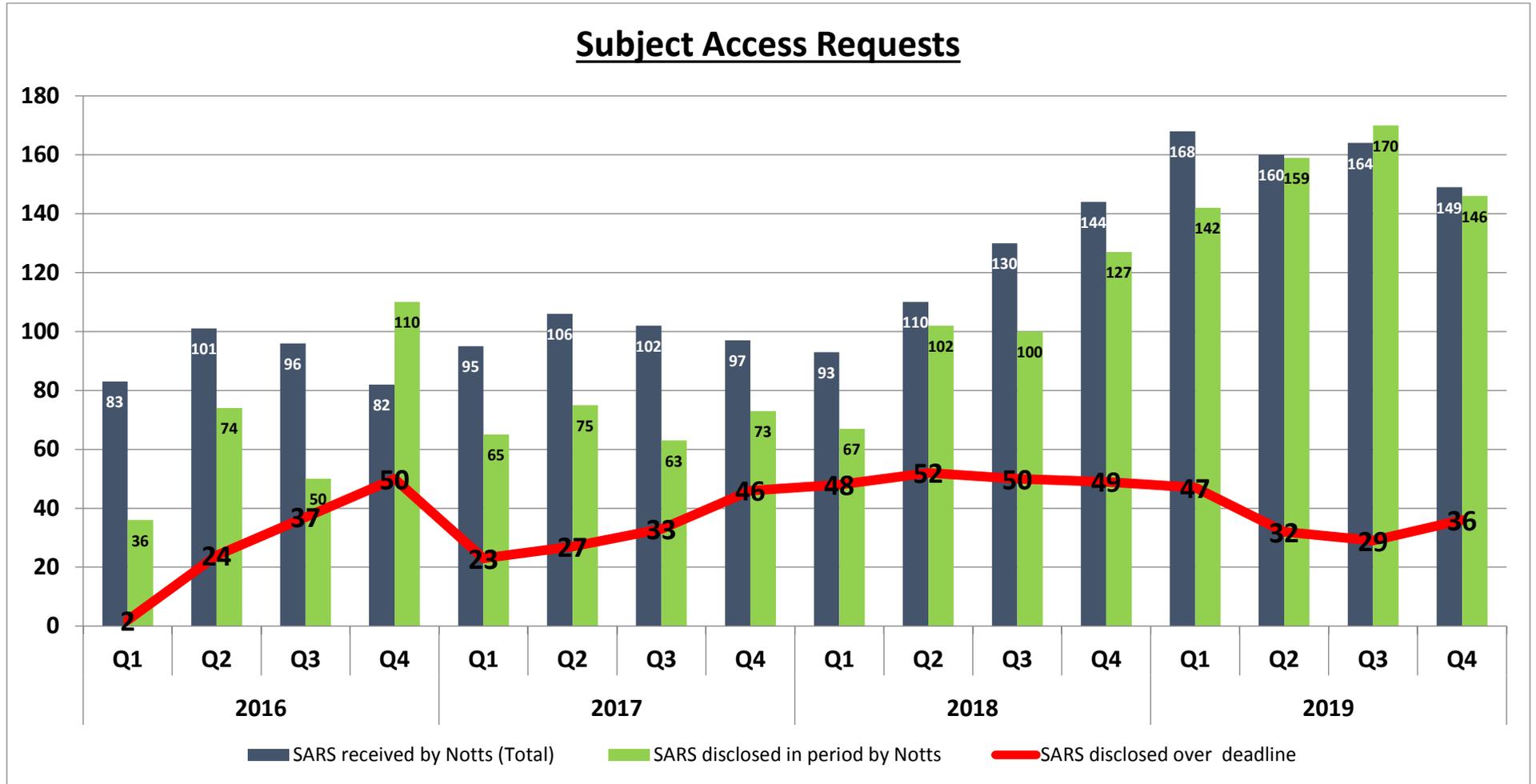
### Subject Access Requests

| Year | Month | Number of requests received in month | Number of requests closed in month | Number of requests closed in time | Percentage of requests completed in time | Total number of open requests | Total number of open requests overdue | Number of open requests older than 6 months | Number of open requests older than a year | Oldest open request (days) |
|------|-------|--------------------------------------|------------------------------------|-----------------------------------|--|-------------------------------|---------------------------------------|---|---|----------------------------|
| 2019 | Sep   | 55                                   | 69                                 | 59                                | 86%                                      | 53                            | 27                                    | 5   | 1   | 450                        |
|      | Oct   | 51                                   | 59                                 | 38                                | 64%                                      | 40                            | 15                                    | 3   | 0   | 344                        |
|      | Nov   | 47                                   | 40                                 | 32                                | 80%                                      | 55                            | 24                                    | 5   | 1   | 374                        |
|      | Dec   | 51                                   | 47                                 | 40                                | 85%                                      | 51                            | 34                                    | 5   | 1   | 410                        |

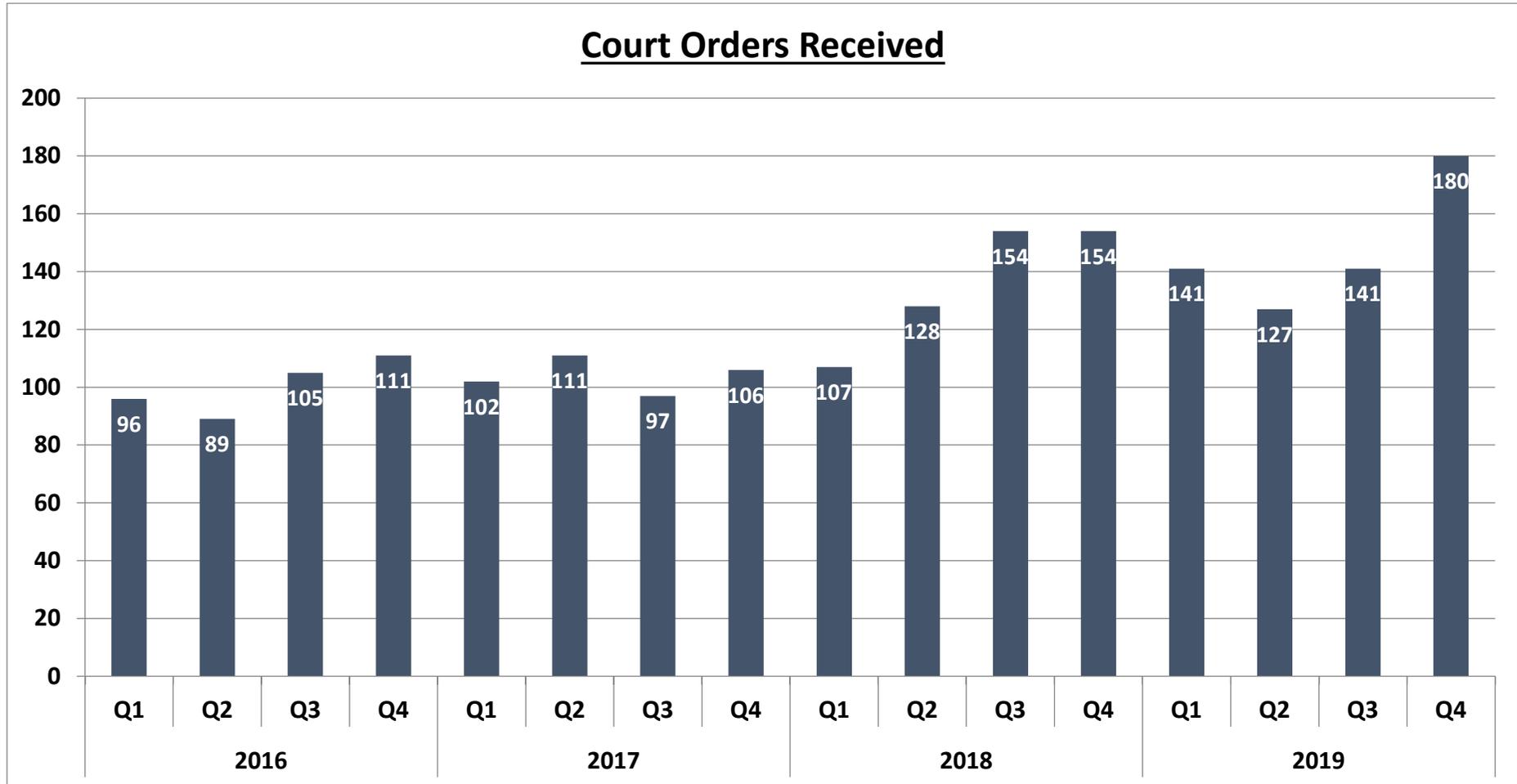
Appendix 2:  
FOI Closed/closed within deadline 2019



Appendix 3 – Subject Access Requests



## Appendix 4 – Court Orders



|                           |   |
|---------------------------|---|
| <b>For Information</b>    |   |
| <b>Public/Non Public*</b> |   |
| <b>Report to:</b>         | <b>Audit and Scrutiny Panel</b>   |
| <b>Date of Meeting:</b>   | <b>24<sup>th</sup> February 2020</b>  |
| <b>Report of:</b>         | <b>Force Report on Monitoring, Review and Assurance of the Publication Scheme 2019/2020</b> |
| <b>Report Author:</b>     | <b>Pat Stocker – Information Management Lead</b>  |
| <b>E-mail:</b>            | <b>Pat.stocker@nottinghamshire.pnn.police.uk</b>  |
| <b>Other Contacts:</b>    | <b>lehan.fielding7194@nottinghamshire.pnn.police.uk</b>                                     |
| <b>Agenda Item:</b>       | <b>14</b>   |

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

## **Force Report on Monitoring, Review and Assurance of the Publication Scheme 2019/2020**

### **1. Purpose of the Report**

- 1.1 The Freedom of Information Act requires every public authority to have a publication scheme, approved by the Information Commissioner's Office (ICO), and to publish information covered by the scheme.
- 1.2 The ICO has published a "Definition document for police forces" (**See Appendix A**) This guidance is for those police forces which are strategically managed by a Police and Crime Commissioner (PCC) or Police Board. It gives examples of the kinds of information that the ICO would expect them to provide in order to meet their commitments under the model publication scheme.
- 1.3 The guide also states that where information is readily and publicly available from an external website (such as that of a PCC or Police Board) to which the police force has already provided it – the police force must provide a direct link to that information.
- 1.4 The guidance is not meant to give an exhaustive list of everything that should be covered by a publication scheme. The legal commitment is to the model publication scheme, and forces should look to provide as much information as possible on a routine basis
- 1.5 The purpose of this report is to update the Audit & Scrutiny Meeting on the current Force position on the Publication Scheme requirements as listed within the definition document.

### **2. Recommendations**

- 2.1 The Audit & Scrutiny Meeting is asked to note the contents of this paper

### **3. Reasons for Recommendations**

- 3.1 To provide awareness of the current position of Nottinghamshire Police in terms of the Publication Scheme requirements

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

4.1 In reviewing our Publication Scheme, we are required to have regard to the public interest in:

- allowing public access to information we hold; and
- to the publication of reasons for the decisions we make.

4.2 Our publication scheme provides the information as detailed in the ICO definition document by:

- setting out the classes of information which we publish or intend to publish;
- saying how we will publish the information in each class; and
- saying if we will provide the information free or charge for it.

The purpose of our Publication Scheme is to let the public know what information is “readily available” from Nottinghamshire Police. By readily available we mean that the information is available on our website, can be obtained from us upon request by letter, e-mail or telephone call, can be purchased from us or can be found in a local library.

Our Publication Scheme sets out the classes or types of information we publish or intend to publish, sets out the list of publications we make available, how they can be obtained and whether they are free or if a charge is payable.

4.3 Classes of information:

- Who we are and what we do.
- What we spend and how we spend it.
- What our priorities are and how are we doing.
- How we make decisions.
- Our policies and procedures.
- Lists and Registers.
- Services we offer.

We aim to publish as much information as possible about our work through the scheme, except where it would not be in the public interest to do so, for example, because it might prejudice law enforcement or the health and safety of our staff, or our ability to secure best value from local policing because information is commercially sensitive.

4.4 Force Website Traffic:

The below table shows the number of 'hits' (total page views) of the main areas of the Nottinghamshire Police website which indicates the most accessed parts of the website

| <b>Website area</b> | <b>Number of page views (2019)</b>                     |
|---------------------|--|
| Your area           | 213,945  |
| News and Appeals    | News: 1,672,655<br>Appeals: 217,898                    |
| Advice              | 178,579  |
| Contact*            | 87,063   |
| Careers             | 273,110  |
| About               | 32,350   |
| Information         | Data Protection: 2000<br>Freedom of Information: 1,592 |

\*only includes the contact page available on the Intranet

**Appendix B** shows an analysis of the themes of requests received via Freedom of Information in 2019. This shows that, by far, the majority of Freedom of Information requests received in 2019 asked for information pertaining to crime statistics. The next most popular category of request related to 'Policies and Procedures'.

It is therefore likely that proactive and routine publication of information in respect of these categories could reduce the number of requests received on these topics.

#### 4.4 Further improvements:

Further improvements can be made by:

- Restarting the routine publication of FOI responses that was temporarily suspended in 2018 due to demand and available resource issues.
- Information Asset Owners to identify any information which is routinely requested by internal/external stakeholders which could potentially be published on the internet or if published elsewhere, relevant links updated on website
- Policy and procedure documents to be updated as a matter of routine and latest versions published to website
- Any out of date links or documents to be routinely removed from the website

## **5. Financial Implications and Budget Provision**

5.1 None

## **6. Human Resources Implications**

6.1 None

## **7. Equality Implications**

7.1 None

## **8. Risk Management**

8.1 None

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

9.1 None

## **10. Changes in Legislation or other Legal Considerations**

10.1 None

## **11. Details of outcome of consultation**

11.1 No consultation took place when preparing this report

## **12. Appendices**

12.1 **Appendix A:** ICO Publication Scheme – Definition document for Police Forces.

**Appendix B:** FOI requests received by theme 2019

## **13. Background Papers (relevant for Police and Crime Panel Only)**

13. None

NB See guidance on public access to meetings and information about meetings for guidance on non-public information and confidential information.

# Freedom of Information Act

## Definition document for police forces

This guidance is for those police forces which are strategically managed by a Police and Crime Commissioner<sup>1</sup> (PCC) or Police Board. It gives examples of the kinds of information that we would expect them to provide in order to meet their commitments under the model publication scheme. Police forces which are managed in a different way may need to consult more than one definition document.

We would expect police forces to make the information in this definition document available unless:

- they do not hold the information;
- the information is exempt under one of the FOIA exemptions or Environmental Information Regulations exceptions, or its release is prohibited under another statute;
- the information is archived, out of date or otherwise inaccessible;
- or,
- it would be impractical or resource-intensive to prepare the material for routine release.

Where information is readily and publicly available from an external website (such as that of a PCC or Police Board) to which the police force has already provided it – the police force must provide a direct link to that information.

The guidance is not meant to give an exhaustive list of everything that should be covered by a publication scheme. The legal commitment is to the model publication scheme, and forces should look to provide as much information as possible on a routine basis.

### **Publishing datasets for re-use**

Public authorities must publish under their publication scheme any dataset they hold that has been requested, together with any updated versions, unless they are satisfied that it is not appropriate to do so. So

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<sup>1</sup> For the Metropolitan Police Service, this is the Mayor's Office for Policing and Crime

far as reasonably practicable, they must publish it in an electronic form that is capable of re-use.

If the dataset or any part of it is a relevant copyright work and the public authority is the only owner, the public authority must make it available for re-use under the terms of a specified licence. Datasets in which the Crown owns the copyright or the database rights are not relevant copyright works.

The Datasets Code of Practice recommends that public authorities make datasets available for re-use under the [Open Government Licence](#).

The term 'dataset' is defined in section 11(5) of FOIA. The terms 'relevant copyright work' and 'specified licence' are defined in section 19(8) of FOIA. The ICO has published [guidance](#) on the dataset provisions in FOIA. This explains what is meant by "not appropriate" and "capable of re-use".

### **Who we are and what we do**

Organisational information, structures, locations and contacts.

We would expect information in this class to be current information only.

- **Force structure**

An outline of the structure of the police force by reference to geographic and other divisions should be included.

- **Profiles of the Chief Officer, Deputy Chief Constable or Deputy Commissioner, Assistant Chief Constables or Assistant Commissioners and Divisional or Area Commanders.**
- **Identity of senior civilian staff**
- **Location of police stations (including mobile units) and public opening hours**
- **Contact details**

Police forces should already be publishing as much information as possible about how they can be contacted in addition to emergency numbers. This should, at least, give some indication of the role of the contact, phone number and, where used, email address. Where possible, give named contacts.

- **Relationships with other authorities**

It will assist members of the public to appreciate the role of the police force if partnership or joint board arrangements with other authorities, for example a road safety partnership or the local criminal justice board, are

detailed and the relationships with the PCC or Police Board, central government departments, the CPS and the IPCC are outlined. If terms of reference for the arrangements are produced, we would expect these to be published.

- **Arrangements for special constables and civilian volunteers**
- **Sponsorship arrangements with businesses**

### **What we spend and how we spend it**

Financial information relating to projected and actual income and expenditure, procurement, contracts and financial audit.

We would expect as a minimum that information for the current and previous two financial years should be available.

- **Annual statement of accounts**
- **Force budget (as agreed by PCC or Police Board)**
- **Expenditure**

Details of expenditure over £500, including costs, supplier and transaction information (monthly).

- **Procurement procedures**
- **Details of contracts currently being tendered**
- **Contracts**

We would normally only expect the force to publish contracts and invitations to tender that exceed £10,000. A list of contracts under £10,000 should also be published to include value, identity of the parties and purpose of the contract.

- **Expenses paid to or incurred by the Chief Officer, Deputy and Assistant Chief Constables or Commissioners**

This should include expenses referenced by categories such as travel, subsistence and accommodation.

- **Pay and grading structure**

This may be provided as part of the Force structure and should, as a minimum, include senior employee salaries (over £58,200). The salaries should be stated in bands of £5,000. For those earning less than £58,200, levels of pay should be identified by salary range.

The 'pay multiple' – the ratio between the highest paid salary and the median average salary of the whole of the authority's workforce.

- **Evaluation of police use of resources**

To include any formal evaluation of the police use of resources.

- **Support for the provision of Community Support Officers**

Information about the employment of Community Support Officers (including details on how they are funded).

- **Financial regulations**

### **What our priorities are and how we are doing**

Strategies and plans, performance indicators, audits, inspections and reviews.

We would expect as a minimum that information for the current and previous two financial years should be available.

- **Strategic plans**

While the strategic plan is likely to be drawn up by the PCC or Police Board in conjunction with the Chief Officer, we would expect that there is ready access to it from the police force.

- **Annual policing plan**
- **Area policing plans**
- **Chief Officer's annual report**
- **Police performance assessments**
- **Police Force statistics**

We would expect police forces to make available to the public statistics which indicate the performance of the force and other statistical information that is used for force management decisions. This will include crime statistics published on the [www.police.uk](http://www.police.uk) website. Care should be taken to make sure that individuals cannot be identified, particularly where low numbers are recorded.

- **Neighbourhood policing arrangements**

Procedures and arrangements for neighbourhood policing together with contact details.

- **Reports from independent custody visitors**
- **Monitoring record of "Stop and Account"**
- **Privacy impact assessments (in full or summary format)**

|   |
|---|
|   |
| <p><b>How we make decisions</b><br/>Decision making processes and records of decisions.</p>   |
| <p>We would expect as a minimum that information for the current and previous two financial years should be available.</p> <ul style="list-style-type: none"> <li>• <b>Agenda and minutes for the senior decision making committee</b></li> <li>• <b>Feedback from public consultation and surveys</b></li> </ul> <p>We would not expect information that might damage the operations of the police to be revealed.</p>   |
| <p><b>Our policies and procedures</b><br/>Current written protocols, policies and procedures for delivering our services and responsibilities.</p>  |
| <p>We would expect information in this class to be current information only.</p> <ul style="list-style-type: none"> <li>• <b>Policies and procedures for the conduct of police force business</b></li> <li>• <b>Policies and procedures for the provision of policing services</b></li> <li>• <b>Policies and procedures about the recruitment and employment of staff</b></li> </ul> <p>Where police forces have written policies and procedures falling into these three categories there should be ready access to them. A number of policies, for example equality and diversity, health and safety and conduct, will cover both the provision of services and the employment of staff. If a police force has an Equality Scheme, this should be made available. A policy for outside business interests of officers would be both a policy for the conduct of business and an employment policy. If vacancies are advertised as part of recruitment policies, details of current vacancies will be readily available. It is recognised that releasing some policies or parts of them would impact adversely on the operational activities of the police and that these should not be generally available. As much information should be made available without damaging operational requirements. Policies and procedures for handling requests for information should be included.</p> <p>Where procedures are developed in combination with other public authorities, these should also be available.</p> <ul style="list-style-type: none"> <li>• <b>Records management and personal data policies</b></li> </ul> |

This will include information security policies, records retention, destruction and archive policies, and data protection (including data sharing) policies.

- **Fileplans** (or any other Business Classification Scheme used for the management of information)
- **Customer service standards and complaint procedure**

Standards for providing services to the public, including the complaint procedure. Complaints procedures will include those covering requests for information and operating the publication scheme.

- **Charging regimes and policies**

Details of any statutory charging regimes should be provided. Charging policies should include charges made for information routinely published. They should clearly state what costs are to be recovered, the basis on which they are made, and how they are calculated.

If the public authority charges a fee for licensing the re-use of datasets, it should state in its guide to information how this is calculated and whether the charge is made under the Re-use Fees Regulations or under other legislation. It cannot charge a re-use fee if it makes the datasets available for re-use under the Open Government Licence.

## **Lists and registers**

We expect this to be information contained only in currently maintained lists and registers.

- **Information held in registers required by statute**

If police forces are required to maintain any register and make the information in it available for public inspection, the existing provisions covering access will usually be adequate. However, we expect forces to publicise which public registers they hold, and how the information in them is to be made available to the public. Where registers contain personal information, police forces must ensure that they consider the data protection principles.

- **Asset registers**

We would not expect police forces to publish all details from all asset registers. We would, however, expect the location of public land and building assets and key attribute information that is normally recorded on

an asset register to be available along with some other information from capital asset registers.

- **Information asset register**

If a police force has prepared an information asset register, it should publish the contents.

- **CCTV**

Details of the locations of any overt CCTV surveillance cameras operated by the police force.

- **Registers of interests**
- **Register of gifts and hospitality (senior personnel)**

This should include details of gifts, given or received; details of any hospitality afforded and by which organisation. Gifts and hospitality declined should also be included.

- **FOI disclosure log**

If a police force produces a disclosure log indicating the information provided in response to requests, it should be readily available. Disclosure logs are recommended as good practice.

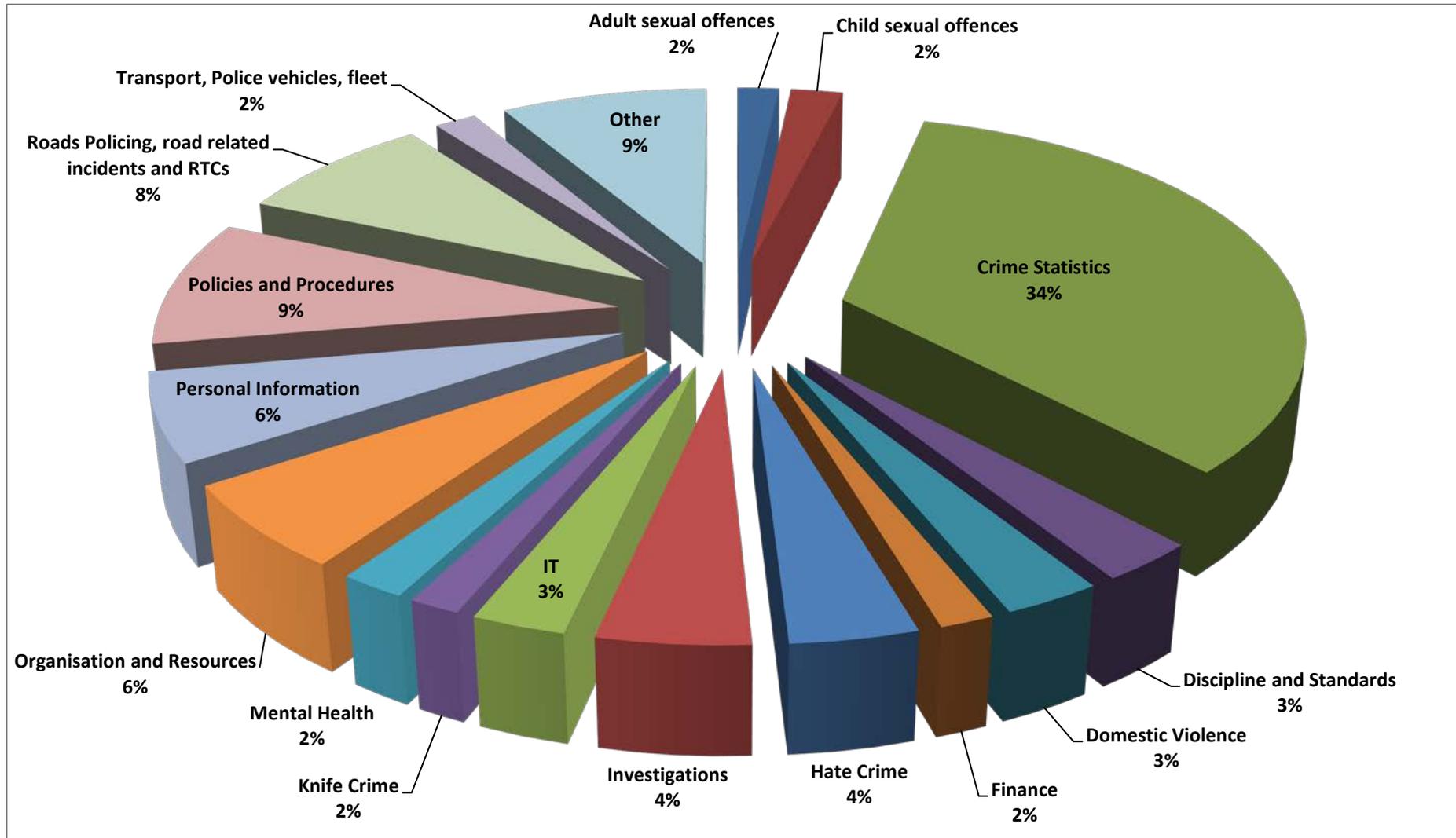
### **Services provided by the police force**

Information about the services provided by the police force, including leaflets, guidance and newsletters produced for the public and businesses.

We would expect information in this class to be current information only.

- **Advice and guidance for the general public**
- **Firearms and explosives licensing, firearms dealers licensing, abnormal load escort, keyholder services**
- **Police college or learning centre**
- **Ceremonial duties**
- **Museum**
- **Local campaigns**
- **Media releases**
- **Details of the services for which the police force is entitled to recover a fee together with those fees.**

## Appendix B: FOI requests received by theme 2019



|                          |   |
|--------------------------|---|
| <b>For Information</b>   |   |
| <b>Public/Non Public</b> | <b>Public</b>   |
| <b>Report to:</b>        | <b>Joint Audit and Scrutiny Panel (JASP)</b>                      |
| <b>Date of Meeting:</b>  | <b>24<sup>th</sup> February 2020</b>                              |
| <b>Report of:</b>        | <b>DCC Barber<br/>Charlie Radford, Chief Finance Officer OPCC</b> |
| <b>Report Author:</b>    | <b>Amanda Froggatt, Strategic Support Officer</b>                 |
| <b>E-mail:</b>           | <b>amanda.froggatt@nottinghamshire.pnn.police.uk</b>              |
| <b>Other Contacts:</b>   |   |
| <b>Agenda Item:</b>      | <b>15</b>   |

## **Joint Audit and Scrutiny Panel Proposed Work Plan 2020**

### **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 2020.

### **2. Recommendations**

- 2.1 That Joint Audit and Scrutiny Panel members note the report and attached appendix, and agree the contents.
- 2.2 That members of the Joint Audit and Scrutiny Panel note the key themes identified to accompany each of the Force Audit and Inspection reports.

### **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

**PROPOSED JOINT AUDIT AND SCRUTINY PANEL WORK PLAN 2020**

| <b>24 FEBRUARY 2020      AUDIT PLANNING MEETING</b> |   |              |   |
|---|---|--------------|---|
|   | Force Assurance Mapping Report  | Annually     | Force – Amanda Froggatt                                 |
|   | New Internal Audit Plan 2019/20   | Annually     | Mazars – Brian Welch                                    |
|   | PCC Update Report   | Each Meeting | OPCC – Phil Gilbert                                     |
|   | Budget Reports (for information) <ul style="list-style-type: none"> <li>• Treasury Management Strategy</li> <li>• Reserves Strategy</li> <li>• Capital Report</li> <li>• MTFS</li> <li>• Budget Report</li> </ul>   | Annually     | OPCC – Charlie Radford                                  |
|   | External Audit Plan (if available)  | Annually     | Ernst and Young   |
|   | Internal Audit Progress Report  | Each Meeting | Mazars – Brian Welch                                    |
|   | Update on actions from audits, inspections and reviews<br>(Includes Internal audit, External Audit, HMIC, AGS improvements)<br><br><b>Key theme for Force Audit Report – Change Programme Outcomes (including new Force Model), summary of completed and future ADA proposals</b> | Each meeting | OPCC - where appropriate<br><br>Force – Amanda Froggatt |
|   | Use of Force Update – Proposed deferral until July 2020   |              | Force – CI Williams                                     |
|   | OPCC Report on Compliance with Freedom of Information Requests and the Specified Information Order  | 6-Monthly    | OPCC – Lisa Gilmour                                     |
|   | Force Assurance Report on Compliance with Freedom of Information and Data Protection Requests   | 6-Monthly    | OPCC – Pat Stocker                                      |
|   | Force Report on Monitoring, Review and Assurance of the Publication Scheme  | 6-Monthly    | Force – Pat Stocker                                     |

## 29 MAY 2020 YEAR END MEETING

|   |              |   |
|---|--------------|---|
| Annual Internal Audit Assurance Report (including review of past year and audit schedule for 2018/19)   | Annually     | Mazars – Brian Welch                              |
| New Internal Audit Plan 2019/20   | Annually     | Mazars – Brian Welch                              |
| Draft CC's Statement of Accounts 17/18<br>Draft Group Statement of Accounts 17/18   | Annually     | OPCC – Charlie Radford<br>Force – Mark Kimberley  |
| Draft Annual OPCC Governance Statement 2017/18<br>Draft Annual Force Governance Statement 2017/18   | Annually     | OPCC – Charlie Radford<br>Force – Amanda Froggatt |
| External Audit Plan   | Annually     | Ernst and Young                                   |
| Review of OPCC Risk Management arrangements<br>Review of Force Risk Management arrangements<br><b>Key Theme for Risk – GDPR</b>   | 6-Monthly    | OPCC – Kevin Dennis<br>Force – Amanda Froggatt    |
| Update on actions from audits, inspections and reviews<br>(Includes Internal audit, External Audit, HMIC, AGS improvements)<br><b>Key theme for Force Audit Report – Wellbeing, PDR's and Talent Management</b> | Each meeting | OPCC - as required<br>Force – Amanda Froggatt     |
| Presentation on Joint Force/Fire and Rescue Service new Headquarters  |              | Supt Winter and Bryn Coleman                      |
| 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                                  |
| Force Report on Business Continuity Compliance and Assurance Testing and Exercising   | Annually     | Force – Amanda Froggatt                           |

## 31 JULY 2020 FINAL ACCOUNTS MEETING

|  |   |              |  |
|--|---|--------------|--|
|  | External Audit ISA260 Government Report   | Annually     |  |
|  | Final Force Statement of Accounts 17/18<br>Final Group Statement of Accounts 17/18<br>(OPCC and Force AGS to be incorporated)   | Annually     | OPCC – Charlie Radford<br>Force – Mark Kimberley |
|  | 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<br>(Includes Internal audit, External Audit, HMIC, AGS improvements)<br><br><b>Key theme for Force Audit Report – IT Strategy and Demand</b> | Each meeting | OPCC - as required<br>Force – Amanda Froggatt    |
|  | Review Working Together Agreement incorporating SoD, Fin Regs and SOs   | Annually     | OPCC – Kevin Dennis                              |
|  | Use of Force Update – Proposed deferral from February 2020  |              | Force – CI Williams                              |
|  | Force Treasury Update Report to show compliance with Treasury Management Strategy   | Annually     | OPCC – Charlie Radford                           |
|  | 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    | Force – Pat Stocker                              |
|  | Force Report on Monitoring, Review and Assurance of the Publication Scheme  | 6-Monthly    | Force – Pat Stocker                              |
|  | PCC Update Report   | Each Meeting | OPCC – Phil Gilbert                              |
|  | Use of Force Update – Proposed deferral from February 2020  |              | Force CI Williams                                |

## 27 NOVEMBER 2020 CHAIR TOPIC

|   |              |   |
|---|--------------|---|
| Internal Audit Progress Report  | Each Meeting | Mazars – Brian Welch                                |
| Review of OPCC Risk Management arrangements<br>Review of Force Risk Management arrangements<br><b>Key Theme for Risk – To be Advised</b>  | 6-Monthly    | OPCC – Kevin Dennis<br>Force – Amanda Froggatt      |
| Update on actions from audits, inspections and reviews<br>(Includes Internal audit, External Audit, HMIC, AGS improvements)<br><b>Key theme for Force Audit Report – Neighbourhoods</b> | Each meeting | OPCC - Where appropriate<br>Force – Amanda Froggatt |
| Annual Audit Letter – External Audit  | Annually     | Ernst and Young                                     |
| PCC Update Report   | Each Meeting | OPCC – Phil Gilbert                                 |
| Force Report on Complaints and Misconduct, Investigations, New and Open Cases   | 6-Monthly    | Force – Supt PSD                                    |
| Force Report on IPCC Investigations, Recommendations and Actions  | 6-Monthly    | Force – Supt PSD                                    |
| Force Report of Whistle Blowing and Anti-Fraud and Corruption Policies and Review of Compliance.  | 6-Monthly    | Force – Supt PSD                                    |

Review of key areas to support Corporate Governance arrangements: *(review of requirements to be finalised and then prioritised. Areas to be identified for reports or internal audits and will be informed by assurance mapping)*

Sources of assurance to include:

- Effectiveness of partnerships
- Monitor the application of the pension schemes
- Review of delegated powers
- Review Register of Interests
- Financial Management/Financial Systems
- Legislative change

- Scheme of delegation
- Annual report from PSD on their activity - i.e. no of dismissals final letters and nature of the event
- By exception report on Insurance Claims covering Public Liability, Employer's Liability, Motor Liabilities including Costing and Lessons Learned
- By exception report on Outcomes of Public Finance Initiative Contracts

DRAFT