

JOINT AUDIT AND SCRUTINY PANEL

WEDNESDAY 24 FEBRUARY 2021 at 10.00 AM

Virtual Meeting by Microsoft Teams

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

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
3. Minutes of the meeting held on 27 November 2020
4. Progress against Action Tracker
5. External Audit of the Accounts 2019-2020 (ISA 260) – verbal update
6. Final Statement of Accounts and Annual Governance Statements 2019-2020 – Appendices not available
7. Annual Audit Letter – External Audit
8. Internal Audit Annual Plan 2021-2022
9. Internal Audit Progress Report

10. Police and Crime Commissioner's Update report to December 2020
11. Precept and Budget Reports (for information)
12. Assurance Mapping 2021-2022 Report
13. Audit and Inspection Update – to include presentation on Change Programme Outcomes and Next Steps
14. Nottinghamshire Police Information Management – Freedom of Information and Data Protection Information Requests for 2020
15. Force Report on Monitoring Review and Assurance of the Publication Scheme end calendar year 2020
16. OPCC Publication Scheme Monitoring, Review and Assurance
17. Custody Record Review Quarterly Report
18. Joint Audit and Scrutiny Work Plan 2021
19. Summary of Actions (verbal)

**MINUTES OF THE MEETING OF THE NOTTINGHAMSHIRE POLICE AND CRIME
COMMISSIONER JOINT AUDIT AND SCRUTINY PANEL HELD ON FRIDAY 27TH
NOVEMBER 2020 COMMENCING AT 2.00 PM VIA MS TEAMS**

MEMBERSHIP

(A – denotes absent)

Mr Stephen Charnock (Chair)

Mr Leslie Ayoola

Dr Phil Hodgson

Mr Peter McKay

Alan Franks

ALSO PRESENT

Rachel Barber	Deputy Chief Constable, Nottinghamshire Police
Neil Harris	EY
Gary Morris	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 (item 7 onwards)

1) APOLOGIES FOR ABSENCE

Helen Henshaw, EY, Kevin Dennis, OPCC, Chief Constable Craig Guildford.

2) DECLARATIONS OF INTEREST BY MEMBERS AND OFFICERS

Dr Phil Hodgson declared an interest in item 10 '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 MEETING HELD ON 30 SEPTEMBER 2020

The minutes of the last meeting held on 30 September 2020, having been circulated to all members, were taken as read and were confirmed and signed by the Chair.

4) MINUTES OF THE MEETING HELD ON 27 OCTOBER 2020

The minutes of the last meeting held on 27 October 2020, having been circulated to all members, were taken as read and were confirmed and signed by the Chair.

5) **PROGRESS AGAINST ACTION TRACKER**

Action 032: Multi-year information on assurance mapping now provided – complete and close.

Action 034: External Audit - Delegation of approval of 2018-2019 final statement/ISA260 – considered at item 6 below, close.

Action 035: Consideration of MFSS transfer back in-house – deferred.

Action 036: Force restructure Feedback – now received – close.

Action 037: BAME refined statistical analysis shared with Panel – complete and close.

6) **EXTERNAL AUDIT OF THE ACCOUNTS 2018-2019 (ISA 260) COMMISSIONER'S UPDATE REPORT**

The Panel considered the report of the Chief Finance Officer, which provided the Committee with the results of the Statement of Accounts and supporting documentation for the Financial year 2018-2019.

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

- Neil Harris of EY advised that, subject to final consideration at this meeting and to signature by the Chief Constable and Police and Crime Commissioner an unqualified opinion on the financial statements at Section 3 of its Audit Results Report would be issued. However, a qualified opinion in respect of Value for Money/MFSS risks would be included in the final report;
- The Chair, on behalf of the Panel, expressed disappointment and frustration that it had taken so long to get to this point. There had been significant issues, which had fallen to a greater or lesser extent to all parties involved. These had been rehearsed at length at previous Joint Audit and Scrutiny Panel meetings but had remained inadequately addressed over a prolonged period, despite their having been highlighted consistently;
- The Panel also expressed frustration in respect of the knock-on impact on the external audit process for subsequent years, which in turn had been delayed. The view was also expressed that the delays had had a negative reputational impact.
- It was reported that more rigorous procedures and additional capacity were in place in respect of the 2019-2020 external audit, building on the lessons learnt from the 2018-2019 exercise.

RESOLVED 2020/043

To agree that the report of the External Auditor for 2018 -2019 be recommended to the Police and Crime Commissioner and Chief Constable for approval/sign-off.

7) FINAL STATEMENT OF ACCOUNTS AND ANNUAL GOVERNANCE STATEMENTS FOR 2018-2019

Note: At this point, Paddy Tipping, Nottinghamshire Police and Crime Commissioner, joined the meeting.

The Panel considered the report of the Chief Finance Officer, which provided the audited statement of accounts and annual governance statements for 2018-2019.

RESOLVED 2020/044

- 1) that the Statement of Accounts and Annual Governance Statements for 2018-2019 be recommended to the Police and Crime Commissioner for approval;
- 2) that the Statement of Accounts and Annual Governance Statements for 2018-2019 be recommended to the Police and Crime Commissioner and to the Chief Constable for signature.

8) INTERNAL AUDIT PROGRESS REPORT

The Panel considered a report of the Chief Finance Officer, providing an update on progress against the Internal Audit Annual Plan for 2020-2021, and the findings of audits completed to date.

Mark Lunn of Mazars LLP advised that a residual 2019-2020 report on Health and Safety Collaboration had now been completed. 2020-2021 audit reports had been issued on Victims Code of Practice and Estates Management, as detailed in the published report. Mr Lunn confirmed that he was working with both the Force and OPCC to prioritise outstanding audits, so that these were addressed if it did not prove possible to fully deliver the audit plan by the end of 2020-2021.

During discussion, DCC Barber expressed the view that the audit findings were a fair assessment, and that they captured the complex environment within which the Force had to operate. She also shared the Chair's frustration and disappointment that Victims' Information Packs were not always made available at the appropriate time, and that the message needed reinforcing among frontline staff.

The Panel was also advised that in respect of Estates Management that it was now a CIPFA requirement to have a long term estates strategy in place, to account for the replacement of buildings with a limited life-span.

RESOLVED: 2020/045

That, in view of the wide range of issues covered by the 3 audits, the Panel requested an update report on progress against recommendations for the **Collaboration: Health and Safety** and **Victims' Code of Conduct** audit, and on **Estates Management**, for an update on meeting the CIPFA requirement for having appropriate estates strategies in place.

9) STRATEGIC RISK MANAGEMENT REPORT FOR FORCE AND NOTTINGHAMSHIRE POLICE AND CRIME COMMISSIONER QUARTER 3 – 2020-2021

The Panel considered the report, which updated it on strategic risk management issues across the Force and OPCC.

The following points were raised during discussion:

- It was explained that interventions had taken place to address SR9A 'limited inhouse accounting expertise' and it was felt that the risk was now being mitigated;
- the Police and Crime Commissioner acknowledged that financial uncertainty arising from Covid-19 was a major concern. Council Tax collection rates had reduced there would be a funding gap. It was unclear at this stage what mitigating action might be taken by central government to address the shortfall. It was reported that several English Police forces were considering introducing redundancy measures;
- MFSS would remain an ongoing major risk while the transfer of data from old to new systems remained outstanding.

RESOLVED: 2020/046

- 1) That the assurance had been provided on the effectiveness of current strategic risk management approaches and measures;
- 2) that the two very high strategic risks on the Force's Register – Multi-Force Shared Service transfer to the new Fusion System, and Compliance with new General Data Protection Regulations – be noted;
- 3) that the very high risk rating for the OPCC in respect of Covid-19 Impact on Council Tax be noted;
- 4) that Appendix 3 to the report, detailing risk and mitigations, be noted.

10) AUDIT AND INSPECTION UPDATE

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

The Panel considered the report, which provided an update on progress against recommendations arising from audits and inspections conducted in the quarter to end September 2020, as well as highlighting upcoming audits.

During discussion, it was confirmed that the HMICF&RS Covid-19 Inspection had been completed and that the report was awaiting publication.

RESOLVED: 2020/047

To note the update, having reviewed Appendix 1 to the report.

11) POLICE AND CRIME COMMISSIONER'S UPDATE REPORT TO OCTOBER 2020

The Panel considered the report, which provided an update on delivering the Police and Crime Plan 2018-2021, as well as an update on performance in Quarter 2 to end September 2020, financial outturns and key decisions taken.

During discussion, the following points were highlighted:

- Operation Reacher was performing really well, with the benefits of early intervention reducing costs elsewhere within police and crime budgets;
- A focussed, collaborative approach to dealing with Missing from Home episodes had seen an 18% reduction among children and 12% among adults;
- Both major capital projects – the new Headquarters and Custody Suite – were both running to schedule were on or under budget;
- While numbers of Stop and Search incidents had increased significantly, the proportion of positive Stop and Search outcomes at 40% was the highest in England;
- In response to Panel members' questions, it was confirmed that levels of knife crime had reduced by 11%, bucking the national trend. It was acknowledged that focus had been on reducing knife crime in public places, but with lockdown giving rise to increased domestic violence, there was strong collaboration with the Violence Reduction Unit to reduce instances in a domestic setting;

RESOLVED: 2020/048

that the Panel had scrutinised and received assurance in respect of the performance and delivery against the Police and Crime Plan and of the Police and Crime Commissioner in fulfilling his core statutory duties.

12) FORCE COMPLAINT AND MISCONDUCT INVESTIGATIONS

The Panel considered the report, which provided an update on recent reform to police complaints and misconduct legislation, which commenced in February 2020. The report also provided performance data across a range of parameters for the period March to September 2020.

Several points were made during discussions:

- It was explained that a number of complaints during the reporting period were Covid-related, and it was considered that these had been addressed appropriately;
- The Panel acknowledged the need to build up one year's data in order to establish a new baseline for complaints and misconduct investigations, and that the parameters for reporting these to the Panel should change in line with new legislation;
- It was confirmed that the National Police College had oversight of best practice for dealing with complaints and misconduct, and that learning was cascaded via Heads of Professional Standards. The Panel requested that best practice updates from the College be appended to future update reports.

RESOLVED: 2020/049

To agree that the title/purpose of future reports be revised to ensure that scrutiny is provided to the complaints and misconduct system in line with 2020 legislation.

13) IOPC INVESTIGATIONS RECOMMENDATIONS AND ACTIONS

The Panel considered the report, which informed it of the complaint and conduct matters referred by Nottinghamshire Police to the Independent Office for Police Conduct (IOPC) between March and September 2020.

The Panel agreed the recommendations without substantive discussions.

RESOLVED: 2020/050

That the Panel was assured that:

- 1) Nottinghamshire Police acted transparently in referring itself to the IOPC in relation to all instances meeting the criteria;
- 2) Nottinghamshire Police considered and responded to IOPC recommendations.

14) PROFESSIONAL STANDARDS CONFIDENTIAL REPORTING PROCEDURE (WHISTLE-BLOWING)

The Panel considered a report, providing information specifically on how the Professional Standards Directorate supported those coming forward with reports of breaches of professional standards.

During discussion, the point was made that it was important for managers not to use the professional standards function as a performance management tool. Professional standards intervention had to be at the appropriate level.

It was also pointed out that misconduct and gross misconduct charges and investigations did not always lead to dismissal from the Force, but not being transparent and co-operative when under investigation had serious consequences for those involved.

RESOLVED: 2020/051

That

- 1) the Panel was assured about the processes in place relating to confidential reporting as detailed in the report;
- 2) The Panel was assured that the Professional Standards Directorate actively sought information and intelligence from a variety of sources in order to prevent corruption.

15) CUSTODY RECORD REVIEW QUARTERLY REPORT

The Panel considered the report, providing details in respect of 48 custody record reviews conducted during the second quarter of 2020-2021 to end September 2020.

The Panel commended the strong collaborative work undertaken to ensure that that Force was performing much better in respect of record keeping, and welcomed the review of custody records for vulnerable adults being undertaken.

The view was expressed during discussion that there was a need for further clarity from the Home Office on the purpose of custody inspection reviews.

RESOLVED: 2020/052

That:

- 1) the report be noted.
- 2) the continuation of custody reviews and the publication of their results be endorsed.

16) **JOINT AUDIT AND SCRUTINY WORK PLAN 2020-2021**

RESOLVED: 2020/053

that the Work Plan for 2020-2021 be noted and approved.

17) **SUMMARY OF ACTIONS**

RESOLVED 2020/054

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

Arising from Internal Audit Report - **Collaboration: Health and Safety** – Update check on progress against recommendations

Arising from Internal Audit Report -**Victims Code of Practice** - Update check on progress against recommendations

Arising from Internal Audit Report -**Estates Management** - Update on meeting CIPFA requirement to have 25-30 year strategies on estates

Arising from Force Complaint and Misconduct Investigations Report - Future Force Complaints and Misconduct reports to have an appendix on best practice from Police College/ resume of lessons learnt in respect of complaints/misconduct.

The meeting concluded at 3.45pm

AUDIT & SCRUTINY PANEL MEETING

Actions arising from previous meetings and progress against action tracker

	ACTION	ALLOCATED TO	TIMESCALES FOR UPDATES	UPDATE
035	Update on how transfer of MFSS back in-house has gone	Force	May 2021	Deferred from November 2020 and February 2021 at Force's request
038	Arising from Internal Audit Report November 2020 meeting - Collaboration: Health and Safety – Update check on progress against recommendations	OPCC/Force	November 2021	Work plan has been revised to pick up updates. These updates will be in the form of a presentation by the Lead Officer
039	Arising from Internal Audit Report November 2020 meeting - Victims Code of Practice - Update check on progress against recommendations	OPCC/Force	July 2021	Work plan has been revised to pick up updates. These updates will be in the form of a presentation by the Lead Officer
040	Arising from Internal Audit Report November 2020 meeting - Estates Management - Update on meeting CIPFA requirement to have 25-30 year strategies on estates	OPCC/Force	May 2021	Work plan has been revised to pick up updates. These updates will be in the form of a presentation by the Lead Officer

041	Future Force Complaints and Misconduct reports to have an appendix on best practice from Police College/ resume of lessons learnt in respect of complaints/misconduct.	Force	May 2021	
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For Decision	
Public/Non Public*	Public
Report to:	Joint Audit and Scrutiny Panel
Date of Meeting:	24 February 2021
Report of:	Chief Finance Officer
Report Author:	Charlotte Radford
Other Contacts:	Mark Kimberley
Agenda Item:	06

FINAL STATEMENT OF ACCOUNTS AND ANNUAL GOVERNANCE STATEMENTS FOR 2019-20

1. Purpose of the Report

- 1.1 To provide members with a copy of the audited statement of accounts and annual governance statements for 2019-20.
- 1.2 The External Audit report will be inserted once it is agreed.

2. Recommendations

- 2.1 Members are requested to:
 - Having examined the statements provided to recommend the accounts and governance statements to the Police & Crime Commissioner for approval.
 - Also recommend the accounts and governance statements to the Police & Crime Commissioner and Chief Constable for signing.

3. Reasons for Recommendations

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

4. Summary of Key Points

- 4.1 The attached statements provide a fair view of the financial position of the Chief Constable, Police & Crime Commissioner and group as a whole.
- 4.2 The statements of the Chief Constable show the cost of policing and provision of services to deliver the Police & Crime Plan.
- 4.3 The Group accounts also include the financial statement relating to the Office of the Police & Crime Commissioner.
- 4.4 These accounts represent fairly the financial position of the Group and its individual entities.

5. Financial Implications and Budget Provision

5.1 None as a direct result of this report.

6. Human Resources Implications

6.1 None as a direct result of this report.

7. Equality Implications

7.1 None as a direct result of this report.

8. Risk Management

8.1 These accounts have not been published within the timescale required by legislation. Reasons for this have been documented at previous meetings and the potential impact on the 2020-21 statements being produced on time remains a risk.

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

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

10. Changes in Legislation or other Legal Considerations

10.1 This complies with the current Accounts and Audit Regulations in that the accounts and their audit are finally complete.

11. Details of outcome of consultation

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

12. Appendices

A – The Chief Constables Statement of Accounts 2019-20
B – The OPCC and Group Statement of Accounts 2019-20

Note: Appendices not available at time of agenda publication

For Information / Consideration	
Public/Non Public*	Public
Report to:	Joint Audit and Scrutiny Panel
Date of Meeting:	24 February 2021
Report of:	Chief Finance Officer
Report Author:	Charlotte Radford
Other Contacts:	
Agenda Item:	07

ANNUAL AUDIT LETTER 2018-19

1. Purpose of the Report

- 1.1 To provide members with the Annual Audit Letter relating to the accounts for 2018-19.

2. Recommendations

- 2.1 Members are recommended to consider and accept this letter.

3. Reasons for Recommendations

- 3.1 This complies with good governance.

4. Summary of Key Points

- 4.1 Each year the Commissioner is required to publish the Statement of Accounts for the Group. The External Auditor on completion of the audit issues his Governance Report (ISA260).
- 4.2 Following receipt of the letter of Representation and conclusion of the full process the External Auditor will issue his Annual Audit Letter. This is attached at **Appendix A**.

5. Financial Implications and Budget Provision

- 5.1 None as a direct result of this report.

6. Human Resources Implications

- 6.1 None as a direct result of this report.

7. Equality Implications

- 7.1 None as a direct result of this report.

8. Risk Management

8.1 None as a direct result of this report.

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

9.1 This report complies with good governance and financial regulations.

10. Changes in Legislation or other Legal Considerations

10.1 None

11. Details of outcome of consultation

11.1 Not applicable

12. Appendices

12.1 Appendix A – Annual Audit Letter 2018-19

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

Annual Audit Letter for the year
ended 31 March 2019

December 2020

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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).

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 set 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 Annual Audit Letter is prepared in the context of the Statement of responsibilities and Terms of Appointment. 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 Hywel Ball, 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

We are required to issue an annual audit letter to the Police and Crime Commissioner for Nottinghamshire and Chief Constable for Nottinghamshire Police (the Group, PCC and CC) following completion of our audit procedures for the year ended 31 March 2019.

Below are the results and conclusions on the significant areas of the audit process.

Area of Work	Conclusion
Opinion on the Group, PCC and CC's:	Unqualified - the financial statements give a true and fair view of the financial position of the Group, PCC and CC as at 31 March 2019 and of its expenditure and income for the year then ended
► Financial statements	
► Consistency of other information published with the financial statements	Other information published with the financial statements was consistent with the Annual Accounts
Concluding on the PCC/CC's arrangements for securing economy, efficiency and effectiveness	We concluded that you have put in place proper arrangements to secure value for money in your use of resources

Area of Work	Conclusion
Reports by exception:	
► Consistency of Governance Statement	The Governance Statement was consistent with our understanding of the Group, PCC and CC.
► Public interest report	We had no matters to report in the public interest.
► Written recommendations to the PCC and/or CC, which should be copied to the Secretary of State	We had no matters to report.
► Other actions taken in relation to our responsibilities under the Local Audit and Accountability Act 2014	We had no matters to report.

Area of Work	Conclusion
Reporting to the National Audit Office (NAO) on our review of the PCC/CC's Whole of Government Accounts return (WGA).	We had no matters to report.

As a result of the above we have also:

Area of Work	Conclusion
Issued a report to those charged with governance of the PCC/CC communicating significant findings resulting from our audit.	Our Audit Results Report was issued on 27 November 2020
Issued a certificate that we have completed the audit in accordance with the requirements of the Local Audit and Accountability Act 2014 and the National Audit Office's 2015 Code of Audit Practice.	Our certificate was issued on 30 November 2020

We would like to take this opportunity to thank the PCC and CC's staff for their assistance during the course of our work.

Neil Harris
Associate Partner
For and on behalf of Ernst & Young LLP



02

Purpose and Responsibilities

Purpose and Responsibilities

The Purpose of this Letter

The purpose of this annual audit letter is to communicate to Members and external stakeholders, including members of the public, the key issues arising from our work, which we consider should be brought to the attention of the Group, PCC and CC.

We have already reported the detailed findings from our audit work in our 2018/19 Audit Results Report to the 10 June 2020 Joint Audit and Scrutiny Panel (JIAC), representing those charged with governance. We do not repeat those detailed findings in this letter. The matters reported here are the most significant for the Group, PCC and CC.

Responsibilities of the Appointed Auditor

Our 2018/19 audit work has been undertaken in accordance with the Audit Plan that we issued in May 2019 and is conducted in accordance with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK), and other guidance issued by the National Audit Office.

As auditors we are responsible for:

- ▶ Expressing an opinion:
 - ▶ On the 2018/19 financial statements; and
 - ▶ On the consistency of other information published with the financial statements.
- ▶ Forming a conclusion on the arrangements the PCC and CC have to secure economy, efficiency and effectiveness in its use of resources.
- ▶ Reporting by exception:
 - ▶ If the annual governance statement is misleading or not consistent with our understanding of the Group, PCC or CC;
 - ▶ Any significant matters that are in the public interest;
 - ▶ Any written recommendations to the Group, PCC or CC, which should be copied to the Secretary of State; and
 - ▶ If we have discharged our duties and responsibilities as established by the Local Audit and Accountability Act 2014 and Code of Audit Practice.

Alongside our work on the financial statements, we also review and report to the National Audit Office (NAO) on your Whole of Government Accounts return. The Group is below the specified audit threshold of £500mn. Therefore, we did not perform any audit procedures on the return.

Responsibilities of the PCC and CC

The PCC and CC are responsible for preparing and publishing its statement of accounts accompanied by an Annual Governance Statement (AGS). In the AGS, the PCC and CC reports publicly each year on how far it complies with its own code of governance, including how it has monitored and evaluated the effectiveness of its governance arrangements in year, and any changes planned in the coming period.

The PCC and CC are also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.



03

Financial Statement Audit

Financial Statement Audit

Key Issues

The Statement of Accounts is an important tool for the Group, PCC and CC to show how it has used public money and how it can demonstrate its financial management and financial health. We audited the Statement of Accounts in line with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK), and other guidance issued by the National Audit Office and issued an unqualified audit report on 30 November 2020. Our detailed findings were reported to the 10 June 2020 Joint Audit and Scrutiny Panel.

The key issues identified as part of our audit were as follows:

Significant Risk	Conclusion
Misstatements due to fraud or error The financial statements as a whole are not free of material misstatements whether caused by fraud or error. As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.	We undertook the following procedures to address fraud risk: ▶ 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. Overall our audit work did not identify 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 found no instances of expenditure being inappropriately capitalised. 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 was our understanding that management intended to disclose a contingent liability in the final financial statements but this has not been done. This has therefore been included on our summary of audit differences.

Financial Statement Audit (cont'd)

The key issues identified as part of our audit were as follows: (cont'd)

Significant Risk	Conclusion
Inappropriate capitalisation of revenue expenditure The financial statements as a whole are not free of material misstatements whether caused by fraud or error. As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement. This could materialize as a result of capitalizing expenditure on revenue items. 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.	Capital expenditure is material to the financial statements in 2018/19. We have undertaken additional procedures to address the specific risk we have identified, which consisted of: Sample testing additions to property, plant and equipment to ensure that they have been correctly classified as capital and included at the correct value in order to identify any revenue items that have been inappropriately capitalised. Our testing of PPE additions found no instances of expenditure being inappropriately capitalised.
Private Finance Initiatives 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.	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. Our conclusions were as follows: Riverside: - We are satisfied that the arrangement is accounted for in accordance with the Code and the amounts included in the financial statements are free from material misstatement. Vensons: - We disagreed with managements approach to accounting for this scheme in the draft 2018-19 financial statements and prior year accounts. In our view the garage and vehicles should be recorded on balance sheet. - Management has subsequently brought the garage onto the PCC balance sheet (at a value of £1.2m) as a prior period adjustment. We are satisfied that this is free from material misstatement, but note that the depreciation has been understated and an uncorrected misstatement has been recorded. - Management has determined that the vehicles, being used in operational policing matters, would be more appropriately considered assets of the Chief Constable and therefore should be considered as assets in the Chief Constable (and Group) accounts. This has resulted in the vehicles (individually valued at over £10k) being removed from the PCC (and Group) balance sheet as a prior period adjustment. Management has assessed the value of the vehicles as £3.6m and consider this immaterial to the Chief Constable and to the Group and therefore have not recorded this asset/liability in the financial statements. An uncorrected misstatement has been recorded.

Financial Statement Audit (cont'd)

Inherent risk	Our conclusion
Valuation of land and buildings The fair value of property, plant and equipment (PPE) 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.	The quality of management's maintenance of the fixed asset register, including the posting of revaluation adjustments has been poor. This has resulted in a number of adjustments being required to the current year and prior year balances as follows: • Incorrect valuation figures used • Incorrect figures used when categorising assets as 'assets held for sale' • Assets being incorrectly classified between tangible and intangible • Revisions to accounting for assets held under lease arrangements and PFI schemes (refer previous page). Several of these differences were noted by management themselves subsequent to the publication of the draft accounts. The financial impact of these adjustments on the CIES is a reduction of £747k in the prior year. We also noted that the valuation report used to inform the 31 March 2019 balances was dated 4 months prior to year-end and management performs no assessment to ensure no material movements in that period of time. We performed our own audit procedures to review likely movements over this period and concluded that there was no material misstatement, but it is management's responsibility to also perform this assessment in drawing up the financial statements. We note that for the 2019/20 year end, such a review has been performed in response to our observations. Other issues noted when accounting for long term assets: Depreciation of property, plant and equipment When testing depreciation charged on property, plant and equipment, we noted that depreciation was not being charged on a small number of assets. This led to an understatement of depreciation. The adjustment of £820k for the 18-19 financial year has been corrected as a prior period adjustment. Assets held for sale We identified an issue where the entity had not correctly valued their assets held for sale. The total net book value that was in the draft financial statements was £2,202k however having assessed each individual asset held for sale as the lower of fair value less costs to sell and the carrying amount at the time it was classified as held for sale (as is the requirement of the Code), the total value of Assets Held For Sale should be £2,586k. This error has been corrected by management. Intangible assets In our testing of the existence of property, plant and equipment (PPE) we identified a large number of assets which had been inappropriately classified as PPE which were in actual fact intangible assets (software licences primarily). Management has corrected this £2m net book value error as a prior period adjustment

Financial Statement Audit (cont'd)

Other Key Areas of focus	Our conclusion
Pension liability valuation 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.	We have no concerns to raise with respect to the accounting entries and disclosures made in respect of the local government pension scheme. In respect of the Police Pension Scheme, our pension specialist has reviewed the McCloud impact and we consider that the impact lies within an acceptable range.
Collaboration disclosures 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.	We have noted no issues as a result of our work.
Multi-force Shared Service Centre 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	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.



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.

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.

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.



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 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; 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, which is exacerbated by the poor service performance being received from MFSS.

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.
- ▶ In total we have received 4 versions of the accounts (we understand there are 15 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.

We acknowledge that the addition of a contractor into the Senior Accountant role is a positive step forward and has certainly helped to move forward the 2018-19. However, the absence of a permanent member of staff with responsibility and oversight for the accounts production and audit process places a continuing risk on the ability of the PCC and CC to deliver good quality financial reporting within acceptable timeframes.

Financial Statement Audit (cont'd)

Our application of materiality

When establishing our overall audit strategy, we determined a magnitude of uncorrected misstatements that we judged would be material for the financial statements as a whole.

Item	Thresholds applied				
Planning materiality and reporting thresholds		PCC Group	PCC single entity	CC single entity	Police pension fund
	Materiality basis	2% of gross expenditure	2% of assets	2% of gross expenditure	2% of benefits payable
	Planning materiality	£6.3 million	£1.8 million	£6.1 million	£1.4 million
	Performance materiality	£3.2 million	£0.9 million	£3.1 million	£0.7 million
	Audit differences	£315k	£88k	£306kk	£71k

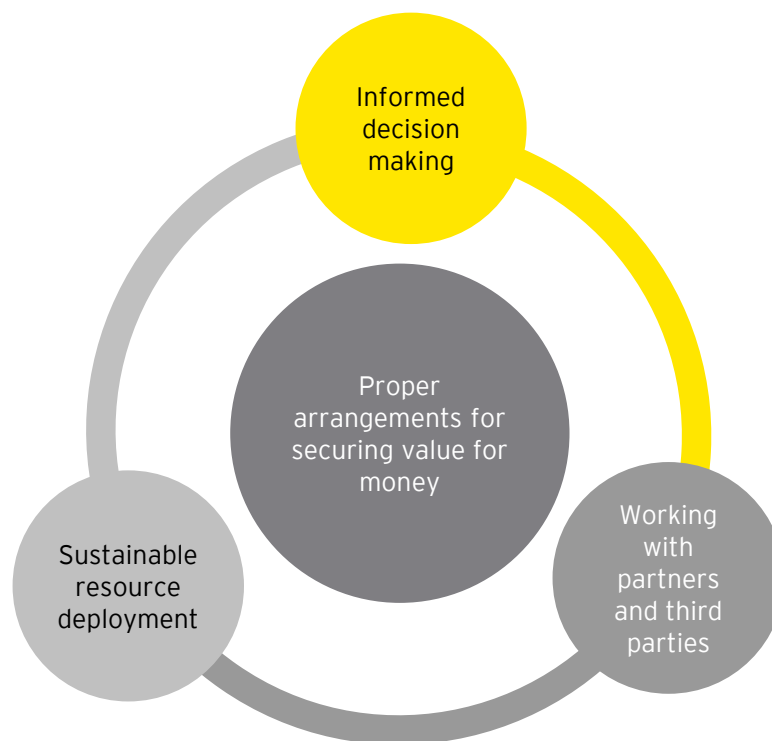


04 Value for Money

We are required to consider whether the PCC and CC have put in place 'proper arrangements' to secure economy, efficiency and effectiveness in its use of resources. This is known as our value for money conclusion.

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.



We identified three significant risks around these arrangements. The tables below present our findings in response to the risks in our Audit Planning Report and any other significant weaknesses or issues we want to bring to your attention.

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?
The Multi-Force Shared Services (MFSS) provides transactional back office services to Cheshire, Nottinghamshire and Northamptonshire Police and the Civil Nuclear Authority. 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. However, the project was not implemented by the due date of April 2018 and has incurred significant budget overruns.	Sustainable resource deployment Take informed decisions Working with partners and other third parties	In respect of the governance arrangements with the MFSS, the PCC and CC are not the lead partner to the Shared Service or Project Fusion. All procurement and invoicing for services goes through Cheshire Police. This indirect method of contracting and communication reduces the control and oversight that the PCC and CC can exercise. In 2017/18, the former external auditors to the PCC and CC, issued an except for qualification on the PCC’s and CC’s VFM Conclusion. This was based on the lack of governance arrangements raised by Nottinghamshire Police regarding this project and the escalating costs against the diminishing return on savings in respect of the VFM criteria of working with partners and third parties, recognising that elements were somewhat out of Nottinghamshire Polices control. During 2018/19, the PCC and CC initiated actions to improve both the governance of the MFSS and Project Fusion. These actions aimed to ensure that the PCC’s and CC’s specific requirements were delivered as part of the overall programme. Measures included: • The PCC for Nottinghamshire’s Chief Finance Officer appointment as the chair of the MFSS Management Board; • Establishing an internal project team in August 2018; • Contracting a project manager through TowersHolt Consultancy; • Changing the internal meeting structure to comprise weekly subject matter expert update meetings and monthly Project Boards, chaired and led by the Senior Responsible Officers and Deputy Chief Constable; and • Initiating a review jointly with the PCC and CC for Northamptonshire through TowersHolt Consultancy to review options for MFSS and Project Fusion. In respect of Project Fusion, the PCC and CC initiated the separate and internal Project Quantum. This project aimed to increase the preparedness for use of the new system. This included activities such as functional testing, data migration and reconciliations, Go-Live activities and remedial work for post Go-Live support. From October 2019, the PCC and CC took over Project Quantum from the previous consultants. This has been beneficial in two ways, being that the reduced costs of external consulting fees and secondly the anticipated improvement in effectiveness by having a team on site.



Value for Money Risks

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Value for Money Risks

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Value for Money Risks

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Value for Money Risks

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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?
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). 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. In progressing significant projects there are risks around arrangement for governance and coming to an informed decision	Take informed decisions Working with partners and other third parties	Our audit work has focussed on the decision-making arrangements to redevelop the site at Sherwood Lodge and progress to the delivery model through an LLP. Our review of the arrangements found that management has together with Nottinghamshire Fire Authority: - Sought specialist financial and legal advice to consider: - 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 - Taxation and legal consequences of the preferred option for an LLP. - Considered reasons for not proceeding with the new build as advised but to progress a re-development of the site; and - 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. We concluded therefore that there was evidence of reasonable arrangements to inform the decision-making process. However, we recommend that for the future the PCC and CC address the following: - There was no senior representation from the Chief Finance Officers for both organisations at the Police and Fire Strategic Collaboration Board at its key decision-making meetings in September 2018 and January 2019 to provide financial commentary on the proposals; and - Reports to the January 2019 meeting of the Police and Fire Strategic Collaboration Board asked the PCC and CC to approve the move to the LLP. However, an LLP involves complex legal, accounting and taxation considerations of which the PCC and CC need to be aware before final decisions as to governance delivery models are taken (we note that in June 2020 an update indicated that an LLP is no longer the planned mechanism).



Value for Money Risks

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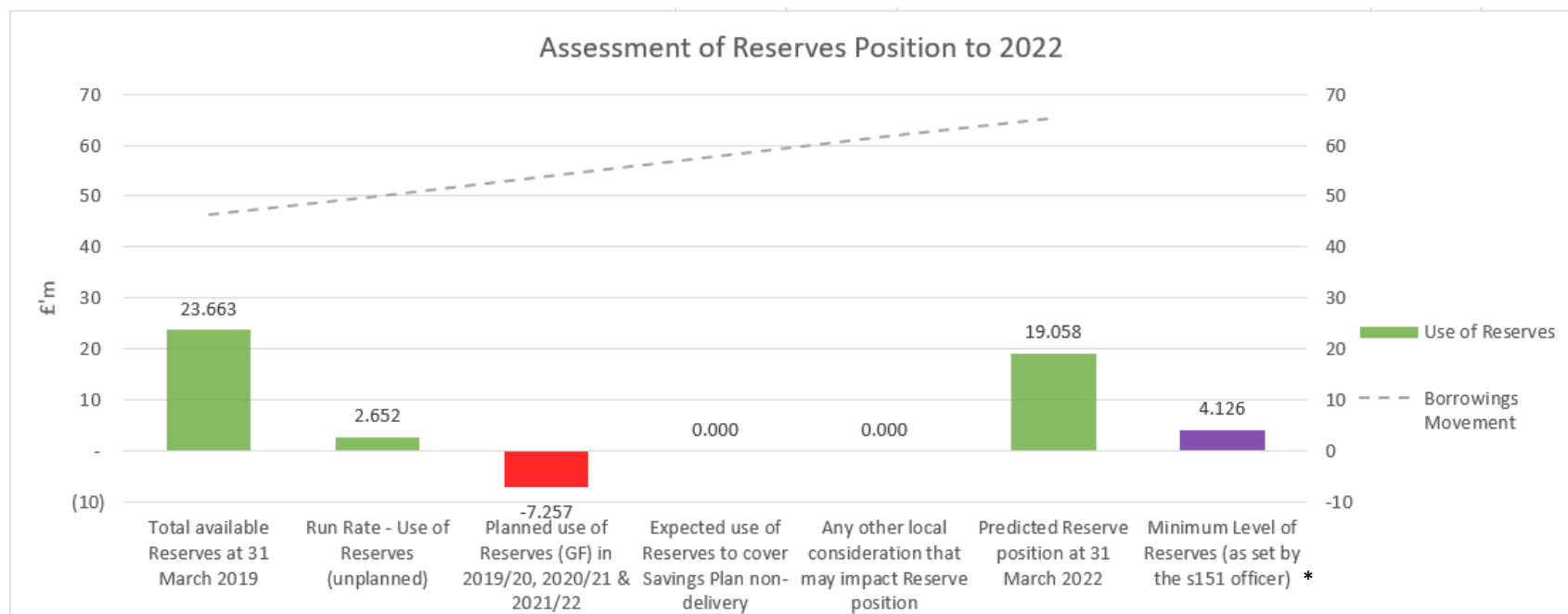
Our risk assessment supports the planning of enough work to deliver a safe conclusion on your arrangements to secure value for money, and enables us to determine the nature and extent of any further work needed. If we do not identify a significant risk we do not need to carry out further work.

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?
Achievement of Savings Needed over the Medium Term In common with other Police bodies the PCC and CC is facing significant financial pressures in the medium term. 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, In balancing the budget the PCC is planning to reduce earmarked reserves by £7.257m to fund capital projects. Achieving efficiencies and the ability to use reserves depends on strong budgetary control.	Sustainable resource deployment	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: The key assumptions made within the 2019/20 annual budget and Medium Term Financial Plan 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. An assessment of the sensitivity of those assumptions underlying the 2019/20 MTFS 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. Review of Outturn Against Budget 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. Previously, the PCC and CC have reported significant outturn under or overspends from estimates. In 2015/16, 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 the net of 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 unforeseen income of £3.1m. The PCC also supported the MFSS overspend of £1.4m by the use of reserves. Such significant variances from expenditure budget may not be sustainable in future, especially if not matched by unforeseen 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.



Value for Money



* Minimum level of reserves relates to general fund only.

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 Treasury Management Strategy.

As a result of our assessment, we note that the PCC's calculated General Fund reserve balance at the 31 March 2022 of £7.075 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.



05

Other Reporting Issues



Other Reporting Issues

Whole of Government Accounts

We are required to perform the procedures specified by the National Audit Office on the accuracy of the consolidation pack prepared by the PCC and CC for Whole of Government Accounts purposes.

The PCC and CC is below the specified audit threshold of £500mn. Therefore, we were not required to perform any audit procedures on the consolidation pack.

Annual Governance Statement

We are required to consider the completeness of disclosures in the Group, PCC and CC's annual governance statement, identify any inconsistencies with the other information of which we are aware from our work, and consider whether it is misleading.

We completed this work and did not identify any areas of concern.

Report in the Public Interest

We have a duty under the Local Audit and Accountability Act 2014 to consider whether, in the public interest, to report on any matter that comes to our attention in the course of the audit in order for it to be considered by the PCC or CC or brought to the attention of the public.

We did not identify any issues which required us to issue a report in the public interest.

Written Recommendations

We have a duty under the Local Audit and Accountability Act 2014 to designate any audit recommendation as one that requires the PCC or CC to consider it at a public meeting and to decide what action to take in response.

We did not identify any issues which required us to issue a written recommendation.



Other Reporting Issues (cont'd)

Objections Received

We did not receive any objections to the 2018/19 financial statements from members of the public.

Other Powers and Duties

We identified no issues during our audit that required us to use our additional powers under the Local Audit and Accountability Act 2014.

Independence

We communicated our assessment of independence in our Audit Results Report to the Jonit Independent Audit Committee on 10 June 2020. 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 regulatory and professional requirements.

Control Themes and Observations

As part of our work, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. 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 identified during our audit.

We have adopted a fully substantive audit approach and have therefore not tested the operation of controls.



06

Data Analytics



Use of Data Analytics in the Audit

Data analytics

Analytics Driven Audit

Data analytics

We used our data analysers to enable us to capture entire populations of your financial data. These analysers:

- ▶ Help identify specific exceptions and anomalies which can then be the focus of our substantive audit tests; and
- ▶ Give greater likelihood of identifying errors than traditional, random sampling techniques.

In 2018/19, our use of these analysers in the PCC and CC audit included testing journal entries, to identify and focus our testing on those entries we deem to have the highest inherent risk to the audit.

We capture the data through our formal data requests and the data transfer takes place on a secured EY website. These are in line with our EY data protection policies which are designed to protect the confidentiality, integrity and availability of business and personal information.

Journal Entry Analysis

We obtain downloads of all financial ledger transactions posted in the year. We perform completeness analysis over the data, reconciling the sum of transactions to the movement in the trial balances and financial statements to ensure we have captured all data. Our analysers then review and sort transactions, allowing us to more effectively identify and test journals that we consider to be higher risk, as identified in our audit planning report.



07

Focused on your future



Focused on your future

The Code of Practice on Local Authority Accounting in the United Kingdom introduces the application of new accounting standards in future years. The impact on the Group is summarised in the table below.

Standard	Issue	Impact
IFRS 16 Leases	It is currently proposed that IFRS 16 will be applicable for local authority accounts from the 2021/22 financial year (postponed as a result of C-19). Whilst the definition of a lease remains similar to the current leasing standard; IAS 17, for local authorities who lease a large number of assets the new standard will have a significant impact, with nearly all current leases being included on the balance sheet. There are transitional arrangements within the standard and although the 2020/21 Accounting Code of Practice for Local Authorities has yet to be issued, CIPFA have issued some limited provisional information which begins to clarify what the impact on local authority accounting will be. Whether any accounting statutory overrides will be introduced to mitigate any impact remains an outstanding issue.	Until the 2021/22 Accounting Code is issued and any statutory overrides are confirmed there remains some uncertainty in this area. However, what is clear is that the PCC/CC will need to undertake a detailed exercise to identify all of its leases and capture the relevant information for them. The PCC/CC must therefore ensure that all lease arrangements are fully documented.
IASB Conceptual Framework	The revised IASB Conceptual Framework for Financial Reporting (Conceptual Framework) will be applicable for local authority accounts from the 2019/20 financial year. This introduces; - new definitions of assets, liabilities, income and expenses - updates for the inclusion of the recognition process and criteria and new provisions on derecognition - enhanced guidance on accounting measurement bases - enhanced objectives for financial reporting and the qualitative aspects of financial information. The conceptual frameworks is not in itself an accounting standard and as such it cannot be used to override or disapply the requirements of any applicable accounting standards. However, an understanding of concepts and principles can be helpful to preparers of local authority financial statements when considering the treatment of transactions or events where standards do not provide specific guidance, or where a choice of accounting policies is available.	It is not anticipated that this change to the Code will have a material impact on Local Authority financial statements. However, Authorities will need to undertake a review to determine whether current classifications and accounting remains valid under the revised definitions.



08

Audit Fees

Audit Fees

As communicated to the Committee in our Audit Plan, we seek to recover scale fee variations where there are increases in the scope of our work. During the 2018/19 audit, the following matters have given rise to scale fee variations which we discuss in detail with management. All scale fee variations are subject to approval by Public Sector Audit Assurance (PSAA):

	Final Fee 2018/19*	Scale Fee 2018/19	Final Fee 2017/18
	£	£	£
Total Audit Fee - PCC Code work	59,759	27,119	35,220
Total Audit Fee - CC Code work	25,451	11,550	15,000
Total Audit Services	85,210	38,669	50,220
Non-audit work	-	-	-
Total	85,210	38,669	50,220

* The final fee for 2018/109 is 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.
- Additional procedures required in respect of C-19 post balance sheet event

We have discussed these fees with management who recognise the causes of additional fee noted above, but do not agree the quantum. In accordance with the terms of the PSAA contract, these amounts have therefore been referred to Public Sector Audit Appointments (PSAA) for a decision to be made.

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ED None

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For Decision	
Public/Non Public*	Public
Report to:	Audit and Scrutiny Panel
Date of Meeting:	24 February 2021
Report of:	Chief Finance Officer
Report Author:	Charlotte Radford
Other Contacts:	Mark Lunn
Agenda Item:	08

INTERNAL AUDIT ANNUAL PLAN 2021-22

1. Purpose of the Report

- 1.1 To inform members of the proposed plan of work for 2021-22.

2. Recommendations

- 2.1 Members are requested to consider and approve the audit plan for 2021-22 attached at **Appendix A**.

3. Reasons for Recommendations

- 3.1 This complies with good governance and financial regulations

4. Summary of Key Points

- 4.1 The internal auditors have met with the OPCC and Force to agree the plan proposed at **Appendix A**. This plan for 2021-22 has been established based upon meeting statutory requirements for auditing key financial systems, the need to audit systems where there has been a significant change in year and other audit requests based upon risks within the strategic risk register and advisory audits required to ensure the smooth running of both legal entities.

5. Financial Implications and Budget Provision

- 5.1 None as a direct result of this report.

6. Human Resources Implications

- 6.1 None as a direct result of this report.

7. Equality Implications

- 7.1 None as a direct result of this report.

8. Risk Management

8.1 The risk register has been used in the production of this internal audit plan.

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

9.1 The work of internal audit supports all of the Police & Crime Plan priorities.

10. Changes in Legislation or other Legal Considerations

10.1 Legislative changes and potential risks associated with such changes have been considered in putting together this plan.

11. Details of outcome of consultation

11.1 The OPCC and Force were part of the process for producing this plan.

12. Appendices

12.1 **Appendix A** – Internal Audit Plan 2021-22

Police & Crime Commissioner for
Nottinghamshire & Nottinghamshire Police
Internal Audit Operational Plan 2021/22 and
Charter

Draft

Prepared by: Mazars LLP

Date: February 2021

Contents

- 1 Introduction
- 2 Internal Audit Operational Plan 2021/22
- 3 Future Considerations
- 4 Internal Audit Charter

Statement of Responsibility

Disclaimer

This report ("Report") was prepared by Mazars LLP at the request of the Police & Crime Commissioner for Nottinghamshire (OPCC) and terms for the preparation and scope of the Report have been agreed with them. The matters raised in this Report are only those which came to our attention during our internal audit work. Whilst every care has been taken to ensure that the information provided in this Report is as accurate as possible, Internal Audit have only been able to base findings on the information and documentation provided and consequently no complete guarantee can be given that this Report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required. The Report was prepared solely for the use and benefit of the OPCC and to the fullest extent permitted by law Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification. Accordingly, any reliance placed on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification by any third party is entirely at their own risk. Please refer to the Statement of Responsibility on the final page of this report for further information about responsibilities, limitations and confidentiality.



01

Section 01: **Introduction**



Introduction

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 2021 to 31 March 2022.

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.

The purpose of this document is to provide the JASP with the proposed 2021/22 Plan for consideration and approval.

In considering the document, JASP is asked to consider:

- whether the balance is right in terms of coverage and focus;
- whether we have captured key areas that would be expected; and
- whether there are any significant gaps.

We are also seeking approval from JASP for the Internal Audit Charter in Section 04, which we request on an annual basis. There are no changes from the Charter presented for approval last year.

Scope and Purpose of Internal Audit



IA's Role

The purpose of internal audit is to provide the Commissioner and Chief Constable, through the JASP with an independent and objective opinion on risk management, control and governance and their effectiveness in achieving the the OPCC and Force's agreed objectives



IA Plan

Completion of the internal audits proposed in the 2021/22 Plan should be used to help inform the OPCC's and Force's Annual Governance Statement.



Objective

Government accounting standards require Accounting Officers to make provision for internal audit in accordance with accordance with UK Public Sector Internal Audit Standards (PSIAS), as produced by the Internal Audit Standards Advisory Board. Within the OPCC and Force, the Police & Crime Commissioner and the Chief Constable are the Accounting Officer and have responsibility for maintaining a sound system of internal control in the respective organisations.

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. Internal Audit also has an independent and objective consultancy role to help line managers improve risk management, governance and control.

We have included our Internal Audit Charter in Section 04. The Charter sets out terms of reference and serves as a basis for the governance of the OPCC's and Force IA function, establishing our purpose, authority, responsibility, independence and scope, in accordance with the Chartered Institute of Internal Auditor's (IIA) standards.



Charter





Preparing the Strategy Update and Operational Plan for 2021/22

As part of our approach, it is important we consider organisation's strategic priorities, as well as the key strategic risks identified, as we seek to align our risk-based approach accordingly.

In preparing the Strategy update we have undertaken the following:

- Met with the Deputy Chief Constable, the Chief Finance Office of the OPCC, the Chief Finance Officer of the Force and the Corporate Development Manager on 9 February 2020;
- Reviewed the outcomes of historic internal audit work;
- Reviewed the outcomes of 2020/21 internal audit work;
- Considered the latest assessment of risks facing both the OPCC and the Force as detailed in their respective risk registers;
- Considered areas which are not necessarily high risk (such as core operational controls), but where the work of internal audit can provide a tangible input to assurance; and
- Considered the results of internal audit across our wider client base.

The proposed 2021/22 Plan is included in Section 02. This also includes a proposed high level scope for each review and which will be revisited as part of the detailed planning for each review. Fieldwork dates for each of the audits, including presentation of finalised reports at future dates for JASP meetings have been proposed for discussion and approval with the OPCC and Force's management.

Preparing the Strategy Update and Operational Plan for 2021/22 (continued)

We have narrowed this list from a wider starting point, which will allow flexibility if there are changes required during the year; we have sought to prioritise against the key risks and for this reason, we can refer to the future considerations to discuss other potential internal audit areas for consideration within Section 02.

Prior to conducting each internal audit, we will undertake a more detailed planning meeting in order to discuss and agree the specific focus of each review. Following the planning meeting, we will produce Terms of Reference, which we will agree with key representatives at the Force and/or OPCC prior to commencement of the fieldwork.

The results of our work will be communicated via an exit meeting. A draft report will then be issued for review and management comments and in turn a final report issued. Final reports as well as progress against the plan will be reported to each JASP.

Following completion of the planned assignments and the end of the Financial Year, we will summarise the results of our work within an Annual Report, providing an opinion on the Fore and OPCC's governance, risk management and internal control framework.



02

Section 02:

Internal Audit Operational Plan 2021/22

Internal Audit Operational Plan 2021/22

An overview of the Internal Audit Operational Plan 2021/22 is set out below:

Proposed Summary Operational Plan for Approval				
Audit Area	Days	OPCC/Force Sponsor	Target Start Date	Target JASP
Risk Based Considerations				
Core Financials	27	Chief Finance Officers (Force & OPCC)	September 2021	February 2022
MFSS Transfer	8	Deputy Chief Constable	Each Quarter	Regularly
Seized Property	8	Deputy Chief Constable	Q4	May 2022
Health & Safety	8	Deputy Chief Constable	Q4	May 2022
Partnership	8	Chief Finance Officer / Chief Executive OPCC	Q3	November 2021
Procurement	8	Chief Finance Officer Force	Q2	November 2021
Workforce Planning	8	Deputy Chief Constable	Q3	February 2022
Firearms Licensing	8	Deputy Chief Constable	Q2	November 2021
Performance Management	8	Deputy Chief Constable	Q3	February 2022
Other Considerations				
Business Change*	8	Deputy Chief Constable	Q2	November 2021
OPCC Charities Account	3	Chief Finance Officer OPCC	Q2	November 2021
Follow Up Audits	5	Chief Finance Officers (Force & OPCC) / DCC	TBC	TBC
Information Technology				
Information Assurance	5	Deputy Chief Constable	Q3	February 2022
GDPR	5	Deputy Chief Constable	Q3	February 2022
Management and Reporting Activities				
Collaboration*	13	Chief Finance Officers (Force & OPCC)	Ongoing	May 2022
Management	16	Chief Finance Officers (Force & OPCC)	Ongoing	N/A
Contingency	8		As requested	As requested
Total	154*			

Internal Audit Operational Plan 2021/22

The rationale behind the inclusion of each of the areas identified within the Internal Audit Operational Plan 2021/22 is detailed below, alongside a indicative high-level scope. Please note that the detailed scope of each audit will be discussed and agreed with the relevant PSA sponsor prior to the commencement of fieldwork.

Core Financials

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:

- Policies and procedures
- Access controls
- Amendments to standing data
- Reconciliations
- Authorisation routines
- Reporting

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.

Seized Property

Audits were carried out in 2017/18, 2018/19 and 2020/2021 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.

Health & Safety

An audit of the area was carried out in 2018/19 following which a 'limited assurance' opinion was given and this was subsequently followed up in 2019/20 and a 'limited assurance' opinion was re-issued. It will provide assurance that the Force has effective processes in place in respect of health and safety and these are being consistently applied. It will follow-up on the recommendation raised following the 2019/20 audit.

MFSS Transfer

To provide assurance with regards to the Forces ongoing management of the transfer of services from MFSS to in-house provisions at the Force.

This work will be carried out on a quarterly basis to confirm the accuracy of information being produced in regards to the ongoing project.

Partnerships

A high risk on the OPCC risk register is that partnerships fail to deliver the strategic priorities for the Commissioner. This audit will provide assurance that the OPCC has controls in place to mitigate these risks and actions are in place to manage partnership outcomes.

Procurement

An audit of the area was last carried out in 2017/18 and during 2020/21 with the introduction of the MINT service for procurement this audit will provide assurance that the Force has effective processes in place in respect of procurement activities and these are being consistently applied.

Internal Audit Operational Plan 2021/22 (Continued)

Workforce Planning

The Force has received a number of actions from HMICFRS in regards to workforce planning in addition to audit recommendations raised as part of 20/21 internal audit.

Therefore the audit will provide assurance that appropriate actions have been taken and defective systems of control embedded.

Firearms Licensing

This area has undergone significant changes recently and therefore audit will provide assurance that an adequate control framework has been established and that it is operating effectively.

Performance Management

An audit of Performance Management was carried out in 2019/20 and a number of significant actions were raised. This audit will look to review the progress since the last audit and provide assurance that key controls are in place.

Business Change

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.

This audit is carried forward from the 2020/21 Plan.

OPCC Charities Account

Whilst the scope will be agreed with management this has been included at the request of the OPCC to ensure that the controls in place for the Charities Account are adequate and aligned with best practice.

Follow Up Audits

It is acknowledged that at the time of writing a number of the 20/21 Internal Audits have yet to be concluded. Therefore provision has been made for following up any areas that conclude with 'limited assurance' opinions in the 20/21 Internal Audit Plan

Internal Audit Operational Plan 2021/22 (Continued)

Collaboration

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.

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.

One of the three audits planned for 2020/21 is being carried forward (Workforce Planning).

The outline plan for the collaboration audits in 2021/22 as agreed by the regional CFO's are:

- Asset Management
- Savings Plans
- Lessons Learned (Covid-19)

Management

Resources for client and external audit liaison.

For example, preparation and attendance at JASP, strategic and operational planning, meetings with PSA directors/Chief Executive/Chair of JASP, preparation of the Internal Audit Opinion, Annual Internal Audit Plan and other reports to the JASP, etc

Contingency

Resources which will only be utilised should the need arise, for example, for unplanned and ad-hoc work requests by management and the JASP.

03

Section 03:

Future Considerations 2022/23 Onwards

Future Considerations 2022/23 Onwards

Audit discussed a wide range of possible audits for inclusion within the 2021/22 and through discussion with management agreed upon a priority based approach the audits that are presented in the 2021/22 Internal Audit Operational Plan. Whilst annually the plan will be reviewed audit have listed the audits that have been earmarked for future consideration:.

Future Considerations	
Auditable Area	Commentary
Organisational Learning	<i>A review of how the Force have learned lessons from dealing with the challenges that the Covid-19 Pandemic has brought was discussed. However, the Force are working closely with HMICFRS in this area at present therefore this will be reviewed ahead of the 2022/23 IA Plan.</i>
Archives Management	<i>Linked to Risks SR4 and SR5 on Force Strategic Risk Register. Document Retention and handling information remains high risks. However audits of information assurance and GDPR are included, but this will be re-considered for the 22/23 plan</i>
Budgetary Control / MTFP	<i>Financial uncertainty remains high on the risk registers, however CIPFA have completed a review in this area and will also be doing a follow up review in 2021/22 therefore other sources of assurance are being provided.</i>
Cyber Security	<i>In light of remote working Cyber Security is of increasing risk across the sector. However, there should be other sources of assurance as well such as Interim National Accreditation. Independent oversight would be welcomed but given competing priorities this would be better completed in 2022/23.</i>
Fleet/Transport Management	<i>Significant changes have occurred within this area of the organisation and audit would add value in the future as the frameworks are established and embedded, therefore this will be considered for inclusion in 2022/23.</i>
Estates Management	<i>Given there are significant changes to the estates planned over the coming years assurance will be sought in this area at the appropriate time to add the most value.</i>

Section 04: **Internal Audit Charter**

Internal Audit Charter

The Internal Audit Charter sets out the terms of reference and serves as a basis for the governance of the PSA Internal Audit function. It sets out the purpose, authority and responsibility of the function in accordance with the UK Public Sector Internal Audit Standards (PSIAS).

The Charter will be reviewed and updated annually by the Engagement Lead for Internal Audit for the OPCC & Force ('Head of Internal Audit').

Nature and Purpose

The OPCC & Force are responsible for the development of a risk management framework, overseen by the JASP, which includes:

- Identification of the significant risks in the OPCC and Force's programme of activity and allocation of a risk owner to each;
- An assessment of how well the significant risks are being managed; and
- Regular reviews by the Senior/Executive Team and the JASP of the significant risks, including reviews of key risk indicators, governance reports and action plans, and any changes to the risk profile.

A system of internal control is one of the primary means of managing risk and consequently the evaluation of its effectiveness is central to Internal Audit's responsibilities.

The OPCC and Force's systems of internal control comprises the policies, procedures and practices, as well as organisational culture that collectively support each organisation's effective operation in the pursuit of its objectives. The risk management, control and governance processes enable each organisation to respond to significant business risks, be these of an operational, financial, compliance or other nature, and are the direct responsibility of the Senior/Executive Team. The OPCC and Force needs assurance over the significant business risks set out in the risk management framework. In addition, there are many other stakeholders, both internal and external, requiring assurance on the management of risk and other aspects of the OPCC and Force's business. There are also many assurance providers. The OPCC and Force should, therefore, develop and maintain an assurance framework which sets out the sources of assurance to meet the assurance needs of its stakeholders.

Internal Audit is defined by the Institute of Internal Auditors' International Professional Practices Framework (IPPF) as 'an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.'

Internal Audit carries out assurance and consulting activities across all aspects of the OPCC and Force's business, based on a programme agreed with the JASP, and coordinates these activities via the assurance framework. In doing so, Internal Audit works closely with risk owners, and the Senior/Executive Team.

In addition to providing independent assurance to various stakeholders, Internal Audit helps identify areas where the OPC and Force's existing processes and procedures can be developed to improve the extent with which risks in these areas are managed; and public money is safeguarded and used economically, efficiently and effectively. In carrying out its work, Internal Audit liaises closely with the Senior/Executive Team and management in relevant departments. The independent assurance provided by Internal Audit also assists the OPCC and Force to report annually on the effectiveness of the system of internal control included in the Annual Governance Statements.

Authority and Access to Records, Assets and Personnel

Internal Audit has unrestricted right of access to all OPCC and Force records and information, both manual and computerised, and other property or assets it considers necessary to fulfil its responsibilities. Internal Audit may enter business property and has unrestricted access to all locations and officers where necessary on demand and without prior notice. Any restriction (management or other) on the scope of Internal Audit's activities will be reported to the JASP.

Internal Audit is accountable for the safekeeping and confidentiality of any information and assets acquired in the course of its duties and execution of its responsibilities. Internal Audit will consider all requests from the external auditors for access to any information, files or working papers obtained or prepared during audit work that has been finalised, and which external audit would need to discharge their responsibilities.

Responsibility

The Head of Internal Audit is required to provide an annual opinion to the OPCC and Force, through the JASP, on the adequacy and the effectiveness of the OPCC and Force's risk management, control and governance processes. In order to achieve this, Internal Audit will:

- Coordinate assurance activities with other assurance providers as needed (such as the external auditors) such that the assurance needs of OPCC, Force and other stakeholders are met in the most effective way.
- Evaluate and assess the implications of new or changing systems, products, services, operations and control processes.

Internal Audit Charter continued

- Carry out assurance and consulting activities across all aspects of the OPCC and Force's business based on a risk-based plan agreed with the JASP.
- Provide the Board 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.
- Issue periodic reports to the JASP and the Senior/Executive Team summarising results of assurance activities.
- Promote an anti-fraud, anti-bribery and anti-corruption culture within PSA to aid the prevention and detection of fraud;
- Assist in the investigation of allegations of fraud, bribery and corruption within PSA and notifying management and the JASP of the results.
- Assess 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.

There are inherent limitations in any system of internal control and thus errors or irregularities may occur and not be detected by Internal Audit's work.

When carrying out its work, Internal Audit will provide line management with comments and report breakdowns, failures or weaknesses of internal control systems together with recommendations for remedial action. However, Internal Audit cannot absolve line management of responsibility for internal controls.

Internal Audit will support line managers in determining measures to remedy deficiencies in risk management, control and governance processes and compliance to the OPCC and Force's policies and standards and will monitor whether such measures are implemented on a timely basis.

The JASP is responsible for ensuring that Internal Audit is adequately resourced and afforded a sufficiently high standing within the organisation, necessary for its effectiveness.

Scope of Activities

As highlighted in the previous section, there are inherent limitations in any system of internal control. Internal Audit therefore provides the Senior/Executive Team and the Board through the JASP with reasonable, but not absolute, assurance as to the adequacy and effectiveness of

PSA governance, risk management and control processes using a systematic and discipline approach by:

- Assessing and making appropriate recommendations for improving the governance processes, promoting appropriate ethics and values, and ensuring effective performance management and accountability;
- Evaluating the effectiveness and contributing to the improvement of risk management processes; and
- Assisting PSA in maintaining effective controls by evaluating their adequacy, effectiveness and efficiency and by promoting continuous improvement.

The scope of Internal Audit's value adding activities includes evaluating risk exposures relating to PSA's governance, operations and information systems regarding the:

- Achievement of the organisation's strategic objectives;
- Reliability and integrity of financial and operational information;
- Effectiveness and efficiency of operations and programmes;
- Safeguarding of assets; and
- Compliance with laws, regulations, policies, procedures and contracts.

Reporting

For each engagement, Internal Audit will issue a report to the appropriate senior management and business risk owner, and depending on the nature of the engagement and as agreed in the engagement's Terms of Reference, with a summary to the Senior/Executive Team and the JASP. The UK PSIAS require the Head of Internal Audit to report at the top of the organisation and this is done in the following ways:

- The annual risk-based plan is compiled by the Head of Internal Audit taking account of the OPCC and Force's risk management / assurance framework and after input from members of the Senior/Executive Team. It is then presented to the Senior/Executive Team and JASP annually for comment and approval.
- The internal audit budget is reported to the JASP for approval annually as part of the overall budget.
- The adequacy, or otherwise, of the level of internal audit resources (as determined by the Head of Internal Audit) and the independence of internal audit will be reported annually to the JASP.

Internal Audit Charter continued

- Performance against the annual risk-based plan and any significant risk exposures and breakdowns, failures or weaknesses of internal control systems arising from internal audit work are reported to the Senior/Executive Team and JASP on a regular basis.
- Any significant consulting activity not already included in the risk-based plan and which might affect the level of assurance work undertaken will be reported to the JASP.
- Any significant instances of non-conformance with the Public Sector Internal Audit Standards will be reported to the Senior/Executive Team and the JASP and will be included in the Internal Audit Annual Report.

Independence

The Head of Internal Audit has free and unfettered access to the following:

- Chief Officer Team
- Chief Finance Officers at the OPCC and Force;
- Chair of the JASP; and
- Any other member of the Senior/Executive Team.

The independence of the contracted Head of Internal Audit is further safeguarded as their annual appraisal is not inappropriately influenced by those subject to internal audit. To ensure that auditor objectivity is not impaired and that any potential conflicts of interest are appropriately managed, all internal audit staff are required to make an annual personal independence responsibilities declaration via the tailored 'My Compliance Responsibilities' portal which includes personal deadlines for:

- Annual Returns (a regulatory obligation regarding independence, fit and proper status and other matters which everyone in Mazars must complete);
- Personal Connections (the system for recording the interests in securities and collective investment vehicles held by partners, directors and managers, and their immediate family members); and
- Continuing Professional Development (CPD).

Internal Audit may also provide consultancy services, such as providing advice on implementing new systems and controls. However, any significant consulting activity not already included in the audit plan and which might affect the level of assurance work undertaken will be reported to the JASP. To maintain independence, any audit staff involved in significant consulting activity will not be involved in the audit of that area for a period of at least 12 months.

External Auditors

The external auditors fulfil a statutory duty. Effective collaboration between Internal Audit and the external auditors will help ensure effective and efficient audit coverage and resolution of issues of mutual concern. Internal Audit will follow up the implementation of internal control issues raised by external audit if requested to do so by the OPCC and Force.

Internal Audit and external audit will meet periodically to:

- Plan the respective internal and external audits and discuss potential issues arising from the external audit; and
- Share the results of significant issues arising from audit work.

Due Professional Care

The Internal Audit function is bound by the following standards:

- Institute of Internal Auditor's International Code of Ethics;
- Seven Principles of Public Life (Nolan Principles);
- UK PSIAs; and
- All relevant legislation.

Internal Audit is subject to a Quality Assurance and Improvement Programme that covers all aspects of internal audit activity. This consists of an annual self-assessment of the service and its compliance with the UK PSIAs, on-going performance monitoring and an external assessment at least once every five years by a suitably qualified, independent assessor.

A programme of CPD is maintained for all staff working on internal audit engagements to ensure that auditors maintain and enhance their knowledge, skills and audit competencies to deliver the risk-based plan. Both the Head of Internal Audit and the Engagement Manager are required to hold a professional qualification (CMIIA, CCAB or equivalent) and be suitably experienced.

Performance Measures

In seeking to establish a service which is continually improving, we acknowledge it is essential that we agree measures by which Internal Audit should demonstrate both that it is meeting the OPCC and Force's requirements and that it is improving on an annual basis. We will work to the measures outlined in the original Invitation to Tender, whilst we agree performance measures with the OPCC and Force.

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We take responsibility to the Office of the Police & Crime Commissioner for Nottinghamshire 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.

This report is confidential and 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 Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation amendment and/or modification by any third party is entirely at their own risk.

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For Information / Consideration	
Public/Non Public*	Public
Report to:	Joint Audit and Scrutiny Panel
Date of Meeting:	24 February 2021
Report of:	Chief Finance Officer
Report Author:	Charlotte Radford
Other Contacts:	Mark Lunn
Agenda Item:	09

INTERNAL AUDIT PROGRESS REPORT

1. Purpose of the Report

- 1.1 To provide members with an update on progress against the Internal Audit Annual Plan for 2020-21 and the findings from audits completed to date.

2. Recommendations

- 2.1 Members are recommended to consider the report and where appropriate make comment or request further work in relation to specific audits to ensure they have adequate assurance from the work undertaken.

3. Reasons for Recommendations

- 3.1 This complies with good governance and in ensuring assurance can be obtained from the work carried out.

4. Summary of Key Points

- 4.1 The attached report details the work undertaken to date and summarises the findings from individual audits completed since the last progress report to the panel.

5. Financial Implications and Budget Provision

- 5.1 None as a direct result of this report.

6. Human Resources Implications

- 6.1 None as a direct result of this report.

7. Equality Implications

- 7.1 None as a direct result of this report.

8. Risk Management

- 8.1 None as a direct result of this report. Recommendations will be actioned to address the risks identified within the individual reports and recommendations implementation will be monitored and reported within the audit and inspection report to this panel.

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

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

10. Changes in Legislation or other Legal Considerations

- 10.1 None

11. Details of outcome of consultation

- 11.1 Not applicable

12. Appendices

- 12.1 Appendix A – Internal Audit Progress Report 2020-21

Police & Crime Commissioner for
Nottinghamshire & Nottinghamshire Police
Internal Audit Progress Report

Presented to JASP: 24th February 2021

mazars

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Disclaimer

This report ("Report") was prepared by Mazars LLP at the request of the Nottinghamshire Police and the Officer of the Police and Crime Commissioner (OPCC) for Nottinghamshire and terms for the preparation and scope of the Report have been agreed with them. The matters raised in this Report are only those which came to our attention during our internal audit work. Whilst every care has been taken to ensure that the information provided in this Report is as accurate as possible, Internal Audit have only been able to base findings on the information and documentation provided and consequently no complete guarantee can be given that this Report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

The Report was prepared solely for the use and benefit the Nottinghamshire Police and the Officer of the Police and Crime Commissioner (OPCC) for Nottinghamshire and to the fullest extent permitted by law Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification. Accordingly, any reliance placed on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification by any third party is entirely at their own risk. Please refer to the Statement of Responsibility in Appendix A1 of this report for further information about responsibilities, limitations and confidentiality.

01 Summary

The purpose of this report is to update the Joint Audit & Scrutiny Panel (JASP) as to the progress in respect of the Operational Plan for the year ended 31st March 2021, which was considered and approved by the JASP at its meeting on 24th February 2020.

The Police and Crime Commissioner and Chief Constable are responsible for ensuring that the organisations have proper internal control and management systems in place. In order to do this, they must obtain assurance on the effectiveness of those systems throughout the year and are required to make a statement on the effectiveness of internal control within their annual report and financial statements.

Internal audit provides the Police and Crime Commissioner and Chief Constable with an independent and objective opinion on governance, risk management and internal control and their effectiveness in achieving the organisation's agreed objectives. Internal audit also has an independent and objective advisory role to help line managers improve governance, risk management and internal control. The work of internal audit, culminating in our annual opinion, forms a part of the OPCC and Force's overall assurance framework and assists in preparing an informed statement on internal control.

Responsibility for a sound system of internal control rests with the Police and Crime Commissioner and Chief Constable and work performed by internal audit should not be relied upon to identify all weaknesses which exist or all improvements which may be made. Effective implementation of our recommendations makes an important contribution to the maintenance of reliable systems of internal control and governance.

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.

Our work is delivered in accordance with the Public Sector Internal Audit Standards (PSIAS).

02 Current progress

Since the last meeting of the JASP, we have issued three final report in respect of Workforce Planning, GDPR Follow Up and Information Assurance Follow Up. We have also issued four draft reports in respect of Core Financials, Debt Recovery, Seized Property & Risk Management. Further details are provided in Appendix A5.

The impact of the Covid-19 lockdown(s) has posed several challenges to the internal audit process and the move to remote auditing has caused some initial delays in setting dates when the audits will be carried out. Both parties have worked hard to ensure the audits could be completed and Mazars have regularly communicated with the Force and OPCC, which has enabled us to remain on course to deliver the audit plan by 31st March 2021. Moreover, we can confirm that the fieldwork for the remaining audits of Complaints Management and Wellbeing are due to take place during February 2021.

In discussion with key contacts, in regards to the Business Change audit included within the 2020/21 plan, it has been requested that this audit be carried forward into the 2021/22 plan as a number of changes have occurred in this area and therefore audit would be able to provide greater value if this audit was so to be completed once these changes have been established.

There were three proposed audits as part of the Collaboration time assigned for the 2020/21 plan, however due to the impacts of the Covid-19 pandemic and the delays in starting audits it has been proposed that one of the collaboration audits be carried forward into the 2021/22 plan. This was discussed with the regional Chief Finance Officers and a priority based approach was assigned to the audits due to be completed. Audit can confirm that the fieldwork for the two collaboration audits of Budgetary Control and Workforce Planning are being completed during February.

The process for Collaboration audits was discussed at a meeting of all five Force Audit Committee Chairs with an intention to improve the speed of delivering final reports to audit committees. Actions have been taken and these will be monitored for the collaboration audits completed in 2020/21 and learning taken forward into 2021/22.

The Plan in Appendix A1 has been updated to include the status of each audit to date.

03 Performance

The following table details the Internal Audit Service performance for the year to date measured against the key performance indicators that were set out within Audit Charter.

Number	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% (9/9)
5	Issue of final report	Within 5 working days of agreement of responses.	100% (5/5)
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% (9/9)
9	Customer satisfaction (measured by survey)	85% average satisfactory or above	-% (-/-)

A1 Plan overview

Audit area	Proposed Dates	Draft Report Date	Final Report Date	Target JASP	Comments
Core Financial Systems	Q3	February 2021		May 2021	Draft Report Issued
Workforce Planning	Q1	November 2020	December 2020	Feb 2021	
Victims Code of Practice	Q1	September 2020	October 2020	November 2020	
Estate Management	Q2	October 2020	November 2020	November 2020	
Wellbeing	Q4			May 2021	Fieldwork completed in February
Debt Recovery	Q3/4	February 2021		May 2021	Draft Report Issued
Seized Property	Q3	February 2021		May 2021	Draft Report Issued
Business Change	Q3			n/a	C/fwd. into 2021/22 Plan
Complaints Management	Q4			May 2021	Fieldwork moved to March at request of Force
Risk Management	Q4	February 2021		May 2021	Draft Report Issued
IT Security: Follow Up	Q3	January 2021	February 2021	Feb 2021	
GDPR: Follow Up	Q3	January 2021	February 2021	Feb 2021	

A2 Reporting Definitions

Assurance Level	Control Environment
Substantial Assurance	There is a sound system of internal control designed to achieve the Organisation's objectives. The control processes tested are being consistently applied.
Adequate Assurance	While there is a basically sound system of internal control, there are weaknesses, which put some of the Organisation's objectives at risk. The level of non-compliance with some of the control processes may put some of the College's objectives at risk.
Limited Assurance	Weaknesses in the system of internal controls are such as to put the Organisation's objectives at risk. The level of non-compliance puts the College's objectives at risk.
No Assurance	Controls are generally weak leaving the system open to significant abuse and/or we have been inhibited or obstructed from carrying out our work.

Recommendation Priority	Description
1 (Fundamental)	Recommendations represent fundamental control weaknesses, which expose the Organisation to a high degree of unnecessary risk.
2 (Significant)	Recommendations represent significant control weaknesses which expose the Organisation to a moderate degree of unnecessary risk.
3 (Housekeeping)	Recommendations show areas where we have highlighted opportunities to implement a good or better practice, to improve efficiency or further reduce exposure to risk.

A3 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

Workforce Planning

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

Our audit considered the following area objectives:

Workforce Planning

- Governance arrangements for Workforce Planning are clearly defined, including roles and responsibilities, risk management processes, decision making and reporting arrangements.
- There are robust succession planning processes in place which identify and develop officers and provide structured opportunities for secondments and promotions for employees who are prepared to assume these roles as they become available.
- Key roles are identified within the organisation and relevant succession plans are put in place to address these.
- There are robust monitoring processes in place to ensure that the Force has up to date and accurate Establishment data in place.
- The costs associated with the establishment structure are regularly updated and reconciled with the Finance department.
- The Force has a robust talent programme that is linked with key risks to ensure that the future needs of the organisation can be met.
- The Force regularly undertakes skills analysis to identify any areas of concern, with appropriate action plans put in place to address them.

Uplift of Officers

- Action plans are in place to ensure the recruitment targets can be achieved.
- There is effective oversight and monitoring of the uplift of officers including input from other departments at Force that will be affected e.g. Finance, Training, Equipment, IT etc.
- The costs associated with the recruitment uplift is regularly updated and reconciled with the Finance department.
- The recruitment uplift is aligned to the workforce planning operations and is regularly reconciled and updated.

We raised one priority 2 (significant) recommendations and one priority 3 (housekeeping) where the control environment could be improved upon. The finding, recommendation and response is detailed below:

Recommendation 1	The Force should complete a mapping exercise and produce a centralised log of all key roles across the organisation, including non-leadership roles which are critical or specialised. Alongside this exercise, individuals who are able to assume these positions in a short / medium / long term capacity should be highlighted.
Finding	Audit have noted that the Force does not have a central succession planner document, to highlight key roles across the organisation and individuals who have the potential to assume these positions in a short term / medium term / long term capacity. Risk: The Force have a lack of transparency regarding key and specialist roles and positions across the organisation. The Force are unaware of individuals who have the capability to assume key roles
Response	It is agreed that that we have some work to do on key roles and skills and this is a priority for 2021. However, this is also a huge piece of work and I anticipate that in order to get to the final iteration of this centralised plan it will take the majority of 2021. Therefore, a realistic timeframe for this to be signed off as complete has been set.
Responsibility / Timescale	Head of People Services 31st March 2022

We raised one priority 3 recommendations of a more housekeeping nature relating to:

People Strategy

The Force should review and update the People Strategy to include reporting arrangements and decision making processes in place at the Force; a defined individual responsible for the People Strategy; and version control of the document.

Management accepted the recommendations and confirmed implementation would be immediately.

GDPR Follow Up

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

Recommendation Priorities		
	Mar 20	Feb 21
Priority 1 (Fundamental)	1	-
Priority 2 (Significant)	-	1
Priority 3 (Housekeeping)	3	1

The aim of the audit is to establish the level of General Data Protection Regulation (GDPR) processes and procedures following our previous review in this area and progress against the recommendations made in the last audit year and where applicable will include testing from all areas within the Force. The audit will identify the level of assurance which can be placed on the system of controls and level of compliance with these controls in the area being audited and will be categorised as shown in the section headed Reporting Definitions below.

The ICO's Guide to Law Enforcement processing highlights the key requirements of Part 3 of the Data Protection Act 2018. This part of the Act transposes the EU Data Protection Directive 2016/680 (Law Enforcement Directive) into domestic UK law. The Directive complements the General Data Protection Regulation (GDPR) and sets out the requirements for the processing of personal data for criminal 'law enforcement purposes. For international transfers, it also replaces the 2008 Council Framework Decision (2008/977/JHA) on the protection of personal data processed in the framework of police and judicial co-operation in criminal matters. This guidance will be considered during the course of the audit.

The overall objective of this internal audit is to provide the Senior Management and Audit Committee with reasonable, but not absolute, assurance.

The audit will also update the following risks and objectives relating to the GDPR processes within the Force following on from last year's review and consider the progress made in implementing the recommendations.

The audit will also align to the ICO Controllers Checklist and walkthrough the questionnaire with the client. The checklist is designed to help the client, as a controller, assess their high level compliance with data protection legislation. Includes the rights of individuals, handling requests for personal data, consent, data breaches, and data protection impact assessments under the General Data Protection Regulations.

We raised one priority 2 (Significant) recommendation and one priority 3 (housekeeping) where the control environment could be improved upon. The finding, recommendation and response is detailed below:

Recommendation 1	The Force should continue to address the issues identified in the ICO Controllers Checklist, all of which are currently in some level of implementation.
Finding	The completion of the ICO Controllers Checklist conducted with the Head of Information Governance provided an overall rating of 'green' within a traffic light system based rating and identified no areas that were not yet implemented or planned. There were however 9 areas which were only partially implemented or planned. These included: - • an information audit to map data flows • what personal data you hold • lawful bases for processing • record consent

	• record and manage ongoing consent • process data to protect the vital interests <i>Risk:</i> The organisation is not fully compliant with ICO Guidance.
Response	Accepted – The 9 partially implemented or planned measures from the ICO Controllers Checklist will form part of the Information Management Business Plan for 2021- 22 and progress will be monitored via the Information Management Board. The identified risk will be added & monitored via the JCAD Risk Management system.
Responsibility / Timescale	Information Management Lead 31st March 2022

We raised one priority 3 recommendations of a more housekeeping nature relating to:

Information Asset Register

We continue to support the approach being taken to complete the Information Asset Register and this should look to be completed as soon as is practical and how the National Enabling Programme progresses.

Management accepted the recommendations and confirmed implementation by end of March 2022.

Information Assurance Follow Up

Overall Assurance Opinion	Limited
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Recommendation Priorities		
	Mar 20	Feb 21
Priority 1 (Fundamental)	1	1
Priority 2 (Significant)	1	-
Priority 3 (Housekeeping)	2	-

The audit reviewed risks and objectives relating to the Information Assurance processes within the Force following on from last year's review and considered the progress made in implementing the recommendations.

The audit also considered any major changes in the environment since last year's review.

The audit considered the following risks and objectives: -

- Governance procedures are in place to manage and maintain the frameworks and compliance.
- All frameworks are identified and timetabled to maintain compliance within expected timescales.
- Action plans are in place to address issues in an efficient and timely manner.
- Effective follow up of actions confirms issued closed.
- Key issues are reported to senior force management.

We raised one priority 1 (Fundamental) recommendation the finding, recommendation and response is detailed below:

Recommendation 1	As intended, the organisation must continue to liaise with NPRIMT in relation to the GIRR accreditation process. Now the force has more resource in place to manage the process the force should look in the longer term to return to an annual cycle of compliance rather than an ongoing pattern of late submissions for the variety of frameworks it is required to comply with.
Finding	In terms of current accreditation status: • GIRR: was accepted in March but subsequently lapsed in July 2020 due to its annual schedule. • PSN: lapsed on 25 September 2019 but is likely to be replaced in 2021. • Airwave: lapsed in July 2020. • IT Health Check: last undertaken in March 2020. A new Health Check is currently being scoped for March 2021. Work has been ongoing in liaising with NPRIMT regarding the GIRR accreditation and a new submission was made in November 2020, with the force currently awaiting a response. The force remains in close contact with NPRIMT.

	However, as the force does not currently have accreditation and is operating outside of the expected timetable, the recommendation has been rated as 'Fundamental'. In previous years the PSN re-accreditation process has in part been contingent on provision of the GIRR accreditation, however, PSN is likely to be replaced in 2021 and therefore no longer a high priority. The other Airwave certification is being discussed with NPRIMT. Risk: The Force is not compliant with required standards and associated reputation and sector risk leading to potential fine or revocation of access to key services in the worst case scenario.
Response	Accepted – since the Information Management restructure was completed in September 2019 there have been 2 Information Security & Compliance Team Leaders and recruitment into this new team was only completed in the summer of 2020. Since then there has not been the capacity and appropriate circumstances (due in the main to Covid-19 and agile ways of working) to develop this new team and increase the skills level of each member to ensure the vision of this team can be achieved. All that has been achieved is to meet the day to day tasks. It is hoped that with the upcoming recruitment of the 3rd ISC Team Leader that the team will be able to have a period of stability, receive the required training, improve their knowledge and skills and will be able to fulfil their roles in supporting the Information Security Officer and Information Management Lead in providing the evidence required by NPIRMT to support the accreditation process and to get it back into the required timetable. The identified risk will be added & monitored via the JCAD Risk Management system
Responsibility / Timescale	Information Management Lead 31st July 2021

A4 Statement of Responsibility

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

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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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For Consideration	
Public/Non Public*	Public
Report to:	Joint Audit and Scrutiny Panel
Date of Meeting:	24 February 2021
Report of:	Paddy Tipping Police and Crime Commissioner
Report Author:	Kevin Dennis
E-mail:	Kevin.Dennis@nottinghamshire.pnn.Police.uk
Other Contacts:	Kevin Dennis
Agenda Item:	10

POLICE AND CRIME COMMISSIONER'S UPDATE REPORT TO DECEMBER 2020

1. PURPOSE OF THE REPORT

- 1.1 This paper provides the Police and Crime Panel (Panel) with an update on progress in delivering the Police and Crime Commissioner's (Commissioner) Police and Crime Plan (2018-21), as reported to the Police and Crime Panel on 4 February 2021 in compliance with the Commissioner's statutory duties^a.
- 1.2 The report also provides an interim update on key performance indicators to 31 December 2020 ahead of final publication of the Q3 Performance and Insight Report and the Q3 capital and revenue position, both of which will be presented to the next Panel Meeting in March 2021. A summary of key OPCC and force decisions made over the latest planning period is reported under appendix A.

2. RECOMMENDATIONS

- 2.1 The Panel is invited scrutinise the contents of this report, seek assurance from the Commissioner on any specific areas of concern, request further information where required and make recommendations within the scope of their role^b.
- 2.2 The Police and Crime Panel has a statutory duty^c to provide scrutiny of performance and delivery against the ambitions of the Police and Crime Plan and of the Commissioner in fulfilling his core statutory duties (Section 14 of the Policing Protocol 2011). This update report is designed to assist the Panel in fulfilling these responsibilities.

^a 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

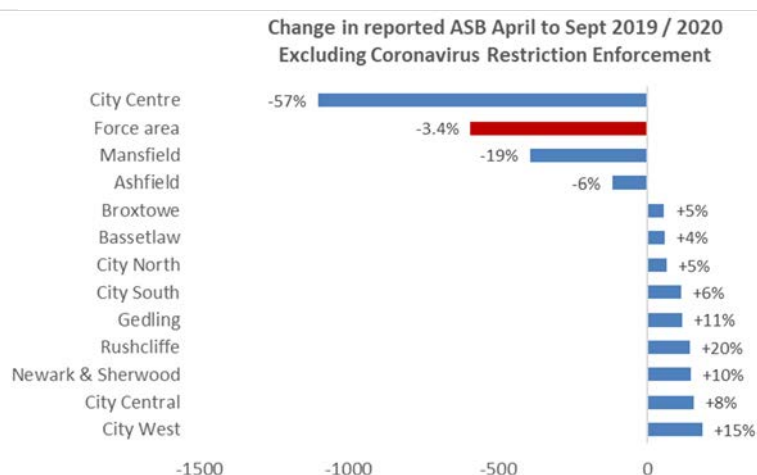
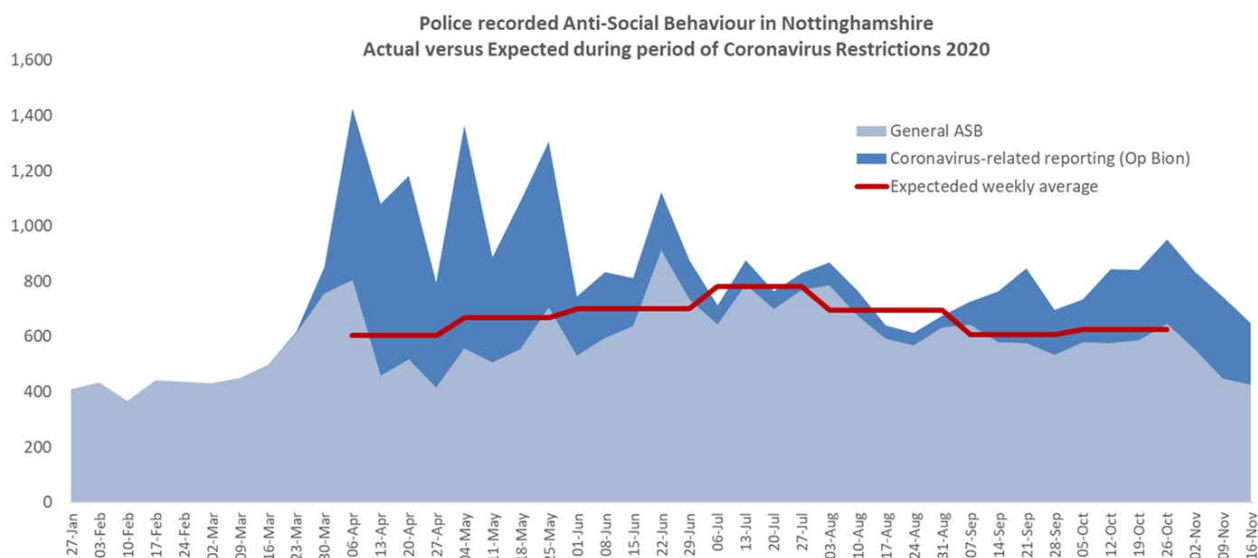
^b [Police and Crime Panels: A Guide to Scrutiny](#), Local Government Association (Updated 2016)

^c Police Reform and Social Responsibility Act 2011

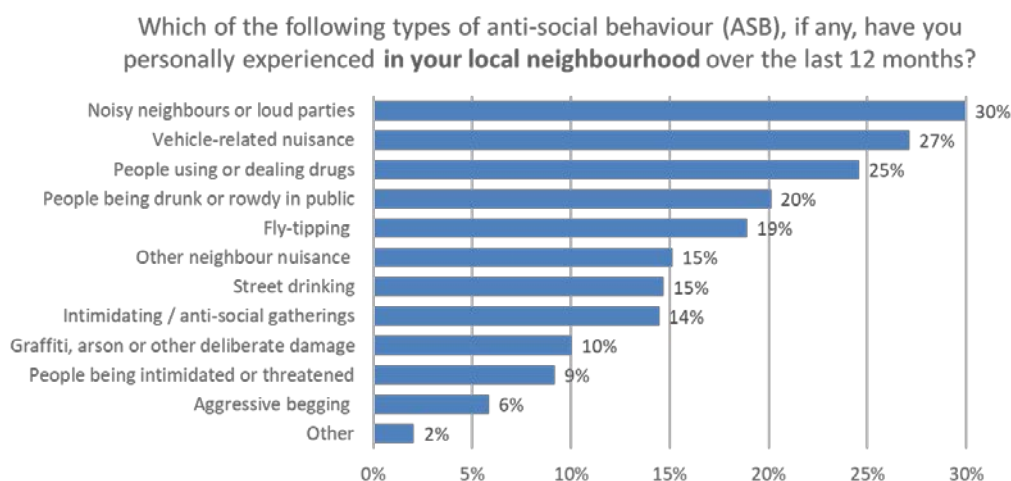
3. POLICE AND CRIME PLAN PERFORMANCE (2018-21)

- 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 as part of the Performance and Insight Paper which is routinely reported to the Panel and published via the Commissioner's website^d. This paper provides an interim update on key performance headlines ahead of the full quarter 3 Performance and Insight report which will be presented to the panel at its March meeting.
- 3.2 **Protecting vulnerable people from harm:** Ongoing improvements in proactivity, training, risk management and partnership working have helped to secure sustained increases in safeguarding referrals over the last year. The work of a dedicated Missing Persons team and the use of new technology to assist in tracing missing people has also helped to secure a 19% reduction in missing person reports and 15% reduction in the number of individual missing people over the last year. Levels of police recorded online crime continue to rise, partly impacted by increases in online activity as a result of the Coronavirus Restriction measures in place.
- 3.3 **Helping and supporting victims:** Force compliance with the Victim's Code of Practice remains strong following the introduction of stringent reviews across adult and child public protection since June 2020 and continued robust screening of rape and serious sexual offence compliance. Levels of police recorded domestic violence fell by 3% in 2020, with the most notable reductions being recorded in Nottingham City Centre (-23%) and Mansfield Town Centre (-10%). The proportion of crimes resolved via community resolution has been falling throughout the year, however plans are underway to reinvigorate the force's approach to out of court disposals.
- 3.4 **Tackling crime and Anti-social Behaviour:** Police recorded crime (-16%), and most notably burglary (-25%), vehicle crime (-24%) and other theft offences (-28%) fell markedly during the 2020 calendar year coinciding with the period of Coronavirus Restrictions. While overall levels of police recorded anti-social behaviour increased by 43% during 2020, this was primarily driven by police enforcement of Coronavirus Restrictions (Op Bion) during the period. The overall volume of traditional anti-social behaviour saw no significant change (-3%) during the period, with reductions in night time economy-related ASB being off-set by more widespread increases in neighbourhood nuisance and noise complaints at a local level.

^d <https://www.nottinghamshire.pcc.police.uk/Public-Information/Performance/>



The Commissioner's quarterly Police and Crime Survey also found 'noisy neighbours' to have become the most prevalent ASB issue experienced by residents since March 2020, surpassing vehicle-related nuisance for the first time.



- Transforming services and delivering quality policing:** Reflecting national trends, calls to the 999 emergency service began to fall for the first time in two years in April 2020, while calls to the 101 service have also continued to decline. Compliance with National Crime Recording Standards (NCRS) increased to the highest level on record during the year (97.2%). Public trust and confidence (+5.7%) in the police has seen a marked improvement over

the last year, largely driven by increases during the post-lockdown period in 2020. The force has been working to implement a fix reporting of resourcing data following transition to the new 'SAFE' Command and Control system^e in January 2020. Final testing is underway on the latest response time data which will be reported to the panel in March as part of the quarter 3 Performance and Insight paper. It should be noted that throughout this period, response times have been reviewed on a live time basis by Force Control Room (FCR) managers and on a daily basis by FCR senior leaders.

3.5 Key areas for consideration as part of the latest insight report include:-

- Understanding and responding to the rising level of reported online crime victimisation, including the risks to vulnerable children and young people during the period of coronavirus restrictions. National increases in online phishing and scam emails relating to Covid-19, Test and Trace and HMRC have been observed over recent months.
- Driving improvements in the use of community resolution and other appropriate out of court disposals as part of changes to the force's framework for delivering these outcomes.
- Monitoring increases in 101 abandoned call rates since January 2020, which have, in part, been affected by the COVID-19 pandemic, staff turnover and the impact of training new starters in call handling. Performance in this area is expected to improve over the coming months in line with increases in organisational capacity.

3.6 The force and OPCC will continue to closely monitor and assess the impact that the Coronavirus Pandemic and changes in restrictions may have on levels of crime, ASB and service demand over the coming months.

^e The SAFE' system replaced the Legacy system in March 2020 which was no longer compliant with Home Office requirements. SAFE provides Command and Control, telephony and Airwave radio interfaces into the control room, with all data transactions, including those from the mobile and web clients, being recorded by the system in real time. This provides the foundation for producing near real-time reports.

4. Case Study: Nottinghamshire Police Drone Team

4.1 The Nottinghamshire Police Drone Team has been involved in 811 deployments, both spontaneous (540) and pre-planned (271) deployments) since the team became operational on 6 January 2020. This equates to over 287 hours flown operationally during the year, with the team having direct involvement in 53 arrests and 12 located missing people.

4.2 Spontaneous demand during this period has included:-

Incident Type	Number	%
Misper / Suicide	182	34%
RTC / Road Related	87	16%
Other	70	13%
Violence	37	7%
Burglary	37	7%
Arrest Attempt	32	6%
Firearms	25	5%
Fire Incident	17	3%
Training	17	3%
Intelligence / Drugs	14	3%
Warrant	9	2%
Ops Planning	4	1%

4.3 Over the next 12 months, the team will be working to improve both quantitative and qualitative operational results by adding an additional drone to the current three. This will enable drones to be on duty more often, with images being live streamed operationally across both the police and Fire and Rescue Service, allowing decision makers to take advantage of the situational awareness a drone can bring. Practical examples of the benefit of drone use over the last 12 months include:-

4.4 Missing People

The Drone Team's main source of demand continues to be that of searching for High Risk Missing People (34%). Evidence from a 10 week Performance Review in January / February 2020 found that where a drone was involved, average missing person search times fell from around 8.8 hours to around 3.7 hours. Even in cases where the drone does not directly locate the missing person, search times can be significantly reduced by enabling ground teams to quickly discount areas from their search and explore other fast track enquiries.

One example involved use of a drone to search a large rural area for a high risk missing person. The Drone Operator made use of their Emergency Service Exemptions to increase their flight range and were able to identify a heat source in the middle of a field around 1,300 meters away within 9 minutes of being airborne. Officers on the ground were directed to the area and the individual was found unconscious and cold having overdosed on insulin. Without the drone, this search would have been significantly prolonged, potentially requiring National Police Air Service (NPAS) and Nottinghamshire Search and Rescue Team resources.

4.5 Improving Evidence at Court

The team has also been instrumental in improving the evidence provided at court in a number of high profile cases where aerial stills and video images enabled the courts to visualise scenes and routes taken by offenders. The team has also been involved in many deployments which have provided fundamental evidence in supporting MDA warrants. Magistrates have, on a number of occasions, provided positive feedback on the quality of intelligence gathered as part of MDA warrant hearings, particularly the thermal drone imagery/videography which is now being provided in most cases and is helping to reduce hearing times.

4.6 Serious Collision Investigation Unit (SCIU) Revisits

The following update was received from SCIU while attending a serious road traffic collision to conduct video and imagery capture and 2D mapping of the collision site: *"...what did surprise me was the video and the 'manual' stills that you took. I could see the video removing the need to do 'scene revisits' with family members because it's so good, and similarly the still photos give a useful perspective on where things are... so they will definitely get used if I end up producing a report"*. Work is underway to explore how drones can be further used to assist SCIU.

4.7 Providing a Safer Option

Drones have been used on numerous occasions to avoid putting officers into a potentially dangerous situations and allowing the drone operator the opportunity to provide further information in advance. For example, in November 2020, the Drone Team responded to reports of firearms offence in which an offender had made off in a vehicle with a firearm having threatened another individual. The drone was able to confirm the presence and location of the vehicle prior to officers entering the site and potentially being put at risk.

4.8 A Tool to Tackle Local Issues

- Op Magna – Tackling fuel thefts along the A1 which not only results in theft, but also damage to farmers crops and property. The Team have taken part in numerous Op Magna deployments which have led to arrests and drawn national media attention.
- Op Nebraska (and others in Bulwell and Broxtowe) – Assisting in disrupting Anti-Social Behaviour and safety issues caused by off road bikes to the local communities. This provides a deterrent in addition to assisting enforcement activity.
- Op Farad – The Team have assisted with many Op Farad deployments in enforcing the Public Space Protection Order (PSPO) in place at Junction 27 of the M1. This helps to tackle ABS caused by car cruising and spectators. On one occasion 10 people were issued with FPN's.

4.9 Improved Situational Awareness in Emergency Planning

The Drone Team were used daily to provide aerial imagery of the river banks of the Trent towards Newark during the UK storms experienced in January – February 2020. The drone team was able to provide real-time updates to help in emergency planning at resilience forums. This allowed decisions to be made on evacuations of homes in villages along the Trent.

4.10 Garden Hopper

On the 18 May 2020 local officers at Broxtowe requested the assistance of the Drone Team when attempting to arrest a wanted male who had been avoiding detection for a number of weeks and was taunting the Police with a social media name change to #catchmeifyoucandenham. Whilst conducting the arrest attempt officers were distracted by a female at the address allowing the suspect to jump out of a window and make a run for it through gardens and over hedges. The Drone Team was able to track his movements from above, passing live information to officers. The suspect finally relented and was subsequently arrested for a number of offences including burglaries. The footage gained national and local media interest, including being featured as a clip on BBC1 in February.

4.11 Drone Legislation and Privacy

Nottinghamshire Police's drone use is governed by:-

- Regulation of Investigatory Powers Act (RIPA)
- CCTV Code of Practice - ICO provide guidance on CCTV privacy issues, and suggests ways to mitigate the perception of covert working including

clear identification of vehicles, Hi Viz tabards for our operators with drone wording, and clear signage within the area of flight operations.

- Surveillance Camera Commissioners Code of Practice, which includes a Privacy Impact Assessment – showing how we comply with the DPA.
- Freedom of Information Requests
- Audits - Random audits are also conducted within, with the process built into our case management system. This process reviews everything from the incident log, flight record, flight log, flight checklist / Pre-Deployment and On-Site Survey, along with reviewing any footage uploaded. This aims to pick up any issues and identify any team learning.

4.12 The rules governing the flight of privately operated drones changed in the UK on 31 December 2020, removing the distinction between use for Commercial and Recreational purposes in favour of a system based predominantly on weight, safety features and the risk of the activity. Consequently smaller drones (weighing under 250g) can now be flown in congested areas and close to people without technically breaching air safety legislation.

4.13 Use of drones in this way, however, may breach other laws including Public Order, Protection from Harassment, and Public Nuisance, and be dealt with by enforcement agencies in a manner similar to other crimes. Investigation can, however, be problematic on account of the distances by which a drone can be operated from and the short periods of time in which drones are usually flown (average flight time of 20-25 minutes).

4.14 Every person operating a camera-enabled drone weighing in excess of 250g should now be completing the DMARES (Drone & Model Aircraft Registration and Education Scheme). The scheme outlines relevant regulations and includes a 20 question test, including questions relating to privacy and recording footage of people. The government's Air Traffic Management and Unmanned Aircraft Bill will give Police powers to deal with breaches of this requirement. The DMARES scheme will act similar to vehicle registrations, with it being linked back to an operator or an organisation. This also requires ID to be displayed visibly on the drone.

4.15 Nottinghamshire Police are not aware of any privacy-related prosecutions to date relating to the use of drones. Most calls received from the public are of general concerns about drone use. These rarely result in an officer being deployed as reports are usually historic in nature. Where drone users have been identified as causing general non-crime-related concerns, these cases have primarily resulted in education, and intelligence gathering.

5. Activities of the Commissioner

- 5.1 The Commissioner is represented at key thematic, partnership and force performance boards to obtain assurance that the police and partners are aware of the current performance threats and taking appropriate action to address emerging issues and challenges. This is reported to the Commissioner who holds the Chief Constable to account on a weekly basis.
- 5.2 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. The Commissioner seeks regular assurance that the Chief Constable has identified the key threats to performance and taken swift remedial action as appropriate. Key activities are reported on the Commissioner's website.^f
- 5.3 The Commissioner's partnership and community engagement schedule has been significantly affected by the impact of Covid-19 lockdown restrictions since 23 March 2020, however the OPCC has sought to maintain business continuity wherever possible during this exceptional period by adapting to new ways of working. The commissioner continues to engage with partner agencies and communities in accordance with Coronavirus Restrictions and social distancing guidelines. This has included a community walkabout in Stanton Hill (5 November), activity to promote and support National Respect for shop workers week (19 November) and support for local foodbanks (Arnold, 9 December) and hot meal distribution (Sai Dham Temple, 23 November). Formal partnership engagements have included the Safer Nottinghamshire Board (22 December).
- 5.4 Nottinghamshire's Deputy PCC also continues to undertake a diverse range of community engagement activities which have included attendance at the African Women Empowerment Forum (11 November) and a visit to the Kirkby-in-Ashfield neighbourhood Hub (18 December). Formal partnership engagements have included the East Midlands Criminal Justice Board (22 December).

SAFER STREETS PROJECT

- 5.5 In July 2020, the Police and Crime Commissioner was successful in securing £550k Home Office Safer Streets funding to reduce residential burglary and other acquisitive crimes in the Chatham and Northgate areas of Newark.

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

- 5.6 A Project Board has been established to oversee delivery against the following objectives and interventions:-

T1. Community Engagement to Build Capacity and Resilience	T2. Target Hardening to Prevent and Deter Crime	T3. Hot spots targeted by Police to reduce specified crimes	T4. Environmental Cleansing to make LSOAs look and feel better
- Community Hub - Neighbourhood Capacity Building - Parking Permit Scheme	- Bicycle Property Marking & Security - Street Lighting - Target Harden Chatham Court - Target Hardening General	- ANPR - Enforcement Activity - Re-deployable 4G CCTV	Environmental Improvements

- 5.7 It is anticipated that the activities incorporated within the Newark Safer Streets project will continue via mainstream resources once the dedicated funding ceases on 31 March 2021. A sustainability plan will be in place until 31 March 2023. Outcomes from the Safer Streets project will be reported to the panel in due course as part of an upcoming case study.

POLICE AND CRIME COMMISSIONER REVIEW

- 5.8 On 22 July 2020, the Home Secretary announced a review of the role of Police and Crime Commissioners in line with the government's manifesto commitment to sharpen and expand the role and further improve public accountability. Measures to be considered include: raising the profile of the PCC model to help the public access information about their PCC; ensuring PCCs have sufficient resilience in the event that they cannot undertake their role, considering how to improve the current scrutiny model for PCCs and better share best practice and; the effectiveness of the current PCC and Chief Constable oversight dynamic.
- 5.9 The review will be held in two parts with the first being undertaken during summer 2020 and reporting in the autumn. This will be used to inform the Government's priorities for pre-May 2021 PCC model reform. The second stage of the review will be undertaken following PCC elections in May 2021 and will focus on longer-term reform, including the role PCCs play in tackling re-offending. Further plans to increase the number of mayors with responsibility for policing will be detailed in the Local Recovery and Devolution White Paper, which was due to be published in the autumn 2020, but has been delayed on account of the COVID-19 pandemic.

OPERATION REACHER UPDATE

5.10 Operation Reacher Teams have been active in all 12 Nottinghamshire policing neighbourhoods since 5 October 2020 following successful pilots in Bestwood (2019), City North and Gedling (January 2020). During the 2020 calendar year, the combined Reacher Teams helped to secure 731 arrests, 405 drug seizures, 124 offensive weapon seizures, the recovery of around £409,000 in criminal cash and the seizure of 344 vehicles. The teams also issued 388 traffic warrants and generated and submitted around 770 pieces of intelligence to assist further enforcement and safeguarding. A breakdown of outcomes by local authority is shown below.

Operation Reacher Outcomes by Policing Neighbourhood – January to December 2020

	Arrests and VA	Magistrates warrants	Traffic offences	PACE Searches	Stop and searches	Weapons seizures	Drug seizures	Cash Seized	Vehicles seized	Intel generated
Ashfield	58	21	46	12	222	11	30	£3.8k	36	90
Bassetlaw	76	12	93	22	211	4	25	£9.0k	97	65
Broxtowe	25	15	4	11	18	5	11	£9.7k	7	58
Gedling	141	38	90	59	223	34	100	£254k	58	179
Mansfield	90	19	20	11	252	13	36	£0.0k	23	39
Newark & Sher.	26	8	15	8	80	7	15	£6.7k	12	53
Nottingham	290	59	105	83	619	46	182	£117k	105	260
Rushcliffe	25	13	15	12	8	4	6	£9.0k	6	27
Force wide	731	185	388	218	1,633	124	405	£409k	344	771

6. Decisions

6.1 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.⁹

⁹ <http://www.nottinghamshire.pcc.police.uk/Public-Information/Decisions/Decisions.aspx>

- 6.2 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 C**.

7. Financial Implications and Budget Provision

- 7.1 The Commissioner's Strategic Resources and Performance meetings (SSRP) provide a formal mechanism for holding the Chief Constable to account. At this meeting the Chief Constable submits a number of financial reports for scrutiny.
- 7.2 The current projected outturn as at the 31st of December 2020, Q3, is £217.648m against an original budget of £216.519 million. This is a 1.1 million over-spend. A slight overspend has been projected throughout the year, so this represents a material change. The main cause of this is the impact of the exit of the Vehicles PFI deal as this service has now been brought back in-house. This change has added around £1.8m worth of expenditure to the outturn since the last update. If this was removed, the position would have moved from a slight overspend position to an underspend position.
- 7.3 The main reason for this reduction has been the considerable savings on employee costs seen as a result of higher than anticipated staff post vacancies and an underspend on officer pay following an increase in retirees and an adjustment to the start date of Initial Police Learning and Development Programme (IPLDP) officers. Staff side vacancies have generated a reduction in spend of around £1/2m during the year. Covid19-related grants received from Central Government have fully covered additional expenditure and have been a little more generous than expected in previous outturn assumptions.
- 7.4 A full report of the quarter 3 outturn will be presented at the next meeting.

8. Human Resources Implications

- 8.1 None - this is an information report.

9. Equality Implications

- 9.1 None

10. Risk Management

10.1 Risks to performance are identified in the main body of the report together with information on how risks are being mitigated.

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

11.1 This report provides Members with an update on performance in respect of the Police and Crime Plan.

12. Changes in Legislation or other Legal Considerations

12.1 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^h.

13. Details of outcome of consultation

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

14. Appendices

A. Forward Plan of Key Decisions for the OPCC and the Force to December 2020

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

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

For any enquiries about this report please contact:

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Tel: 0115 8445998

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

Decisions of Significant Public Interest: Forward Plan

January 2021

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

2.0 Contracts (above £250k)						
Ref	Date	Subject	Summary of Decision	Cost (£) <i>Where available</i>	Contact Officer	Report of OPCC / Force
2.1	October 2020	SVA Hub	Contract signature	>£250K	Mark Kimberley	OPCC
2.2	February 2021	Energy Suppliers	Procurement Award	>£250K	Mark Kimberley	Force
2.3	TBC	Pension Contract	Procurement Award	>£250K	Mark Kimberley	Force
2.4	TBC	Mansfield Custody Suite Improvements	Procurement Award	>£250K	Mark Kimberley	Force
2.5	TBC	SARC New Build	Procurement Award	>£250K	Mark Kimberley	Force
2.6	TBC	Condition Survey Phase 4	Procurement Award	>£250K	Mark Kimberley	Force
2.7	TBC	Car Park Extensions and Improvements	Procurement Award	>£250K	Mark Kimberley	Force
2.8	January 2021	Cleaning Contract	Procurement Award	>£250K	Mark Kimberley	Force

3.0 Estates, ICT and Asset Strategic Planning						
Ref	Date	Subject	Summary of Decision	Cost (£) <i>Where available</i>	Contact Officer	Report of OPCC / Force
3.1	January/ February 2021	Sale of Bridewell Custody Suite	To agree terms for the sale and temporary leaseback of the Bridewell.	TBC	Tim Wendels, Estates and Facilities	Force
3.2	TBC	Lease of Phoenix House, Mansfield	Lease renewal.	TBC	Tim Wendels, Estates and Facilities	Force
3.3	TBC	Review of the future of Newark Police Station	The PCC will be asked to consider the future of Newark Police Station and the possible replacement with a more suitably sized alternative Station.	TBC	Tim Wendels, Estates and Facilities	Force
3.4	TBC	Lease of part of lower car park at Burntstump Country Park	Lease of car park to become Visitors' car park for the Joint Police/Fire HQ.	TBC	Tim Wendels, Estates and Facilities	Force
3.5	TBC	Review of the future of Newark Police Station	The PCC will be asked to consider the future of Newark Police Station and the possible replacement with a more suitably sized alternative Station.	TBC	Tim Wendels, Estates and Facilities	Force
3.6	December	Replacement body-worn video cameras	October 2020: This project is complete and devices have been issued. Project complete and closed.	Excess of £900k	Julie Mansfield	Force
3.7	June	Refresh of the MFD	The procurement for MFDs has been	Hardware £150k	Chief	Force



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		Estate	completed and the final contract details are being drafted. This audit resulted in a reduction in fleet and the procurement has identified significant savings to the Force. Final sites are being installed and the project will close and transition to BAU in February.	support and maintenance contract £119,791.00 for 3 years or £183,651.00 for 5 years	Superintendent Ian Roberts	
3.8	June – 18 months	National Enabling Programmes	National Enabling Programmes. Continued hardware refresh of the end user computers will form part of this project. Hardware refresh continues and the work to complete the 250 business pilot is well underway with a full force roll out starting in spring.	-	Chief Superintendent Ian Roberts	Force
3.9	Ongoing	DEMS	In accordance with the force procurement approach, and to ensure full compliance with relevant legislation, the project team, supported by EMSCU, have chosen to utilise the Value Added Reseller (VAR) framework as the most advantageous procurement route throughout the life of the project. As a result NICE have been invited to complete a Request For Quote (RFQ). This has been marked by the team (21/10/2020), with a number of clarifications being requested prior to potentially moving towards a Tender Award. Currently waiting for contract to be finalised and signed.		Chief Superintendent Ian Roberts	Force

4.0 Workforce Plan and Recruitment Strategies

Ref	Date	Subject	Summary of Decision	Cost (£) <i>Where available</i>	Contact Officer	Report of OPCC / Force
4.1	On going	Operation Uplift	Potential additional costs. Work is being undertaken at pace to both secure the relevant services and clarify costs required, especially in consideration of COVID-19 challenges, which has required large parts of the training and assessments to be performed virtually.		Claire Salter	Force

5.0 Strategic Issues including Finance

Ref	Date	Subject	Summary of Decision	Cost (£) <i>Where available</i>	Contact Officer	Report of OPCC / Force
5.1	Each Meeting	Routine monthly monitoring reports in respect of capital and Revenue expenditure'	Approval of viraments and additional budget		Mark Kimberley	Force
5.2	February 2021	Setting a precept and approving the annual capital and revenue budgets and supporting financial strategies	Band D precept amount set		Charlie Radford	OPCC

6.0 Other OPCC Commissioning						
Ref	Date	Subject	Summary of Decision	Cost (£) <i>Where available</i>	Contact Officer	Report of OPCC / Force
6.1	December 2020	Domestic abuse schools based prevention and professional development	To award the contract, following a City Council led compliant procurement process, to deliver a city based domestic abuse prevention and workforce development service.	Up to £967,500 (over up to 9 years)	Nicola Wade	OPCC
6.2	January/February 2021	Domestic Abuse perpetrator work	To make various direct awards to deliver a safe domestic abuse perpetrator programme.	Up to £172,307	Nicola Wade	OPCC
6.3	February/March 2021	Domestic Abuse perpetrator work	To commission an independent evaluation of the domestic abuse perpetrator programme.	£35k	Nicola Wade	OPCC
6.4	March 2021	Community Safety Fund	To award various small grants following an open application process.	To be confirmed	Nicola Wade	OPCC
6.5	March 2021	Community Safety Partnerships	To award grants to the Safer Nottinghamshire Board and Crime and Drugs Partnership.	To be confirmed	Nicola Wade	OPCC
6.6	March 2021	Specialist Mental Health Nurse	To award a contract to collocate a mental health nurse into the sexual violence support hub.	£60k	Nicola Wade	OPCC
6.7	February – August 2021	Victim CARE and restorative justice	To conduct soft market testing on restorative justice and review and recommission Nottinghamshire Victim CARE service, including website	To be confirmed	Nicola Wade	OPCC



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6.8	March 2021	Independent Sexual Violence Adviser	To consider contract extension for ISVA and CHISVA services	Up to £500k	Nicola Wade	OPCC
6.9	April – June 2021	Non domestic stalking support	To review and consider recommissioning support for victims of non domestic stalking	To be confirmed	Nicola Wade	OPCC
6.10	Feb / March 2021	Trauma Informed e-learning	To award, via an open tender process, a contract for the development of trauma informed e-learning for partners in the statutory and third sectors Countywide.	£60k	Natalie Baker Swift	Violence Reduction Unit (OPCC)
6.11	March 2021	Targeted Youth Outreach	To commission Nottingham Forest Community Trust in partnership with Breaking Barriers Building Bridges to deliver targeted youth outreach in Nottingham City Centre.	£60k	Natalie Baker Swift	Violence Reduction Unit (OPCC)
6.12	By Oct 2021	Youth Violence Interventions in Custody and A&E	To award via an open tender process contracts for the delivery of youth violence interventions in Custody and A&E	TBC	Natalie Baker Swift	Violence Reduction Unit (OPCC)

For Information and Decision	
Public/Non Public*	Public
Report to:	Audit and Scrutiny Panel – for information
Date of Meeting:	24 February 2021
Report of:	The Chief Finance Officer
Other Contacts:	Head of Finance
Agenda Item:	11

Precept and Budget Reports 2021-22

1. Purpose of the Report

- 1.1 Members are aware that the Police & Crime Panel have considered these reports and agreed to the proposed precept increase for 2021-22.
- 1.2 These reports are provided to Members of the Audit & Scrutiny Panel for reference and information.

2. Recommendations

- 2.1 Members are requested to note the reports provided.

3. Reasons for Recommendations

- 3.1 Statutory requirement and good financial governance.

4. Summary of Key Points

- 4.1 In providing the provisional settlement for Policing the Minister has assumed that Police & Crime Commissioners will take advantage of the temporary relaxation in the referendum principles in respect of setting a precept.
- 4.2 The continued precept freedoms allow a balanced budget to be set with all increases for inflation and pay awards being met. Additional Police Grant has been received for the Uplift in Police Officer numbers required.
- 4.3 The Minister also requires further efficiencies to be met in 2021-22 and these have been set nationally at £120m. These have been accounted for in the grant settlement and savings due from the work of the Blue Light Company.
- 4.4 The other reports provided for information are:
 - Revenue Budget Report 2021-22
 - Capital Programme 2021.26
 - Financial Strategy
 - Capital Strategy

- Treasury Management Strategy
- Reserves Strategy

- 4.5 The Financial Strategy provides the latest prediction for balancing the budget over the next five years.
- 4.6 The Reserves Strategy shows that the increase in reserves recently will be utilised to meet significant capital expenditure plans over the medium term.
- 4.7 The Revenue budget is a balanced budget report. This report provides additional police officers to communities across the City and County.
- 4.8 The Capital Programme provides detail on proposals for 2021-22, with specific plans relating to buildings and ensuring they are fit for purpose. An indicative capital programme to 2022-26 is also provided. But the schemes are subject to full business cases being approved.
- 4.9 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. This continues to be developed and we hope to bring a finalised product in the Summer 2021.
- 4.10 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.
- 8.2 One of the biggest risks will be the reintroduction of pay awards in future years. Without grant to support the additional cost there will be a cliff edge in financing 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

Report for Decision:

- Precept report 2021-22

Reports for Information:

- Revenue Budget Report 2021-22
- Capital Programme 2021-26
- Financial Strategy
- Capital Strategy
- Treasury Management Strategy
- Reserves Strategy



Nottinghamshire

POLICE & CRIME COMMISSIONER

Precept 2021-22

January 2020

The Police & Crime Commissioner's

Precept 2021-22

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 £703m in the form of grant for the uplift in police officer numbers and increased council tax freedoms.
- Core Police Grant will increase to reflect the number of officers recruited for Uplift.
- Precept freedoms allow for a £15 increase on Band D properties, raising £288m nationally if all Commissioners take this up.
- Counter Terrorism will see an increase with a total of £914m set aside for this service.
- Funding of the Uplift of 6,000 officers by March 2022 will continue to be provided through core grant and specific grant based on performance.
- Continued support to cover the increase in pension costs.
- Continued support for National programmes such as ESN and NLEDs.
- £120m efficiency savings across the sector, with £20m from Blue Light Commercial.

Introduction

In light of the assumptions and opportunity made available by the Minister the Nottinghamshire Police & Crime Commissioner is proposing a precept increase of £14.94 for the 2021-22 financial year.

This increase in the precept supports the budget report and Commissioners commitment to increase in police officer numbers in our neighbourhoods. There continues to be a focus on reducing Hate Crime, Knife Crime and the 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 provided funding specifically, to pilot electric police vehicles within the force. We now have 2 electric cars within the City (where use and infrastructure are better suited) and are in the process of expanding the use of electric bikes. 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 2021-22.

Government Assumptions

In November the spending review announcement provided more detail than usual as to what could be expected in the December settlement. It was announced that there would be further precept freedoms of up to £15 on a Band D property. The Government intention for this was to prevent reverse civilianisation. This was a possibility that had increased in risk, if there was a need to recruit the 20,000 without support for pay awards and inflation for existing officers and staff.

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. 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 (Specific Grant). The planned recruitment has been re-phased over the last two years of this plan, with 25% of the officers planned and the grant funding for 2021-22 being pushed back to 2022-23.

Secondly, the £15 precept freedom indicated is for one year ahead of the next (delayed again) 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.

The additional Treasury Grant for the remainder of the pensions funding gap continues for 2021-22; as does the Home Office additional grant for Pensions.

Future outlook

We are in unprecedented times all of which have a major impact on the Government funding available for the public sector. It is reassuring to hear that Policing remains priority, but this is alongside the NHS, the cost and repayment in relation to COVID and the cost of BREXIT.

The Government remains committed to being able to balance the budget and reduce borrowing. But the increased borrowing for COVID against an economy that is struggling and where redundancies in September 2020 reached a record high means that the repayment period for borrowing is likely to be long term.

In recent years the Home Office has relied on Police and Crime Commissioners to take advantage of Council Tax freedoms and set above inflation increases to cover some of the inflationary costs no longer provided for within the Policing Grant. However, the impact of COVID has been significant on Council Tax collection funds.

Firstly, there is the impact of non-collection. There has been a significant reduction on the amount collected and this has been compounded by the courts being closed. There is now a significant deficit on collection estimated for 2020-21 and the Government is allowing for this to be re-imbursed to Precepting Authorities, such as the Police, over a 3 year period. This compares with estimated surpluses on collection previously assumed. The Spending review announcement has provided funding for 75% of the deficit with the remaining 25% to be split over the next 3 years.

A further impact on the Council Tax will be the calculation of the tax base going forward. This time last year we were assuming a tax base increase in future years of over 1% year on year. However, this is unlikely as there are now more people unemployed and receiving benefits; there have been less new builds than planned in this financial year and the economy will see this picture continue into the medium term; and the Billing Authorities will be assuming lower collection rates based upon this year and the possibility of further COVID peaks.

The Government is also keen to ensure that it reaches its target of an additional 20,000 Police Officers by 2023. But if this comes without support for funding of pay awards, inflation, pension increases and adequate funding for the major ICT programmes such as ESN; then all that happens is that officers end up in non-policing roles – a perverse structure and a costly one.

During the medium term there will be revaluations of the Police Pension Scheme and the LGPS Scheme. It is envisaged that both will have further impacts on the employers rate and therefore the funding available. This will be on top of the cost of the McCloud case being implemented.

A further impact is the cost of the national ICT programmes such as ESN and NLEDs. These programmes are over budget and delayed significantly. The result is that the Home Office want to transfer the additional costs of their delay onto Forces to pick up; particularly costs of retaining older systems for longer.

Supporting Reports

The Budget Report and the Medium Term Financial Strategy Report on today's agenda details further the plans for 2021-22 and beyond.

The detailed budget for 2021-22, 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 2021-22 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.
- **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 2021-22 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 £14.94 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 £15 increase on the precept for all Police & Crime Commissioners. The proposed increase of £14.94 is in line with this years change (further detail is provided in **Section 6**).

1. COUNCIL TAX BASE

For 2021-22 the Billing Authorities continue with the local Council Tax Support Schemes introduced in 2013-14. The impact of COVID has affected current collection rates by significantly reducing them and is a factor in the setting of the tax base for the next year. In addition to this the Billing Authorities have considered the unemployment and benefits demographics and the likelihood of further non-collection when setting the tax base for 2021-22.

The Billing Authorities have therefore estimated a slight increase compared to previously higher estimates on the tax base. The actual tax base has increased by 0.25% overall, this is less than last year's increase of 1.11%.

Tax base	Band D Properties 2020-21 No	Band D Properties 2021-22 No	Change %
Ashfield	33,695.30	33,731.70	0.11
Bassetlaw	35,373.06	35,771.49	1.13
Broxtowe	34,039.14	34,217.46	0.52
Gedling	37,387.44	37,389.96	0.01
Mansfield	29,407.70	29,512.20	0.36
Newark & Sherwood	39,229.76	40,002.05	1.97
Nottingham City	67,360.00	66,396.00	(1.43)
Rushcliffe	43,987.70	44,259.60	0.62
Total	320,480.10	321,280.46	0.25

2. COLLECTION FUND POSITION

Each billing authority uses a Collection Fund to manage the collection of the Council Tax. This year significant deficits will be declared and this will be 75% Government funded and will be collected over the following 3 years. For 2021-22 the overall surplus totals £0.123m after the spreading adjustment. A breakdown is provided in the table below:

Surplus/(deficit)	Collection Fund	
	2020-21 £	2021-22 £
Ashfield	(47,000)	(63,442)
Bassetlaw	55,342	(36,526)
Broxtowe	75,869	(51,430)
Gedling	Nil	(58,076)
Mansfield	103,363	135,000.64
Newark & Sherwood	Nil	380,521.00
Nottingham City	176,866	(122,285)
Rushcliffe	(103,300)	(49,231)
Total	261,140	134,531.64

The deficits declared above will form part of the core funding available. The Local Council Tax Income Guarantee (75% deficit) will be treated as specific grant and included in the Net Revenue Expenditure figure.

3. GRANTS

The main Police Grant has remained the same for several years and has recently been increased by the funding for Uplift Officers recruited. The £120m efficiency target has also been netted in the core grant, thereby alleviating pressure to deliver this during the year. The total core grant now stands at £145.0m.

Council Tax Legacy Grant is received by Commissioners for each Policing area. There is no change in the Legacy Grant for 2021-22 at £9.7m. This grant will be considered as part of the Funding Formula Review.

As part of the Uplift programme for 20,000 additional officers nationally, it is anticipated that a core element of this grant will transfer into the main Police Grant. This is included in the £145.0m above.

Together the main Police Grant (including any transferred Uplift Grant) and the Legacy Grant form the core funding for Nottinghamshire Policing.

In addition to Core funding there are specific grants which fund specific elements of expenditure. The main ones of these include initial Uplift Grant, Uplift Performance Grant and Pension Grants. These are netted against Police expenditure.

The Commissioner also receives specific funding from the Ministry of Justice which is netted against expenditure for Victims. This funding has many facets and covers areas such as Domestic Violence, Rape Support, COVID support, ISVA funding and Sexual Violence funding.

Pension Grant (specific grant) for the impact of the McCloud case and last revaluation will continue to be funded at existing levels.

The Government has also provided grants to support Council Taxbase reductions in estimates. This has been done through Council Tax Support Grant to be paid to all precepting authorities as a s31 Grant. The current estimate for the Commissioner is that he will receive £1.5m for this. In addition to this there will be support for 75% of the deficit on the collection fund for this year. The net surplus on collection will be transferred to reserves to meet the 25% unfunded deficit spread to the following two years. Both grants have been factored into the calculations.

All major grants are summarised in **Appendix A**.

4. CONSULTATION

The Nottinghamshire Police and Crime Commissioner (PCC) has a statutory duty under the Police Reform and 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, the PCC's Police and Crime Survey obtained a robust and representative sample of views from 4,073 residents across Nottinghamshire over four quarterly waves of fieldwork in 2020. The sampling scheme for the survey provided good geographical coverage and responses that were representative by age, gender, ethnicity and deprivation. The PCC also commissioned a series of four virtual focus groups across to obtain further qualitative insight into resident's views on policing priorities and the precept for 2021-22. The focus groups engaged a total of 31 participants across the four Community Safety Partnership areas of Nottingham City, South Nottinghamshire, Bassetlaw, Newark and Sherwood and Mansfield and Ashfield.

The Police and Crime Survey found no statistically significant difference between the proportion of residents that support an increase in the precept for policing (37.4%) and the proportion that do not (37.3%) in 2020. Excluding those that did not know, support for an increase in the precept for policing remains strongest in the South Nottinghamshire community safety partnership area (55.7%) and in particular, the Rushcliffe (61.1%) and Broxtowe (53.8%) local authority areas. Support for an increase remains lowest in the Mansfield and Ashfield CSP area (47.0%) and the local authorities of Ashfield (45.0%) and Bassetlaw (46.4%).

Around a quarter (25.2%) of all respondents said that they 'did not know' or 'need more information' in order to determine whether they support a rise in the precept or not. This proportion has increased from 23.4% over the last year, continuing the upward trend seen since 2017-18 (18.7%). Focus groups held in January 2021 enabled more detailed qualitative engagement with a diverse range of residents which includes an overview of the force's financial position. The vast majority of participants supported a £15 increase in the precept for policing, particularly in increasing front line policing. All focus groups, however, also shared concerns regarding the financial impact that the pandemic has had on some individuals and communities.

All groups also highlighted the importance of evidencing the impact of any increase in the precept in terms of additional services or improved performance. Some felt that a failure to do this could potentially be damaging to the current positive perception of Nottinghamshire Police that most participants had.

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 2021-22 the principles state that, for Police & Crime Commissioners, an increase of more than £15 in the basic amount of council tax between 2020-21 and 2021-22 is excessive.

For 2021-22 the relevant basic amount is calculated as follows:

Formula:

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

Nottinghamshire 2021-22 estimated calculation:

$\frac{\pounds 78,475,965.16}{321,280.46}$	= £244.26 (£14.94)
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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 2021-22 result in a Police and Crime Precept on the Council Tax of £244.26 for a Band D property, representing an increase of £14.94.

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:

	2020-21	2021-22	Increase/ Decrease
	Budget	Budget	
	£m	£m	£m
Budget*	219.6	233.2	13.6 (+)
External Income*	146.1 (-)	154.7 (-)	8.6 (-)
Collection Surplus/deficit	0.3 (-)	0.1 (-)	0.2 (+)
Reserves	0.3 (+)	0.1 (+)	0.2 (-)
Precept	73.5 (-)	78.5 (-)	5.0 (-)

* Revised to reflect advice on the treatment of performance and pension grants.

	320,480	321,280	800
Council Tax Band D	£229.32	£244.26	£14.94
Council Tax Band A	£152.88	£162.84	£9.96

The overall Police & Crime Precept to be collected on behalf of the Police & Crime Commissioner for 2021-22 is:

	£m
Budgeted Expenditure	233.2 (+)
Less income from:	
Police & Crime Grant	145.0 (-)
Legacy Grant	9.7 (-)
Collection Fund surplus/deficit	0.1 (-)
Net contribution to/from Balances	0.1 (+)
Police & Crime Precept on the Council Tax	<u>78.5 (-)</u>

Appendix A compares the Government Grant between 2020-21 and 2021-22.

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	2020-21 £	2021-22 £
A	152.88	162.84
B	178.36	189.98
C	203.84	217.12
D	229.32	244.26
E	280.28	298.54
F	331.24	352.82
G	382.20	407.10
H	458.64	488.52

Amounts to be raised from Council Tax in each billing authority area 2021-22:

	Precept amount to be collected £	Collection Fund Surplus/(Deficit) £	Total amount due £
Ashfield	8,239,305.04	(63,442.00)	8,175,863.04
Bassetlaw	8,737,544.15	(36,526.00)	8,701,018.15
Broxtowe	8,357,956.78	(51,430.00)	8,306,526.78
Gedling	9,132,871.63	(58,076.00)	9,074,795.63
Mansfield	7,208,649.97	135,000.64	7,343,650.61
Newark & Sherwood	9,770,900.73	380,521.00	10,151,421.73
Nottingham City	16,217,886.96	(122,282.00)	16,095,601.96
Rushcliffe	10,810,849.90	(49,231.00)	10,761,618.90
Total	78,475,965.16	134,531.64	78,610,496.80

Collection Dates

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

	£
<u>2021</u>	
19 April	7,861,050.00
27 May	7,861,050.00
02 July	7,861,050.00
05 August	7,861,050.00
10 September	7,861,050.00
15 October	7,861,050.00
19 November	7,861,050.00
<u>2022</u>	
05 January	7,861,050.00
03 February	7,861,050.00
10 March	7,861,046.80
	<u>78,610,496.80</u>

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.

Information provided in the Spending Review and Settlement announcement have been fully factored in to these estimates.

The replenishment of reserves has progressed and should be available to finance the new building on the Joint HQ site.

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 £14.94 band D increase in Council Tax for 2021-22.

Year on year comparison of settlement grants
Nottinghamshire

Grant	2020-21 £	2021-22 £
Police Core grant (HO)	78,514,341	90,477,050
Ex-DCLG Funding Formula	48,387,121	54,519,823
Sub-total core grant	136,398,960	144,996,873
Legacy Grant	9,726,194	9,726,194
Total Core Funding	146,125,154	154,723,194
Council Tax Support Grant		1,500,000
Local Council Tax Income Guarantee*		543,398
Pensions Grant	2,028,216	2,028,216
Specific Grant *	2,999,210	1,783,000
Total Key Government Funding	151,152,580	160,577,808

*Latest estimate

In addition to the above Nottinghamshire receives Capital Grant. For 2021-22 this has remained at £200,000.



Nottinghamshire

POLICE & CRIME COMMISSIONER

Budget 2021-22



NOTTINGHAMSHIRE
POLICE
PROUD TO SERVE

January 2021

After a significant period of challenging settlements and difficult to deliver annual budgets the budget for 2021-22 looks more promising from the recent settlement and enables the Force to look forward more positively in terms of investing in front line officers, staffing, estates and technology.

Over the past few years the medium term plan forecasting continues to prove insightful for decision making and enabling effective and value for money decisions to be made to provide the best value to the tax payer of Nottinghamshire. It also allows Nottinghamshire Police to be financially sustainable as we look and plan for the future.

In 2019 the government announced a commitment to achieve an uplift of 20,000 police officers over the period to 2022-23. Following the spending review in Nov-20 this is now looking to be by 2023-24. However, Nottinghamshire are well placed in achieving this and ahead of schedule to provide more front line officers in the areas that need it most which is fully supported by both the PCC and Chief Constable.

This accelerated recruitment of officers in advance of the Government's target has allowed the Force to maximise performance grant payments and invest in to achieve a more agile workforce. This has then played a significant part in helping to manage the impact of the pandemic, ensuring we can deploy officers and staff in a more dynamic way resulting in the service being less affected by Covid-19 related absences than it otherwise would have been.

During 2020-21 the PCC continued to fund safe and effective victim support services. He further developed sexual violence support during the year, with specific action including:

- work with clinical commissioning groups and the City and County Councils to secure sustainable funding of nearly £1m pa for sexual violence therapeutic support services;
- work with survivors to co-produce the therapeutic support service;
- co-commissioning a new sexual violence hub and therapy service with Bassetlaw Clinical Commissioning Group, Nottingham and Nottinghamshire Clinical Commissioning Group, Nottingham City Council and Nottinghamshire County Council. The new service began operating on 2 January 2021.

The Covid pandemic and the measures taken to slow its spread have presented a variety of complex challenges for all victim support services, particularly domestic abuse. Whilst lockdown and other restrictions have been necessary, they are widely considered to have exacerbated and escalated the risk of domestic abuse in some situations. The PCC's Independent Sexual Violence Adviser services have faced increased demand from survivors whose court cases are being substantially delayed.

The OPCC has worked closely with local authorities to ensure that all PCC commissioned victim support services responded quickly and well to the Covid pandemic. Support services (with the exception of sexual assault referral centres) were swiftly adapted to telephone and online support. Sexual assault referral centres adapted services and have remained fully open during Covid. Some victim support initiatives (for example group programmes) have been put on hold, however the vast majority of victims have continued to access support remotely. Support services incurred additional costs in equipping staff and adapting services to work remotely and in meeting additional and changed demand. To help them manage, the PCC successfully secured £954,429 of Ministry of Justice emergency Covid funding for both commissioned and non-commissioned domestic and sexual violence support services.

The PCC extended his contracts for Victim CARE and both sexual assault referral centres. Victim CARE will be recommissioned during 2021 and the SARCs during 2022. The PCC also extended his pilot of non-domestic stalking, as the service was heavily impacted by the March/April lockdown.

During 2020 the PCC published the final consultation draft of his paper "Improving the response to domestic abuse in Nottinghamshire, a whole systems approach". The final paper, which will include an action plan, will be published in February 2021.

Finally, in line with an action identified in the domestic abuse paper, the PCC began to expand the range of domestic abuse prevention activity in Nottinghamshire. He successfully secured just over £200k of funding from the Home Office to pilot the delivery of domestic abuse perpetrator programmes in Nottinghamshire. The programmes will begin in January/February 2021. They will be independently evaluated and contribute to the national evidence base.

Nottinghamshire were one of 18 areas in the country to receive funding from the Home Office's Serious Violence Fund in 2020-21 to continue strategic leadership and coordination of violence reduction activity, working with a number of multi-agency partners, including public health, youth justice, Probation, prisons and police.

The Violence Reduction Unit continue to commission and deliver interventions aimed at young people at risk of being impacted by serious violence based on the principle that intervening early to prevent issues emerging is the most effective way to ensure children, young people, and communities in Nottinghamshire remain a safe place to live and work.

During 2020/21 the VRU have commissioned 28 separate projects for children and young people aged 5- 25 years, with 1539 unique individuals having been supported. To date, positive outcomes have been shown with a reduction in violent incidents, increased access to pathways of support and increased emotional resilience and

wellbeing. Of the £880,000 budget allocated to the VRU, 30% of funding has been spent on commissioned interventions.

A further 12% of the funding has been spent on evaluation and research to increase the national evidence base to understand what works to tackle serious violence, including assessment of domestic violence perpetrator focussed interventions and the impact of social media on serious violence.

As of the end of Q3 the VRU have spent £499,386 against a forecast spend of £530,132, showing a variance of £30,746. Underspend to date can, in the main, be attributed to delays delivery of activity due to the Covid-19 pandemic, it is anticipated this will be rectified in Q4.

In Nottinghamshire we have ambitious recruitment plans which are delivering at pace alongside some sound and tested plans which continue to deliver savings in the short, medium and long term. The drive for efficiency in support costs, either corporate or policing related will continue. The aim is to ensure our costs in respect of these activities are amongst the most efficient when compared to other police forces, and the latest VFM profiles show that this ambition is being realised.

There are some very sound and tested plans in place to deliver savings in the short, medium and long term. As a consequence of the improved budgeting performance, the introduction of the Annual Departmental Assessment reviews, more certainty of Central Government funding, and greater discretion in the setting of local taxation levels, the finance and operating model of Nottinghamshire Police is considered to be above the minimum standards and is sufficiently robust to be sustainable in the short, medium and long term.

Over the past few years the Force has invested in increasing the number of front line police officers, targeted a reduction in rural and knife crime and invested in new purpose built buildings and equipment to meet the future needs of the business.

2020-21 has seen the Force make the first steps in moving away from a shared service provision for finance, payroll, HR and L&D to enable us to be more efficient in providing a service that benefits the public of Nottinghamshire and allow and staff and officers to work more effectively.

We continue to invest in specialised areas such as cyber crime, fraud, modern slavery and county lines teams to help protect those most vulnerable to this and develop ways in which to combat this in the future.

The activities in respect of 2020-21 detailed above continue to be supported in 2021-22 with appropriate funding being allocated within the base revenue budget.

BUDGET 2021-22

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.

Funding 2021-22	2021-22 £m
Core grants & funding Police & Crime grant Council Tax legacy grant	(145.0) (9.7)
Sub-total core grants	(154.7)
Precept Collection fund (surplus)/deficit	(78.5) (0.1)
Contribution to Reserves	0.1
Total funding available	(233.2)

There is also a £1.8m ring fenced grant in relation to the uplift of an extra 20,000 officers nationally, Nottinghamshire's allocation was £3m in 2020-21. 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 it will be utilised to recruit officers ahead of the target set by government.

Final confirmation of grant settlement will be laid before Parliament in February 2021.

The Precept Freedom of up to £15.00 for a Band D property (Referendum Limit) was announced early this year as part of the Spending Review. This early announcement was much appreciated as it allowed time for appropriate financial management. 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.

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 be 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 meet its budget pressures and allows some further investment in frontline resources, for example having 100 additional officers working on the front line by March 2022. This builds on 350 additional officers (as at 31st March 2021) 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 £0.9million 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. These consist of mobile ANPR, cloud based storage solutions, estate reviews, cyber improvements as well as various software solutions to help the force become more efficient.

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 63 staff roles will be recruited during 2021-22.

Further funding of £0.3m has been allocated to support demand and activity changes identified during the year as business cases are developed and where these meet organisational requirements funding will be supplied from within this £0.3m total.

We continue to develop the future strategy for corporate IT services (Op Regain) and this will gather further pace in 2021-22 as we look to implement these new systems by April 2022. This project is to ensure future systems are fit for purpose and provide value for money.

The Commissioner and Chief Constable also have allocated £0.15m 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.

We continue to invest in our capital expenditure plans and this year will see the conclusion and delivery of the custody facility as well as further significant progress in a 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 inevitably means efficiencies have to be identified and delivered in order to balance the budget. In 2021-22 £2.5m cashable efficiencies are identified and have been allocated to specific areas within the base budget.

Expenditure 2021-22	2021-22 £m
Previous expenditure	221.6
Non Pay inflation increases	1.1
Pay increases	9.4
Changes in demand	0.9
Investment	2.7
Sub-total expenditure	235.7
Efficiencies	(2.5)
Total net expenditure	233.2

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

2. **2021-22 Budget breakdown**

Annex 1 details the proposed expenditure budget for 2021-22. The proposed revenue budget is £232.9m.

Net expenditure budget	Initial 2021-22 £m	Efficiencies £m	Base 2021-22 £m	Note
Employee	152.6	0.6	152.0	2.1
Premises	7.3	0.3	7.0	2.2
Transport	6.7	0.0	6.7	2.3
Comms and Computing	9.7	0.9	8.8	2.4
Supplies & services	10.7	0.2	10.5	2.5
Agency & contract services	22.1	0.0	22.1	2.6
Pensions	37.1	0.0	37.1	2.7
Capital financing	10.2	0.0	10.2	2.8
Income	(20.7)	0.5	(21.2)	2.9
Net Expenditure	235.7	2.5	233.2	Annex 1

An alternative thematic view of the 2021-22 budget is also detailed at Annex 5.

2.1 **Employee related expenditure**

The 2020-21 budget provided for continued officer and staff recruitment.

In line with the government uplift programme Nottinghamshire will have also recruited an additional 257 officers by March 2021 for deployment in 2021-22. During this year an additional 46 staff members will also be added to the establishment. This increase continues on the good work from last year.

There isn't a pay award for officers and staff factored in to the numbers for 2021-22 following the government announcement at the spending review in November 2020 although those on salaries less than £24,000 have been allocated a £250 uplift. Employee expenditure accounts for approximately 80% of the total expenditure budget.

Annex 2 details the budgeted staff movement between the current year and 2021-22. Annex 3 details the budgeted police officer, police staff and PCSO numbers for 2021-22.

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 becomes increasingly less fit for purpose. This will complete in 2021-22 and be a welcome addition to the estate in providing an effective and efficient environment for officers and staff to operate in.

A new building project commenced in 2020-21 for a joint headquarters building with Fire on the current Police Headquarters site. This should become operational towards the end of 2021-22. 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 2021-22 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

During the latter part of 2020-21 the Force mutually agreed the exit from its vehicle PFI contract. This agreement was expensive and required careful management to ensure the most advantageous service from the supplier.

As a result of this change the Force has purchased back all vehicles, along with associated equipment and stock. 17 staff members have TUPE transferred back to Force from the supplier – these staff were all associated with the delivery of the repairs and maintenance elements of the contract.

Due to the timing of the change the financial impact has not been reflected in the detailed budget build; it is not however anticipated that this will have any impact on the net expenditure total for 2021-22.

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.

Some of the IT systems that the Force uses are provided through national contracts that the Home Office then 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 the 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 2021-22.

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 1.0% has been applied in 2021-22, 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:

Analysis of Agency & contracted services	2021-22 £m
Agency costs	0.2
Collaboration contributions	11.2
Community safety	5.5
Other partnership costs	5.2
Total	22.1

The £0.2m for agency costs relates to resourcing specific skills to assist in the transition of MFSS back to force as part of Op Regain. 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 £11.2m for 2021-22.

Analysis of Collaboration contributions	2021-22 £m
EMSOU	3.8
Major crime	0.3
Tactical surveillance unit	0.6
Forensics	1.5
EMOpSS Air Support	0.6
EMCJS	0.3
Learning & development	0.6
Occupational health unit	0.5
Legal	0.5
Multi Force Shared Services (MFSS)	2.5
Total	11.2

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 cases and the associated costs increasing over time, the 2020-21 budget was increased by £0.2m reflecting this trend. For 2021-22 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 2021-22 has been prioritised as per 2020-21 to ensure that schemes included are not only reflective of need but also are realistic in deliverability.

In line with this approach schemes proposed in 2021-22 are 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-imbursement 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.

2.10 Use of reserves

There are no plans to use reserves in 2021-22.

2.11 Variation to 2020-21 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 2020-21 and 2021-22.

3. Efficiencies

3.1 2020-21 Efficiencies

As part of the 2020-21 budget the following efficiencies were required in order to set a balanced budget.

Efficiencies 2020-21	£m
Procurement	0.2
Pensions	1.2
Total	1.4
Ongoing staff pay savings	0.6
Total	2.0

- 3.2 The Commissioner is of the view that continually achieving efficiencies remains challenging. However, he appreciates that the level of efficiencies now required each year has reduced significantly and as part of any annual review should be manageable.

3.3 2021-22 Efficiencies

As part of the 2021-22 budget the following efficiencies are required in order to set a balanced budget.

Efficiencies 2021-22	£m
Pay savings	0.6
IT	0.9
Estates	0.3
Income	0.5
Covid impact	0.2
Total	2.5

Plans are in place to secure the above efficiencies in the 2021-22 budget and there is a high degree of confidence that these will be fully secured as planned.

- 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 plans around the ADA investment options.

The OPCC is not showing any year on year savings (nor any increases), but has absorbed inflation and growth of approximately £0.15m in its flat budget.

- 3.5** There are always risks and there needs to be consideration that these are estimates of spend. We are also awaiting on confirmation on specific grants which could go up, down or stay the same.

From a national project perspective we are aware that these can overrun and therefore create additional expenditure in force where costs are pushed down from the Home Office.

Only having a one year settlement causes issues with longer term planning and certainty and there is a possibility of a further one year CSR next year which will add greater risk to the planning procedure.

4. External Funding

There is an assessment of the financial risk in respect of external funding currently provided. In 2021-22, 2 officers and 80 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 2021-22 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 there are 26 police officers and 8 staff FTE's seconded out of the organisation in 2021-22. This compares with 33 officers and 7 staff FTE's seconded in 2020-21.

5. Robustness of the estimates

The Chief Finance Officer to the Chief Constable and his staff have worked closely with the Budget Officers of the Force and OPCC to obtain assurance on the accuracy of the estimates provided. There have been weekly meetings between the Commissioner, Chief Constable and their professional officers as well as extensive dialogue with the Chief Finance Officer to the Commissioner.

Information provided in the Spending Review and Settlement announcement have been fully factored in to these estimates and the budget proposed within this report represents a balanced budget. To achieve this, the report details the efficiencies and savings that will be delivered in the financial year. There are some inherent risks to the full amount of savings being achieved and of the expenditure and income to be made; this will be monitored monthly, with plans being altered if needed in order that the net budgeted expenditure target can be delivered.

In determining the budgeted figures significant enquires have been made with Budget Officers, risk assessment and professional judgement have been applied where appropriate and challenge has been applied by those charged with governance, it is therefore considered that these figures represent a robust estimate of the Force and OPCC requirements for 2021-22.

2021-22 Commissioner's Total Budget (£m)

	Force Budget 2021-22 £m	OPCC Budget 2021-22 £m	Total Budget 2021-22 £m
Pay & allowances			
Officer	120.1	0.0	120.1
Staff	50.0	1.0	51.0
PCSO	5.5	0.0	5.5
	175.6	1.0	176.6
Overtime			
Officer	4.5	0.0	4.5
Staff	0.9	0.0	0.9
PCSO	0.1	0.0	0.1
	5.5	0.0	5.5
Other employee expenses	2.2	0.0	2.2
Medical retirements	4.9	0.0	4.9
	188.2	1.0	189.2
Other operating expenses			
Premises related	7.0	0.0	7.0
Transport	6.7	0.0	6.7
Communications & computing	8.8	0.0	8.8
Clothing & uniforms	0.7	0.0	0.7
Other supplies & services	6.0	0.3	6.3
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	4.2	6.3	10.5
Collaboration contributions	11.2	0.0	11.2
Capital financing	7.8	2.4	10.2
	56.1	9.1	65.1
Total expenditure	244.3	10.0	254.3
Income			
Seconded officers & staff income	(2.3)	0.0	(2.3)
Externally funded projects income	(3.5)	0.0	(3.5)
PFI grant	(1.9)	0.0	(1.9)
Ministry of Justice (MoJ)	0.0	(2.6)	(2.6)
Investment interest	(0.2)	0.0	(0.2)

	Force Budget 2021-22 £m	PCC Budget 2021-22 £m	Total Budget 2021-22 £m
Pensions grant income	(2.0)	0.0	(2.0)
Uplift performance grant income	(1.8)	0.0	(1.8)
Other income	(4.8)	(2.1)	(6.9)
	(16.5)	(4.7)	(21.2)
Net use of reserves	0.0	0.0	0.0
Total	227.8	5.4	233.2

Efficiencies as a result of specific plans totalling £2.5m have already been removed from the main budgets.

The above table does not account for the transport PFI exit impact. There will be changes to where costs are located but it is not anticipated that this will have any impact on the net expenditure total for 2021-22.

Annex 2

Workforce Movements 2020-21 Estimated Outturn v 2021-22 Budget

	2020-21 Estimated Outturn* FTE's	2021-22 Budgeted Total FTE's	Movements FTE's
Core Funded			
Police Officers			
Operational	1,563	1,663	100
Intelligence & Investigations	473	473	-
Operational Collaborations	94	94	-
Corporate Services	39	39	-
	2,169	2,269	100
Police Staff			
Staff	1,217	1,280	63
PCSO	151	151	-
	1,368	1,431	63
	3,537	3,700	163
Group Total			
Core	3,537	3,700	163
Seconded	34	34	-
Externally Funded	80	82	2
Force Total	3,651	3,816	165
OPCC	16	17	1
	3,667	3,833	166

* The estimated outturn as at 31st March 2021.

Workforce Plan FTE's

2021-22					
	Operational FTE's	Intelligence & Investigations FTE's	Operational Collaborations FTE's	Corporate Services FTE's	Core Funded FTE's
Police Officers					
Opening balance*	1,563	473	94	39	2,169
Leavers / restructure	(34)	-	-	-	(34)
Retirement	(23)	(15)	(13)	(3)	(54)
Recruitment	157	15	13	3	188
	1,663	473	94	39	2,269
Police Staff					
Opening balance*	381	276	212	348	1,217
Leavers / restructure	-	-	(1)	-	(1)
Recruitment	9	-	-	55	64
	390	276	211	403	1,280
PCSOs					
Opening balance*	148	3	-	-	151
Leavers / restructure	(24)	-	-	-	(24)
Recruitment	24	-	-	-	24
	148	3	-	-	151
Opening Balance*	2,092	752	306	387	3,537
Movement	109	-	(1)	55	163
Closing Balance	2,201	752	305	442	3,700

* Opening balance is the estimated outturn as at 31st March 2021.

Workforce Plan FTE's

	2021-22					
	Core Funded FTE's	Seconded FTE's	Externally Funded FTE's	Force Total FTE's	OPCC FTE's	Total FTE's
Police Officers						
Opening balance*	2,169	26	2	2,197	-	2,197
Leavers / restructure	(34)	-	-	(34)	-	(34)
Retirement	(54)	-	-	(54)	-	(54)
Recruitment	188	-	-	188	-	188
	2,269	26	2	2,297	-	2,297
Police Staff						
Opening balance*	1,217	8	80	1,305	16	1,321
Leavers / restructure	-	-	-	-	-	-
Recruitment	63	-	-	63	1	64
	1,280	8	80	1,368	17	1,385
PCSOs						
Opening balance*	151	-	-	151	-	151
Leavers / restructure	(24)	-	-	(24)	-	(24)
Recruitment	24	-	-	24	-	24
	151	-	-	151	-	151
Opening Balance*	3,537	34	82	3,653	16	3,669
Movement	163	-	-	163	1	164
Closing Balance	3,700	34	82	3,816	17	3,833

* Opening balance is the estimated outturn as at 31st March 2021.

Variation to the 2020-21 Budget

Police pay & allowances

The £7.0m increase from the 2020-21 budget is predominantly due to achieving the additional 107 officers for uplift by March 2020 as well as being a year ahead of the government uplift target. Also the increase will have the impact of pay scale increments however the pay award is 0% unless you are earning less than £24,000.

Police staff pay & allowances

The £3.7m increase from the 2020-21 budget is due to factoring an additional 63 staff members for uplift as well as pay scale increments. Again, the pay award is 0% unless you are earning less than £24,000. 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 2021-22 and this gap is similar to 2020-21 as we see the continued impacts of previous 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 have decreased by £0.2m for PCSOs. A total of 151 FTEs are budgeted for on average as we have an increase in officer numbers over the past couple of years so therefore have the ability to structure the policing model in a more effective way. Many PCSOs that have left have joined as officers which is pleasing to see.

Overtime

The £0.4m increase from the 2020-21 budget is due to officer and staff costs rising through increments and also other costs such as mutual aid to increase in 2021-22 which will be offset with increased income.

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 2021-22.

Premises related

There is an increase of £0.9m from the 2020-21 budget which reflects an assessment of planned and reactive maintenance budgets; an increase in the general costs of electricity and running costs for the additions of two major buildings to the estate which will come on line during 2021-22.

Transport

The £0.6m increase from the 2020-21 budget is due to a increases in the running costs of additional vehicles due to uplift as well as inflationary cost pressures.

Communications & Computing

Overall there is a £0.1m decrease year on year. However, there are some large changes within this as we now have £1.5m included which reflects the transfer of funding for consumable items that were previously classed as capital expenditure. There is also £1.3m that now is shown under partnership payments as it relates to the collaboration between forces and the Home Office in regards to national police IT contracts.

Clothing & uniform

There is a £0.1m increase from 2020-21 in relation to additional costs due to the uplift programme and the increase in officers.

Other supplies & services

The £0.5m increase is in relation to further investment being put in for the annual ADA process that was conducted in 2020-21 as well as a removal of an efficiency target which is now shown in the areas in which the savings will be made. Also there is an increase in replacement programme costs for CED (Taser) devices.

Partnership payments

The £3.0m increase from the 2020-21 budget is partly due to the realignment of budget from communications and computing as stated above for the Home Office IT charges along with an increase in partnership payments to other forces and expected regional ESN charges.

Collaboration contributions

The £0.3m decrease in budget from 2020-21 is primarily around a reduction in costs to MFSS as we start to move away and make provision to cater for this in house.

Capital financing

The £1.7m increase from the 2020-21 budget is due to an increase in MRP and interest paid charges.

Income

This has increased by £5.7m from the 2020-21 budget and the main reason for this is how the pensions grant income and uplift performance income is received and accounted for as it is not part of the core grant. There is also increased income in partnership payments, vehicle recovery and training.

Variation to the 2020-21 Budget (£m)

	Total Budget 2020-21 £m	Total Budget 2021-22 £m	Variance £m
Pay & allowances			
Officer	113.1	120.1	7.0
Staff	47.3	51.0	3.7
PCSO	5.7	5.5	(0.2)
	166.1	176.6	10.5
Overtime			
Officer	4.2	4.5	0.3
Staff	0.8	0.9	0.1
PCSO	0.1	0.1	0.0
	5.1	5.5	0.4
Other employee expenses	2.2	2.2	0.0
Medical retirements	4.9	4.9	0.0
	178.3	189.2	10.9
Other operating expenses			
Premises related	6.1	7.0	0.9
Transport	6.1	6.7	0.6
Communications & computing	8.9	8.8	(0.1)
Clothing & uniforms	0.6	0.7	0.1
Other supplies & services	5.8	6.3	0.5
Custody costs & police doctor	1.6	1.6	0.0
Forensic & investigative costs	2.1	2.1	0.0
Partnership payments & grants to external organisations	7.5	10.5	3.0
Collaboration contributions	11.5	11.2	(0.3)
Capital financing	8.5	10.2	1.7
	58.7	65.1	6.4
Total expenditure	237.0	254.3	17.3
Income			
Income	(15.5)	(21.2)	(5.7)
	(15.5)	(21.2)	(5.7)
Net use of reserves	0.0	0.0	0.0
Total	221.6	233.2	11.6

2021-22 Commissioner's Total Budget – Thematic View (£m)

2021-22									
	Local Policing £m	Crime & Operational Support £m	Operational Collaborations £m	Corporate Services £m	Seconded £m	Externally Funded £m	Force Total £m	OPCC £m	Total £m
Pay & allowances									
Officer	77.6	28.9	7.1	4.5	1.9	0.2	120.1	-	120.1
Staff	15.3	11.8	7.3	12.7	0.4	2.4	50.0	1.0	51.0
PCSO	5.4	0.1	-	-	-	-	5.5	-	5.5
	98.3	40.8	14.4	17.2	2.3	2.6	175.6	1.0	176.6
Overtime									
Officer	2.4	1.4	0.7	-	-	-	4.5	-	4.5
Staff	0.3	0.3	0.2	0.1	-	-	0.9	-	0.9
PCSO	0.1	-	-	-	-	-	0.1	-	0.1
	2.8	1.7	0.9	0.1	-	-	5.5	-	5.5
Other employee expenses	-	-	-	2.2	-	-	2.2	-	2.2
Medical retirements	-	-	-	4.9	-	-	4.9	-	4.9
	101.1	42.5	15.3	24.4	2.3	2.6	188.2	1.0	189.2
Other operating expenses									
Premises related	-	-	-	6.8	-	0.1	7.0	-	7.0
Transport	0.2	0.1	0.1	6.1	-	0.2	6.7	-	6.7
Communications & computing	-	-	-	8.6	-	0.2	8.8	-	8.8
Clothing & uniforms	-	-	-	0.7	-	-	0.7	-	0.7
Other supplies & services	0.4	1.1	0.5	3.7	-	0.4	6.0	0.3	6.3
Custody costs & police doctor	-	0.3	1.2	0.1	-	-	1.6	-	1.6
Forensic & investigative costs	0.1	0.9	1.1	-	-	-	2.1	-	2.1
Partnership payments	0.2	0.2	0.1	3.1	-	0.6	4.2	6.3	10.5
Collaboration contributions	-	0.7	10.5	-	-	-	11.2	-	11.2

2021-22								
Local Policing £m	Crime & Operational Support £m	Operational Collaborations £m	Corporate Services £m	Seconded £m	Externally Funded £m	Force Total £m	OPCC £m	Total £m
-	-	-	8.4	-	(0.6)	7.8	2.4	10.2
0.9	3.3	13.5	37.5	-	0.9	56.1	9.0	65.1
102.0	45.8	28.8	61.9	2.3	3.5	244.3	10.0	254.3
(0.9)	(1.4)	(0.3)	(8.3)	(2.3)	(3.5)	(16.5)	(4.7)	(21.2)
-	-	-	-	-	-	-	-	-
101.1	44.4	28.5	53.6	0.0	0.0	227.8	5.4	233.2



Nottinghamshire

POLICE & CRIME COMMISSIONER

Capital Programme
2021-2026

January 2021

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. In keeping within the indicator limits some major capital projects are being financed from revenue/reserves. Where capital receipts are available these are utilised to finance short life assets. Both of these actions reduce the burden on the revenue budgets in future years.

2. Capital Programme 2021-22

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 £9,716k slippage from 2020-21 (P8) 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 2021-22 is provided in **Appendix A**.

The proposed programme is summarised in the table below:

Capital category	2021-22 £k	2022-23 £	2023-24 £	2024-25 £	2025-26 £
Assets	12,917	4,213	2,174	2,240	2,308
IT	2,515	1,775	2,348	774	144
Fleet	2,361	2,422	2,308	2,430	2,498
Total	17,793	8,410	6,830	5,444	4,950

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 was planned to be concluded during 2021-22, however due to Covid it is likely there will be some slippage. 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 budget has now been included in the medium term financial plan in revenue in line with Treasury Management Strategy.

Fleet shows the on-going replacement of vehicles now that the force has ended the PFI contract and has full ownership of all the forces fleet of vehicles.

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.

3. Medium Term Capital Programme

It is normal practice to provide an indication of the capital programme for 2021-22 to 2025-26. 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 elsewhere within this 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. The cost of borrowing is made up of a mixture of interest only and EIP (equal instalments of principal and interest) loans. Where interest only loans have been taken the capital sum will need to be repaid. Depreciation is allocated over the life of the asset.

The Revenue budget for 2021-22 includes the estimated Minimum Revenue Provisions (MRP) based on expenditure prior to 1st April 2021, including an estimated cost of borrowing for existing borrowing and new borrowing planned in 2021-22.

The MTFS makes adjustments for significant changes in MRP and interest costs.

PRIORITY SCHEMES RECOMMENDED FOR INCLUSION IN THE MEDIUM TERM PLAN

Figures shown £'000			Year ▼				
Suggested Priority ▼	Project Name	Department ▼	2021-22	2022-23	2023-24	2024-25	2025-26
1	Custody Improvements	Assets	800	360	113	116	119
	ESN	IS	0	824	2,118		
	Nottm. Custody Suite	Assets	3,000	253			
	Joint FHQ New Build	Assets	5,017	250			
	New Systems	IS	1,360	400			
TOTAL PRIORITY 1 PROJECTS			10,177	2,087	2,231	116	119
2	ANPR Replacements	IS	99	102	136	140	144
	Vehicle & Equipment Replacement Programme	Fleet	361	372	383	395	407
	SARC New Build	Assets	800				
	Operation Uplift	Assets	500	250			
		IS	500	250			
	Building Condition & Capital Mtn works	Assets	2,200	2,000	2,061	2,124	2,189
	Operation Uplift Fleet	Fleet	400	250	125	235	291
	Tech. Refresh and Upgrades	IS	556	199	94	634	0
	Newark- Castle House Extension	Assets	600	1,100			
Replacement Vehicle Management process			1,600	1,800	1,800	1,800	1,800
TOTAL PRIORITY 2 PROJECTS			7,616	6,323	4,599	5,328	4,831
TOTAL PRIORITY 1&2 PROJECTS			17,793	9,216	7,651	6,282	5,805

Appendix B

BREAKDOWN OF BUILDING CONDITION & CAPITAL MTN WORKS

Figures shown £'000		Year				
		2021-22	2022-23	2023-24	2024-25	2025-26
Sub Project Name						
FHQ Pedestrian Gate Replacement		10				
Fire Door Replacement/Repairs across the Force		30				
Mansfield Electrical Lighting		550				
Mansfield Window Ironmongery Replacement		15				
Ollerton Chimney Removal		35				
Oxclose Lane Fire Alarm L1 Replacement		35				
Oxclose Lane Prelims		147				
Oxclose Lane PV Removal and Reassemble		20				
Oxclose Lane Roof Replacement		90				
Oxclose Lane Window Overhaul		573				
Radford Rd Building Fabric		220				
Radford Road BWIC Windows		50				
Radford Road Prelims		140				
Radford Road Roof Replacement		90				
Radford Road Window Overhaul		195				
TOTAL BUILDING CONDITION & CAPITAL MTN WORKS		2,200	2,000	2,061	2,124	2,189



Financial Strategy

2021-2026

January 2021

1. Executive Summary

1.1 This report brings together the Commissioner's business and financial planning. It looks forward over the next 5 years and sets out how it will meet the Commissioners Police and Crime objectives. This is a refreshed and revised report from the one approved in February 2020 and is the final report for February 2021 police & crime Panel meeting.

1.2 The draft Police & Crime Delivery Plan has been refreshed and is included in the reports to the Police & Crime Panel. The key objectives within the plan are:

- Protecting People from Harm
- Helping and Supporting Victims
- Tackling Crime and Anti-Social Behaviour (ASB)
- Transforming Services and providing quality Policing

This financial strategy puts in place the financial commitments in achieving these objectives.

1.3 Linked with this and presented at the same time is the precept report, the revenue budget for 2021-22, the capital strategy, capital five year programme, treasury management strategy and reserves strategy. This Strategy brings together all of these reports and strategies and they should be read in conjunction with one another. This strategy also includes indicative budgets for the next 4 years up to 2025-26 based on information known at the current time.

1.4 For 2021-22 the proposed level of net revenue expenditure after income and specific grants is £233.2m, which is an increase of 6.2% over the current year's financing available (revised) of £219.6m. Setting a balanced budget requires a council tax increase of £14.94 (band D equivalent). This level of council tax increase is possible due to the additional freedoms provided within the Autumn 2020 Spending Review, which allow a council tax increase of up to £15 to cover the increase in cost pressures such as pay awards and inflation not included in core grant. This freedom cannot be assumed in future years particularly given the huge impact of COVID 19 on government borrowing and receipts.

1.5 This level of spend and the resulting amount of council tax precept does not however provide any additional contribution to reserves in 2021-22; but there is an increased contribution to capital expenditure from revenue. The level of General reserves remains midway between minimum and maximum recommended levels. The ambition would be raise this to the maximum level of 5% of Net Revenue Expenditure. It is planned to address the reserve issue in the following 4 years by ensuring that sufficient funds are allocated to increase

reserves to a level commensurate with the Force's spend and risk analysis. Further work will be undertaken in 2021 and 2022 to better understand key risks and pinch points together with a more planned approach to medium term financial planning, incorporating a whole organisation approach. This will ensure all aspects are considered, eg workforce requirements, estate, vehicle and ICT plans). For estates the plan needs to cover a period of 15-25 years. This will enable better planning and the ability to maximise resources and demonstrate value for money for the taxpayer.

- 1.6 Revenue funds are also required to fund capital spending due to the lack of headroom within the Force's capital financing requirement. This means further borrowing is not possible to fund capital spending. Currently direct capital financing from revenue is estimated to be in the region of £4.5m and for 2021-22 it is estimated to be c £4.0m. This point, together with the one above re reserves, means that during the period of this MTFS the Force needs to precept on council taxpayers not just for its operational revenue requirements in any one year but also to fund capital spending and to ensure reserves are kept at an adequate level.
- 1.7 Notts Police is heavily dependent on government grant funding with almost 70% of its funding coming from grant. In line with all previous assumptions, core Police Grant remains flat but it has now been increased by including the core element of funding relating to Uplift. In 2021-22 this is an additional £9.5m, which takes the total core grant including Uplift funding to £154.7m compared with £146.1m for 2020-21. Despite Covid and the huge impact on the Government's finances the grant settlement was better than expected. However, the issue going forward is that this is unlikely to be able to be maintained and grant is assumed to be static post year 4 of Uplift. Therefore in real terms this represents a cut in spending as in actuality there will be incremental progression as well as inflation to fund.
- 1.8 The budget includes the latest indicative assumptions from the Governments Spending Review. It does not make any assumption relating to a Funding Formula Review as this has been delayed year on year. As Nottinghamshire Police are one of the losers under the current funding formula it had been hoped that a new formula would provide a greater level of ongoing grant support.
- 1.9 It should also be noted that the promised 3 year Comprehensive Spending Review (CSR) has in light of the pandemic become a 1 year review and in what the Treasury are deeming to be "very difficult times". This clearly makes longer term planning difficult but it is still necessary to try and ensure that the Force is in a strong position going forward. To help achieve this it is envisaged that the budget process for 22-23 will start earlier in the year and will provide more sensitivity analysis about assumptions and try and model different scenarios to

ensure that the Force is properly equipped with the information so that it can react in a timely manner once government funding is known. It is clear that for the foreseeable future the majority of any available increases in funding will go to the NHS, Care Homes and some to Teaching. There will be a need to seriously consider ways of transforming the service to ensure that key objectives can still be met even if there are significant reductions in funding.

1.10 Looking forward, the 5-year medium term financial strategy for 2021 to 2026 currently forecasts a total budget gap of £8.1m.

1.11 Given all of the above, it is imperative that the Force's financial governance is strong and given appropriate priority as it can be a significant driver of change and transformation. Last summer the Force and PCC commissioned the Chartered Institute of Public Finance and Accountancy (CIPFA) to carry out a review of the Force's Financial Management Capability in order to look for ways to improve. The report has been considered at a high level by the PCC and CC, the CC CFO and the PCC CFO. However, in light of other pressing business, including preparation for the new Financial Management System, major contract works as well as the restructuring of the Finance team and the impact of Covid, it is planned that a formal report and action plan should go to Executive Board in Spring 2021. This will set out the key recommendations and the actions already taken and proposed. Work has been ongoing on a number of fronts in the past 2-3 years, including a restructure of the Finance team in the last year and the appointment of new senior finance staff. In addition, budget monitoring has been improved.

1.12 In the current financial year, work has focused on strengthening the team and improving the capability and capacity of the Finance function, to move the team to operating more as business partners rather than service accountants. This should ensure that the finance team more fully understand the needs of the business and can help budget managers to maximise their resources and consider the best ways to transform their services and provide best value for money. The position of public sector funding post Covid will be extremely pressured and as stated above it is anticipated that grant levels are unlikely to remain at current levels. A reduction in grant given what has been said above about funding, reserves and capital will require the Force to look afresh at the use of its assets as well as considering how it can transform its services to deliver more for less.

2. Financial Context

2.1 National Background

2.1.1 The last 10 years have resulted in many changes to the environment that Policing operates in. The economic downturn which started in 2007-08 has been a key driver for this and has presented the Police & Crime Commissioner with significant challenges for policing in Nottinghamshire, including:

- Reductions and flat cash settlements in grant funding
- Restrictions on Council Tax: relaxed in recent years
- Demand led pressures
- Other external factors
- The UK's withdrawal from the European Union
- The impact of the COVID 19 pandemic

2.1.2 These economic challenges have contributed to uncertainty and this has been reflected in the way in which Commissioners have developed medium term strategies for the delivery of services.

2.2 Public Finances

2.2.1 When setting the budget for 2020-21 the Institute for Fiscal Studies (IFS) was reporting that public sector net borrowing or deficit, which is defined as when total government expenditure exceeds receipts over the period 1997-98 to 2018-19; peaked during the height of the economic downturn, but had improved in recent years. However, the Pandemic which followed in March has had a major impact on the then promising signs for public finances.

2.2.2 The impact of the pandemic has seen government borrowing increase to £1.98 trillion (June 2020) this represents 99.6% of gross domestic product (GDP) and is the highest debt ratio since 1961.

2.2.3 Since 2007 when the first cut to police funding (grant) was made there have been either further cuts or flat cash settlements. This has resulted in cuts being made throughout the organisation in order to balance the budget.

2.2.4 This was compounded further by the limitation on council tax (precept) increases. This has been as low as zero percent and the highest until recent years has been 2%. For 2018-19 the first relaxation in the limitation on precept increases was introduced and policing was allowed to increase precept by up to £12, followed by £24 and £10 on a Band D property in the following two years. And now £15 has been proposed for 2021-22.

- 2.2.5 In this years negotiations between the Home Office and the Treasury, the Home Office have made strong representation to the Treasury, that failure to fund not just for “Uplift”, but the additional pressures (specifically relating to pay, inflation and national IT projects), would result in the number of police officers not increasing in line with the Prime Ministers promise.
- 2.2.6 At a local level impact of the pandemic has the Local Authorities reporting a significant impact on Council Tax collection rates and forward projections for the council tax base. This is compounded by an increase in the number unemployed (including those receiving benefits) and a reduction in the planned growth of housing. This is estimated to affect the tax base for 2021-22 with the latest range being from +1% to -5% on the previous year.
- 2.2.7 Austerity has had a significant impact on the number of police officers and therefore the Government has provided “Uplift” funding to increase the total number of officers by 20,000 over the 3 year period 2020-21 to 2022-23. Further cuts in the totality of funding for police would put this ambition at risk.
- 2.2.8 In providing the freedom to raise council tax precept by £15 in 2021-22 the Minister has stated he would expect any plans for reverse civilianisation to be stopped.
- 2.2.9 The provisional settlement announced in December 2020 has provided sufficient funding through the council tax freedom and mainstreaming of Uplift to be able to set a balanced budget for 2021-22. This includes the further support to both the collection fund deficit and the reduction in the council tax base, which together would have had a significant impact on the total resources available.

2.3 Spending Review

- 2.3.1 The Home Office have concluded their work on the Spending Review 2020. This was done over a very short period of time and within a remit from the Treasury that things will be tight.
- 2.3.2 Where we have had an indication of how this will impact police funding it has been applied to this strategy.
- 2.3.3 Whilst police funding is being considered by the government it is not the key focus.
- 2.3.4 A long awaited Funding Formula review is still required. The Police Grant is allocated on a formula which originates and includes data from 2005. And the formula itself was never fully implemented due to the floors mechanism operated.

2.4 Other factors

- 2.4.1 At a national level factors which will affect local finances include the impact from leaving the European Union, Pension Revaluations, the impact of the pandemic and nationally run projects such as ICT projects. These are all outside of local control, but all will continue to impact significantly on resources made available.

3. External Influences & local impact?

3.1 Background and Budget Setting

- 3.1.1 Each year the Force commences its budget process in the Autumn. With a draft budget required by 31st October so that only small adjustments are needed as the information from the Autumn Statement and spending review become known. With final adjustments in December once final grant settlement has been announced. From the budget process for 2022-23 it is proposed to start the process earlier.
- 3.1.2 Both the PCC and PCC CFO attend meetings at a national level to ascertain any possible information from the Home Office that can be obtained and influence the parameters for setting the local budget. The PCC also meets with the Minister and can provide influence to the Ministers' thinking. Such as precept relaxation – to what level?
- 3.1.3 For 2020-21 we had an early indication that the Minister was receptive to relaxing the precept limits for a third consecutive year, but that this was not going to be as high as the £24 permitted in 2019-20. This was confirmed when the results of the Spending Review were announced.
- 3.1.4 Evidence was supplied to demonstrate that in order to stand still and meet inflation and pay award pressures Nottinghamshire required precept freedoms of at least £5. This was on the understanding that there would be no increase to the core police grant and only the additional grant for "Uplift" would see core funding increase.
- 3.1.5 When settlement was announced in December 2020 we were provided with precept freedom of £15, flat core grant, Uplift Grant and additional Pension grant.
- 3.1.6 Therefore the precept and budget reports are produced on this information with future assumptions based on no increase to core grant (except for Uplift), and a return to the 2% maximum increase for precept (plus 0.5-1.0% increase to the Taxbase for growth). This identified gaps between estimated expenditure and possible funding available. This is a worse case forecast for the force to work towards in delivering further efficiencies and reflects the lack of a credible plan for delivering future efficiencies.
- 3.1.7 The first outline of a budget and funding available was done as part of the reports referred to in 1.2 and on those assumptions. During the year as information becomes available modelling is carried out to see what impact that this and any other scenarios may have.

- 3.1.8 This strategy is overarching of the reports in 1.2 and identifies what the precept or core grant would need to increase by in order to meet the estimated net expenditure requirement for 2021-22 and beyond.
- 3.1.9 As part of this process all variables are reviewed such as pay award assumptions, the costs of incremental progression, the impact of the living wage, inflation, demand led increases such as the increase in IT (purchase and revenue running costs).
- 3.1.10 This revised strategy updates all known variables based upon the latest information.
- 3.1.11 The Force runs a series of internal events known as the ADA process to identify growth required. This provides very limited contribution towards efficiencies.
- 3.1.12 **Appendix A** provides an updated high level projection of net revenue expenditure and potential funding. This will continue to be updated as we go through the Spending Review and Budget setting process.
- 3.1.13 **Appendix B** details the variables that can be applied to the assumptions made in Appendix A.

3.2 Current Knowns and Unknowns

3.2.1 Impact of Brexit

December 2020 should still see the final withdrawal from the European Union. Fortunately, the work to support this produced an agreed exit deal. The ongoing future impact remains an unknown and therefore its impact on public sector funding remains unknown.

3.2.2 Impact of the Pandemic

The impact of the pandemic at a national level on public sector funding is unknown. However, it is clear that the National Health Service will remain the key focus for any funding available.

3.2.3 This is also the second quarter of negative growth in the economy and officially now a recession. If this continues, this will also impact on funding for the public sector.

3.2.4 Early indications are that there could be additional capital grant made available for 2021-22. If this was the case it would significantly assist in reducing the need for revenue contributions towards capital expenditure. This is the only known positive factor at this stage and the total amount that would come to individual forces remains “unknown”.

3.2.5 There is concern on the impact of the pandemic on council tax. Locally, billing authorities are reporting a significant reduction on the amount of council tax collected and this is further compounded by the fact that the courts are not envisaged to be hearing debt collection requests until early in 2021.

The Government has announced that the deficit on collection can be recovered over the next three years, rather than the one year that is usual practice. And there has been an indication that there might be Government assistance in relation to this.

Subsequent announcements as part of the Spending review have confirmed the provision of a Council Tax Support Grant to alleviate the problems of a reduction in the forecasted Taxbase. And the provision of a local Council Tax Income Guarantee Grant to contribute 75% towards the deficit on the Collection Fund from 2020-21.

3.2.6 Added to this is the increase in the number now unemployed and the number receiving benefits; also, the reduction in the amount of new properties likely to be built in 2020-21 will both affect the estimated future precept amounts. The property building is also affected by new working arrangements where social distancing has to be maintained.

- 3.2.7 Whilst the actual impact on the tax base is currently unknown the impact of a 1% reduction is estimated at a loss in funding of £750,000.

Pension Revaluations

- 3.2.8 Over the medium term there is a planned revaluation of the Police Pension Fund and the Local Government Pension Fund. The last revaluations saw the employers' contribution for Police pensions rise by 6.8% to 31.0% and the employers contribution for Police staff rise by 3.1% to 16.5%.
- 3.2.9 Current estimates are that the employers rate for the Police Pensions will rise again, to as much as 40% and the staff LGPS pension employers rate rise from 16.5% to a potential worse case of 25%. So far a 5% increase has been estimated to come into effect in 2023-24.
- 3.2.10 The full impact of the McCloud case on public sector pensions is still being felt. Currently the Treasury has provided grant to mitigate most of this and the Home Office has also provided a smaller grant for the same purpose.

Uplift Grant –

- 3.2.11 The Home Office is providing grant funding for all of the costs associated with the recruitment of additional officers (pay, uniform, premises, vehicles, support services). This core funding will be rolled into core police grant moving forward.
- 3.2.12 In addition to the core Uplift Grant the Home Office is also providing a performance related specific grant. This is paid from the quarter after achieving the recruitment target for the year. The Chief Constable has been very proactive in ensuring that Nottinghamshire achieved its target ahead of the new year for 2020-21 and plans the same proactive recruitment for the 2021-22 recruits.

Efficiencies

- 3.2.13 In recent workshops for the Spending Review the need to identify savings has become apparent. We countered the proposal from the Home Office requiring £1bn in savings with the argument that Police Officers should be excluded from the calculation as the drive through Uplift funding was to increase the number of officers. A similar argument for staff in support roles was also made.
- 3.2.14 We suggested that 5% of non-pay related expenditure would be challenging, but more realistic. This equates to £100m for the next 3 years. How this is finally profiled is still to be resolved. We await the Home Office and treasury view of this suggestion.

4. Risks and Robustness

- 4.1 In general terms the biggest risk is having insufficient funding to meet expenditure requirements. This can lead to perverse/inefficient outcomes, such as Police Officers carrying out staff roles
- 4.2 Historically, Nottinghamshire has been underfunded from Police Grant. Since the current formula came into place in 2005-06 Nottinghamshire has had significant amounts of funding withheld in a floor mechanism that protected over funded forces from experiencing significant cuts in their funding. The consequence of which is that Nottinghamshire has always had to make do with less, does not have cash rich reserves and was already financially weak when austerity hit.
- 4.3 Nottinghamshire is approximately 70% funded by police grant and 30% by precept. Which during austerity meant we were hit the hardest financially compared to others who are 30-50% grant funded. These forces were still able to receive increased funding from precepts whilst grant was either cut or static. This Gearing affect continues to be a risk that we have to manage and work within.
- 4.4 Funding Formula Review. This has been on the agenda since before PCCs were created. Tweaks to the formula, such as the bars per hectare adjustment just resulted in increasing the amount of grant funding be withheld. Within the formula there is some very old data which was arguably not representative. This includes Activity Based Costing, which for a short period of time forces collected ABC data of activity for two weeks during the year and this was incorporated into the formula for allocating grant. This ABC data has not been updated since 2006-07.
- 4.5 Under this funding formula Nottinghamshire has had at least £10m per annum withheld in grant funding and at one point as high as £18m.
- 4.6 The continuous deferment of a funding formula review means that Nottinghamshire continues to be underfunded against the Home Offices own criteria for assessing need. This effectively penalises Nottinghamshire.

Reserves and Balances

- 4.7 The consequence of the underfunding of police grant and the gearing effect of grant to precept has meant that Nottinghamshire has never been “cash rich”. Its level of reserves has always been lower quartile (even amongst the lowest 3 forces for some time).

Despite this when opportunities have arisen we have acted proactively. For example efficiencies delivered ahead of schedule or greater than expected were transferred to reserves to fund transformation, redundancies and revenue overspends. This is an effective use of reserves for one-off funding to reduce the total revenue base budget going forward.

- 4.8 Nottinghamshire holds a general reserve of £7.075m. The £0.075m relates to a requirement under regional collaboration. The £7.0m has increased from £3m up to 2010 and currently represents 3.2% of our net revenue expenditure (NRE).

The policy is that this reserve should not ever fall below 2% of NRE as the Home Office require a 1% contribution of NRE to any request for specific grant. The Home Office have set a maximum that it expects forces to hold of 5%. To achieve this maximum limit would require an additional contribution of £2.8m in the current year. This will be reviewed in 2021-22.

- 4.9 Nottinghamshire holds earmarked reserves which have been increasing deliberately over recent years (and therefore the opposite trend to what has been seen nationally). This is because we need to fund some major capital expenditure projects and are very close to our capital financing limit for borrowing. To ensure we do not exceed this we have been setting aside reserves to finance one of our new buildings. This will also have a positive effect on the revenue budget in future years, by reducing the MRP which would have fallen due.

- 4.10 The government has made it very clear that it does not expect any force or local authority to hold significant levels of reserves. We are demonstrating we only hold increased levels of reserves for very short periods of time for major capital projects.

- 4.11 Capital receipts are utilised to fund short life assets in the capital programme as this is more beneficial to the future revenue budgets.

- 4.12 Capital grant has been reducing over recent years and is almost non-existent. We are hearing that more might be made available in the next settlement and this would reduce the need for revenue contribution to capital.

5. Strategy Assumptions

The strategy is built based on a number of assumptions. From the initial build the financial gap is identified – February 2020 budget reports. This is then expressed as efficiencies required, increase in grant funding required or increase in precept required.

- 1.13 Until the government confirms an increase either in grant or precept freedoms it has to be assumed that the gap will be met from efficiencies within the Force as reserves are already low or earmarked.

1.14 Core Funding

1.14.1 Core grant. It is assumed that there is no increase to core grant funding at this stage. Discussions are ongoing as part of the Spending Review, but the Treasury has already indicated that it will be a very tight settlement this year. We will also show what grant needs to increase by to cover the funding gap.

1.14.2 Precept. It has been assumed for the base position that the former 2% precept increase limit will be in place. But we will show what we would need precept to increase by to cover our financing gap.

1.14.3 In addition to this we identify what a 1% increase on the precept generates and what a 1% reduction of the tax base causes.

1.15 Net Revenue Expenditure

1.15.1 Pay. It has been assumed that police officer pay will increase by 2.5% year on year. The same has been assumed for police staff pay. We are now hearing that it might just be nursing staff that receive any pay award in 2020-21. However, the full year impact of this years 2.5% pay award will need to be met from somewhere.

1.15.2 Pensions. It has been assumed that all new officers and staff will auto enrol to the respective pension schemes. The next triennial valuation for the police pension is due in 2022-23 and a similar date for the police staff pension scheme. It is likely that the employers contribution will change and probably upwards. This has not been factored into the assumptions at this stage. However, a 1% increase has been calculated and shown.

1.15.3 Non-Pay. Inflation is currently running at 0.5%. However, existing commitments (contracts) have higher increases built in. And the risks relating to overspends on national projects show that this is not the additional rate being incurred.

However, we have shown the estimated 5% efficiency that we will be required to deliver.

1.15.4 Uplift Grant. Whilst this is a significant grant in value and which drives specific activity it is not 100% core grant. However, that known to be becoming core grant has been shown. It is assumed that the original notification of how funding would be awarded will be honoured. This includes the assumption in relation to specific grant based upon performance being achieved and maintained.

APPENDIX A(i)**Net Revenue Expenditure (NRE)**

Net Revenue Estimate as at January 2021						
	2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m	2024-25 £	2025-26 £m
Pay	174.8	184.2	192.6	198.5	202.3	205.4
Pay award	2.5%	0%	0%	1%	1%	1%
Non pay	75.8	69.7	70.3	69.7	70.6	71.8
Non Pay inflation	1% inflation 10% HO IT inflation 3-5% utilities & fuel	1% inflation 10% HO IT inflation 3-5% utilities & fuel	1% inflation 10% HO IT inflation 3-5% utilities & fuel	1% inflation 10% HO IT inflation 3-5% utilities & fuel	1% inflation 10% HO IT inflation 3-5% utilities & fuel	1% inflation 10% HO IT inflation 3-5% utilities & fuel
Income	(24.8)	(15.4)	(15.7)	(16.1)	(16.4)	(16.9)
Specific Grants (incl Uplift)	(5.1)	(5.3)	(3.8)	(2.5)	(2.0)	(2.0)
TOTAL NRE	<u>220.7</u>	<u>233.2</u>	<u>243.4</u>	<u>249.6</u>	<u>254.5</u>	<u>258.3</u>

APPENDIX A(ii)

Core Funding

Core Funding estimate as at February 2020						
	2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m	2024-25 £	2025-26 £m
Precept	73.5	75.8	78.2	80.1	83.2	
Tax base increase %	1.11%	1.14%	1.14%	1.14%	1.14%	
Collection fund surplus	0.5					
Core Grant	136.4	136.4	136.4	136.4	136.4	
Core for Uplift						
Reserves	(0.5)	(2.0)				
Core Funding available	209.9	210.4	214.8	216.7	219.8	

Core Funding estimate as at January 2021						
	2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m	2024-25 £	2025-26 £m
Precept 2% increase in future years	73.5	78.5	80.4	82.9	85.4	88.0
Tax base increase %	1.11%	0.25%	0.5%	1.0%	1.0%	1.0%
Collection Fund surplus/(Deficit)	0.5	0.1	(0.3)	(0.3)		
Core Grant	146.1	154.7	154.7	163.3	166.1	166.1
Core for Uplift			8.6	2.8	0	0
Reserves	(0.5)	(0.1)				
Core Funding available	219.6	233.2	243.4	248.7	251.5	254.1

Variables to Appendix A

Net Revenue Expenditure

The revised table above as at February 2021 includes makes the following assumptions:

- Pay
 - o Full year effect of 2019-20 pay award 2.5% = £4.0 m
 - o Half year effect of 2020-21 pay award 2.5% = £2.0 m
 - o Pay awards in subsequent years 0% for 2021-22 & 2022-23, 1% 2023-24 to 2025-26
 - o Increments due in 2020-21 = £2.5m
 - o Employers rate increase to pensions 2023-24 5% = £4.5m
- Non Pay
 - o Inflation 1% = £0.3m
 - o Home Office IT cost inflation 10% = £0.2m
 - o Fuel/Utilities inflation 3-5% = £0.2m
 - o Other Commitments = £0.5-£1m
- Income
 - o Inflation 1% = £0.2m
 - o Specific Grant as agreed nationally

Variables:

Every 1% increase to pay = £1.5m

Every 1% increase to the employers rate to pensions = £0.9m

Every 1% increase to inflation on non-pay = £0.3m

Every 1% increase in income inflation = £0.2m

Every 1% reduction to specific grant income (specifically Uplift and Pensions) = £0.1m

Core Funding

The revised table as at November 2020 makes the following assumptions:

- Core Grant – flat cash
- Precept 2% limit
- Tax Base – increases slowly from 0.5% in 2022-23 to 1%
- Deficit on the collection fund estimated at £3million over 3 years – 75% specific grant funded

Variables

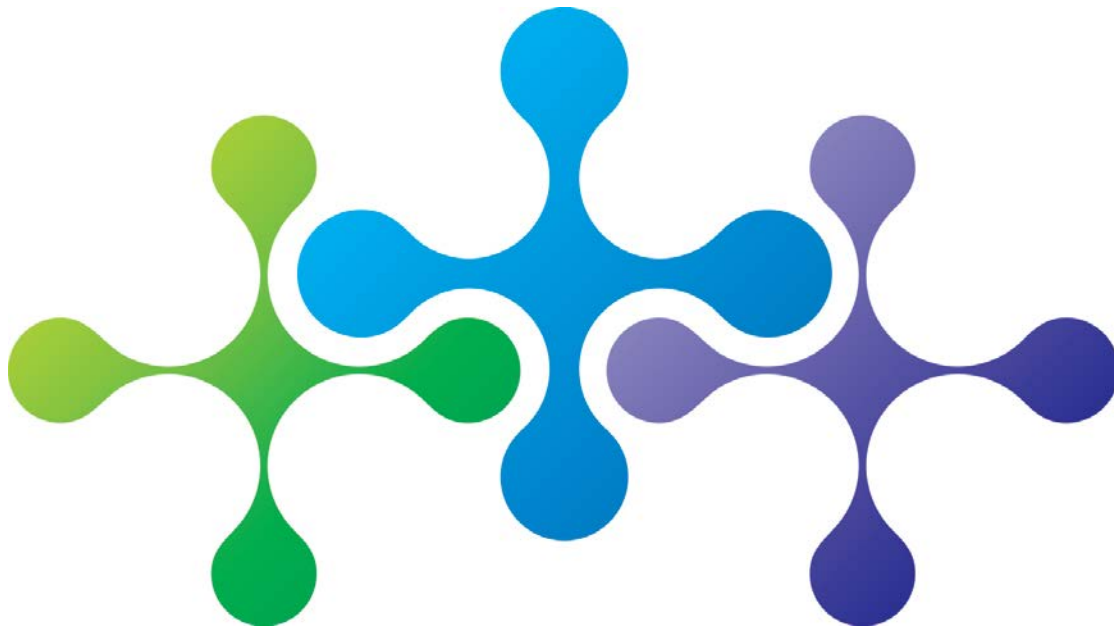
Every 1% increase on Core Grant = £1.3m assuming MHCLG element included. £0.7m if HO element only

Every 1% increase on precept = £0.730m

Every 1% reduction in tax base = £0.750m

Government fund collection fund deficit = £3m

Reserves repaid in 2020-21 from previous overspend. General Reserve level to be reviewed.



The Nottinghamshire Office of the Police & Crime Commissioner

Capital Strategy

2021-22

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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 (Commissioner) 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 Commissioner 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 Commissioner 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 Commissioner's Police and Crime Plan and commitment to support national drivers, such as the National Policing Vision.

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 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 de-minimis 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 (e.g. 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 Commissioner 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 Commissioner in the following February for approval, reflecting the known funding position and any further developmental work on the plan.

The formal Commissioner 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 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. This plan itself needs to have a long term view (30+ years) of each site that the Force occupies and informed by the building condition surveys undertaken.

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 Commissioner 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 Commissioner 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 Commissioner 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 Commissioner 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 £0.2m 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 (e.g. 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 and will utilise the Treasury management Advisors in this, before a recommendation is made to the Commissioner.

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 Commissioner 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 programme. 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 Commissioner, during the development of the capital programme.

Having approved the capital plan and the capital programme in February each year the Commissioner 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 Commissioner 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 programme, the department in consultation with the Head of Finance will prepare a business case for submission to the Futures Board and then to the Commissioner 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 Commissioner.

Monitoring reports are presented to the Commissioner 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**

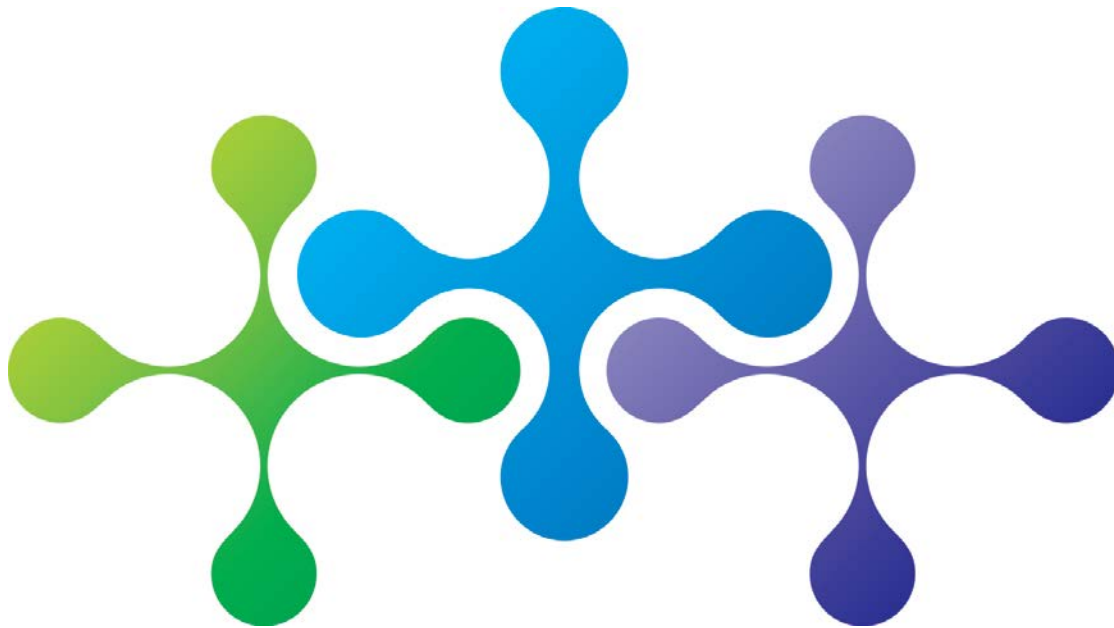
This is the risk that changes in laws or regulation make a capital project more expensive or time consuming to complete, make it no longer cost effective or make it illegal or not advisable to complete. Before entering into capital expenditure or making capital investments, the Group will understand 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

Draft

Treasury Management Strategy

Minimum Revenue Provision Policy Statement and
Annual Investment Strategy

2021-22

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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 policies, estimates and actuals.

Prudential and treasury indicators and treasury strategy (this report) - The first and most important report covers:

- the capital plans (see also the strategy report), prudential indicators and borrowing plans
- a 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; and
- an investment strategy (the parameters on how investments are to be managed)

A mid-year treasury management report – This is primarily a progress report and will update the Commissioner on the capital position, amending 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 is a backward looking review document and 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 2021-22

The strategy covers two main areas:

Capital issues

- capital expenditure plans and the associated prudential indicators;
- the minimum revenue provision (MRP) policy

Treasury management issues

- the current treasury position
- treasury indicators which limit the treasury risk and activities of NOPCC
- prospects for interest rates
- the borrowing strategy
- policy on borrowing in advance of need
- debt rescheduling
- the investment strategy
- creditworthiness policy
- the policy on use of external service providers

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.

1.4 Treasury management consultants

NOPCC uses Link Group, Treasury Solutions 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. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisers.

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. The training needs of treasury management officers are periodically reviewed.

2. THE CAPITAL PRUDENTIAL INDICATORS 2021-22 to 2025-26

The Commissioner's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the 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.

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	2019-20 Actual £m	2020-21 Forecast £m	2021-22 Estimate £m	2022-23 Estimate £m	2023-24 Estimate £m	2024-25 Estimate £m	2025-26 Estimate £m
Assets	4.658	19.624	21.595	4.213	2.174	2.240	2.308
IS	2.917	4.253	3.303	1.775	2.348	0.774	0.144
Fleet	0.215	0.933	2.361	2.422	2.308	2.430	2.498
Other	0.248	0.187					
Capital Programme	8.038	24.997	27.259	8.410	6.830	5.444	4.950
Financed by:							
Capital Receipts	(0.364)	(2.173)	(2.464)	(1.197)	(2.656)	(1.204)	(0.642)
Capital Grants	(0.787)	(0.200)	(0.200)	0.000	0.000	0.000	0.000
Capital Contributions	(0.042)	(0.975)	(2.490)	(0.047)	0.000	0.000	0.000
Direct Revenue Financing	0.000	(4.500)	(4.000)	0.000	0.000	0.000	0.000
Capital Reserve	(1.300)	(0.171)	(5.935)	(0.503)	0.000	0.000	0.000
Net Financing need	5.545	16.978	12.170	6.663	4.174	4.240	4.308

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 asset's 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 by the provider 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)	2019-20 Actual £m	2020-21 Forecast £m	2021-22 Estimate £m	2022-23 Estimate £m	2023-24 Estimate £m	2024-25 Estimate £m	2025-26 Estimate £m
Total CFR	63.606	77.196	85.204	87.043	86.007	85.273	84.365
Movement in CFR	2.382	13.590	8.008	1.840	(1.036)	(0.735)	(0.907)

Movement in CFR represented by	2019-20 Actual £m	2020-21 Forecast £m	2021-22 Estimate £m	2022-23 Estimate £m	2023-24 Estimate £m	2024-25 Estimate £m	2025-26 Estimate £m
Net financing need for the year (above)	5.545	16.978	12.170	6.663	4.174	4.240	4.308
Less MRP/VRP and other financing movements	0.000	(3.388)	(4.162)	(4.823)	(5.210)	(4.975)	(5.215)
Movement in CFR	5.545	13.590	8.008	1.840	(1.036)	(0.735)	(0.907)

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 (voluntary revenue provision – VRP). 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:

Additional Revenue Provision	£m
2016-17	0.750
2017-18	0.250
Total Additional Provision	1.000

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 resources are supplemented each year from new sources (asset sales, revenue underspends, etc). Detailed below are estimates of the year end resource balances and anticipated day to day cash flow balances:

	2019-20 Actual £m	2020-21 Forecast £m	2021-22 Estimate £m	2022-23 Estimate £m	2023-24 Estimate £m	2024-25 Estimate £m	2025-26 Estimate £m
Fund balances/Reserves	26.117	27.461	20.706	20.301	20.368	20.435	20.502
Capital Receipts	4.882	4.269	6.905	5.708	3.052	1.848	1.206
Provisions	4.160	4.160	4.160	4.160	4.160	4.160	4.160
Other	(3.026)	(3.026)	(3.026)	(3.026)	(3.026)	(3.026)	(3.026)
Total Core funds	32.133	32.864	28.745	27.143	24.554	23.417	22.842
Working Capital*	1.640	1.640	1.640	1.640	1.640	1.640	1.640
(Under)/Over borrowing	(7.553)	(18.358)	(17.992)	(16.623)	(12.954)	(12.611)	(12.060)
Expected Investments	26.220	16.146	12.393	12.160	13.240	12.446	12.422

*Working capital balances shown are estimated year-end; these may be higher mid-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	2019-20 Actual	2020-21 Forecast	2021-22 Estimate	2022-23 Estimate	2023-24 Estimate	2024-25 Estimate	2025-26 Estimate
	1.9%	2.0%	2.3%	2.7%	2.8%	2.7%	2.8%

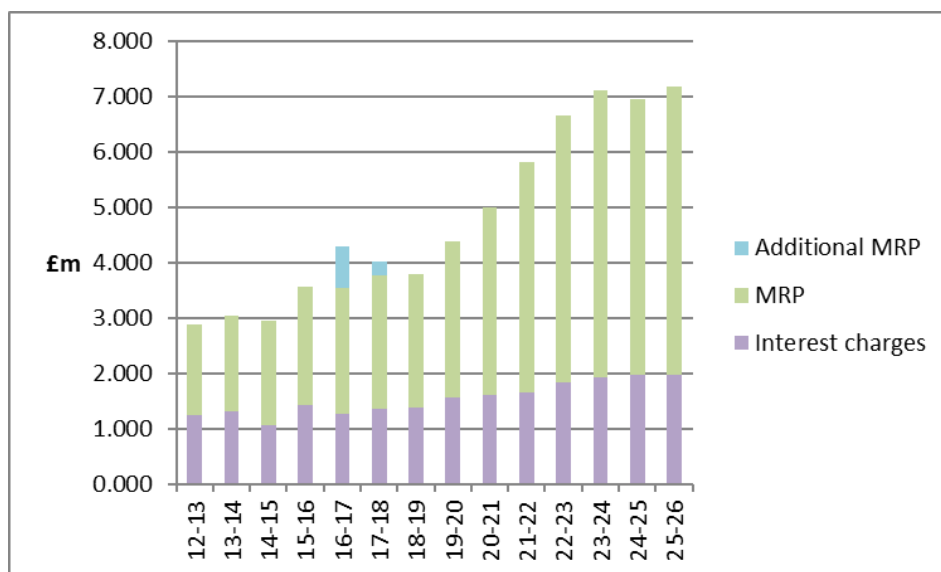
2.7 Incremental impact of capital investment decisions on council tax

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	2020-21 Estimate	2021-22 Estimate	2022-23 Estimate	2023-24 Estimate	2024-25 Estimate	2025-26 Estimate
	£0.13	£2.54	£5.41	£7.04	£8.15	£9.06

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.

	2019-20 Actual £m	2020-21 Estimate £m	2021-22 Estimate £m	2022-23 Estimate £m	2023-24 Estimate £m	2024-25 Estimate £m	2025-26 Estimate £m
External Debt							
Debt at 1 April	46.349	59.395	58.838	67.212	70.420	73.053	72.662
New Borrowing	14.000	3.000	12.170	6.663	4.174	4.240	4.308
Borrowing Repaid	(0.954)	(3.557)	(3.796)	(3.455)	(1.541)	(4.631)	(4.665)
Movement in Borrowing	13.046	(0.557)	8.374	3.208	2.633	(0.391)	(0.357)
Debt as at 31 March	59.395	58.838	67.212	70.420	73.053	72.662	72.305
Capital Financing Requirement	63.606	77.196	85.204	87.043	86.007	85.273	84.365
Other longterm liabilities	3.342	0.000	0.000	0.000	0.000	0.000	0.000
Underlying Borrowing Need	66.948	77.196	85.204	87.043	86.007	85.273	84.365
Under/(over) borrowing	7.553	18.358	17.992	16.623	12.954	12.611	12.060
Investments	26.220	16.146	12.393	12.160	13.240	12.446	12.422
Net Debt	33.175	42.692	54.819	58.260	59.813	60.216	59.883

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.

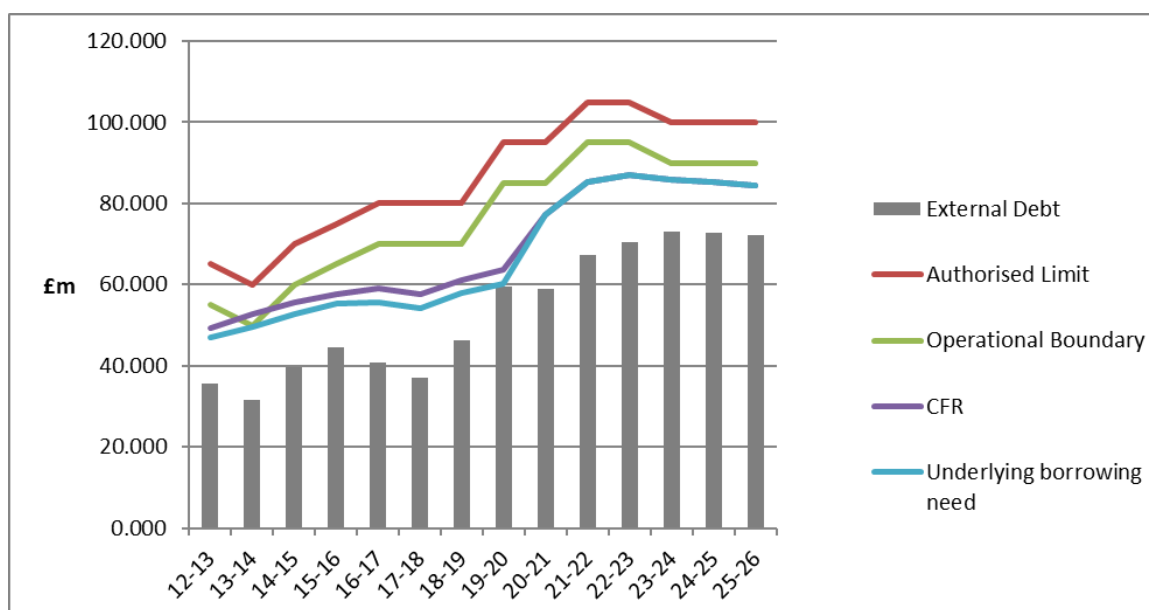
Operational Boundary	2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m	2024-25 £m	2025-26 £m
	85.000	95.000	95.000	90.000	90.000	90.000

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	2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m	2024-25 £m	2025-26 £m
	95.000	105.000	105.000	100.000	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 9th November 2020.

Link Group Interest Rate View		9.11.20												
	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
BANK RATE	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
3 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
6 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
12 month ave earnings	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20
5 yr PWLB	1.80	1.80	1.80	1.80	1.80	1.90	1.90	1.90	1.90	1.90	2.00	2.00	2.00	2.00
10 yr PWLB	2.10	2.10	2.10	2.10	2.20	2.20	2.20	2.30	2.30	2.30	2.30	2.30	2.30	2.30
25 yr PWLB	2.50	2.50	2.60	2.60	2.60	2.60	2.70	2.70	2.70	2.70	2.80	2.80	2.80	2.80
50 yr PWLB	2.30	2.30	2.40	2.40	2.40	2.40	2.50	2.50	2.50	2.50	2.60	2.60	2.60	2.60

The coronavirus outbreak has done huge economic damage to the UK and economies around the world. After the Bank of England took emergency action in March to cut Bank Rate to first 0.25%, and then to 0.10%, it left Bank Rate unchanged at its subsequent meetings to 5th November, although some forecasters had suggested that a cut into negative territory could happen. However, the Governor of the Bank of England has made it clear that he currently thinks that such a move would do more damage than good and that more quantitative easing is the favoured tool if further action becomes necessary. As shown in the forecast table above, no increase in Bank Rate is expected in the forecast table above as economic recovery is expected to be only gradual and, therefore, prolonged.

As the interest forecast table for PWLB certainty rates above shows, there is expected to be little upward movement in PWLB rates over the next two years as it will take economies, including the UK, a prolonged period to recover all the momentum they have lost in the sharp recession caused during the coronavirus shut down period. 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, (as shown on 9th November when the first results of a successful COVID-19 vaccine trial were announced). Such volatility could occur at any time during the forecast period.

Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:

- **UK** - further national lockdowns or severe regional restrictions in major conurbations during 2021.
- **UK/EU trade negotiations** – if it were to cause significant economic disruption and downturn in the rate of growth.

- **UK - 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**. The ECB has taken monetary policy action to support the bonds of EU states, with the positive impact most likely for “weaker” countries. In addition, the EU agreed a €750bn fiscal support package. These actions will help shield weaker economic regions for the next year or so. However, in the case of Italy, the cost of the virus crisis has added to its already huge debt mountain and its slow economic growth will leave it vulnerable to markets returning to taking the view that its level of debt is unsupportable. There remains a sharp divide between northern EU countries favouring low debt to GDP and annual balanced budgets and southern countries who want to see jointly issued Eurobonds to finance economic recovery. This divide could undermine the unity of the EU in time to come.
- Weak capitalisation of some **European banks**, which could be undermined further depending on extent of credit losses resultant of the pandemic.
- **German minority government & general election in 2021**. In the German general election of September 2017, Angela Merkel’s CDU party was left in a vulnerable minority position dependent on the fractious support of the SPD party, as a result of the rise in popularity of the anti-immigration AfD party. The CDU has done badly in subsequent state elections but the SPD has done particularly badly. Angela Merkel has stepped down from being the CDU party leader but she intends to remain as Chancellor until the general election in 2021. This then leaves a major question mark over who will be the major guiding hand and driver of EU unity when she steps down.
- **Other minority EU governments**. Austria, Sweden, Spain, Portugal, Netherlands, Ireland 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 a rise in anti-immigration sentiment in Germany and France.
- **Geopolitical risks**, for example in China, Iran or North Korea, but also in Europe and other Middle Eastern countries, which could lead to increasing safe haven flows.

Upside risks to current forecasts for UK gilt yields and PWLB rates

- **UK** - stronger than currently expected recovery in UK economy, especially if effective vaccines are administered quickly to the UK population and lead to a resumption of normal life and a return to full economic activity across all sectors of the economy.
- **Post-Brexit** – if an agreement was reached that removed the majority of threats of economic 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.

Investment and borrowing rates

- **Investment returns** are likely to remain exceptionally low during 2021/22 with little increase in the following two years.
- **Borrowing interest rates** fell to historically very low rates as a result of the COVID crisis and the quantitative easing operations of the Bank of England: indeed, gilt yields up to 6 years were on negative yields during most of the first half of 20/21.

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 2021-22 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:

Upper Interest rate exposures 2021-22 to 2023-24		
Limits on fixed interest rates:		
• Debt only		100%
• Investments only		100%
Limits on variable interest rates		
• Debt only		50%
• Investments only		100%
Maturity structure of fixed interest rate borrowing 2021-22 to 2023-24		
	Lower	Upper
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 9th 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 offer loans to Local Authorities 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 rates are favourable.

4. ANNUAL INVESTMENT STRATEGY

4.1 Investment Policy

The Commissioner's investment policy has regard to the following:-

- MHCLG's Guidance on Local Government Investments ("the Guidance")
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 ("the Code")
- CIPFA Treasury Management Guidance Notes 2018

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.

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 (or equivalent)	Money and/or % 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
Additional criteria for non UK Banks			
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 is currently rated AA-.

Approved Non UK countries for investments as at 11th November 2020

Based on lowest available rating

AAA	AA+	AA	AA-
Australia Denmark Germany Luxembourg Netherlands Norway Singapore Sweden Switzerland	Canada Finland U.S.A.	Abu Dhabi France	Belgium Hong Kong Qatar

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). While most cash balances are required in order to manage the ups and downs of cash flow, where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer term investments will be carefully assessed.

- If it is thought that Bank Rate is likely to rise significantly within the time horizon being considered, then consideration will be given to keeping most investments as being short term or variable.
- Conversely, if it is thought that Bank Rate is likely to fall within that time period, consideration will be given to locking in higher rates currently obtainable, for longer periods.

Investment returns expectations - Bank Rate is unlikely to rise from 0.10% for a considerable period. It is very difficult to say when it may start rising so it may be best to assume that investment earnings from money market-related instruments will be sub 0.50% for the foreseeable future.

The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year are as follows:

Average earnings in each year	
2021-22	0.10%
2022-23	0.10%
2023-24	0.10%
2024-25	0.25%

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	2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m	2024-25 £m	2025-26 £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
- Preparation of a capital strategy to include capital expenditure, capital financing and treasury management, with a long term timeframe



Nottinghamshire

POLICE & CRIME COMMISSIONER

Reserves Strategy 2021-22

Reserves Strategy 2021-22

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 continuing with the cost of the pandemic and Brexit being the key drivers affecting the totality of funding for the public sector. At the local level the good news of being able to recruit additional officers remains a challenge and the Force remain ahead of the curve for achieving its recruitment targets. The national target for achieving savings continues and whilst welcomed, it becomes particularly difficult when officer numbers have to be maintained and back office support is 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. The MTFP Reserve has been the source for this, but this has been fully utilised and therefore the General Reserve is the back-up solution for this risk.
 - 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 31st 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 2020-21 financial year and their estimated balance by 1st April 2021.

Details of the **earmarked reserves** available for use in 2021-22 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.

Asset Replacement Reserve

36. This reserve is reflecting the need to consider the major programme of asset replacement in the capital programme.
37. The repayment of reserves previously utilised has provided this reserve with the necessary balances to fund the joint HQ new build and not require a

significant level of borrowing which could have resulted in a breach of borrowing limits.

38. 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. And produce the Asset Management Strategy to CIPFA standards.

IT Investment Reserve

39. 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

40. 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

41. 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

42. This is a reserve for the equalisation of expenditure over the life of the contract. This is a statutory reserve to maintain.
43. This reserve has been reviewed in light of the vehicle PFI contract being terminated. All of this reserve relates to commitments within the Riverside PFI. The transfers and balance will remain until the Building PFI has been terminated.

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 Commissioner'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 Commissioner'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, but their delivery has been delayed due to the pandemic.

Allard Reserve

54. It has been agreed that any further risks associated with this case will be managed within existing revenue budgets. This then “frees up” this balance to fund the bringing back in-house of the vehicle maintenance contract.

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.

Procedure for Use of Reserves

58. The use of reserves requires approval of the Chief Finance Officer to the Commissioner and the Commissioner.
59. All requests should be supported by a business case unless there is an approved process for use, such as the Animal Welfare Reserve, or the request relates to a specific project relating to retained grant.
60. 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

61. 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.
62. 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

63. 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.
64. 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.
65. The significant risks that have been considered, but which will also be kept under review are:
 - o Significant unforeseen legal costs.
 - o The budget monitoring report highlights potential risks in being able to achieve the required efficiencies and savings during the year.
 - o The ability to seek financial assistance from the Home Office for major incidents has been diminished and can no longer be relied upon.
 - o 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.
 - o The ability to recover significant overspends by divisions and departments would be very difficult in the current financial climate.
 - o 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.
 - o 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.

- o Once utilised reserves have limited scope for replenishment. This is usually achieved through a budget underspend.
- o There may be exceptional levels of insurance claims that cannot be met from the usual provisions.
- o 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 and this requires significant budget management by the force. 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 2021-22

GENERAL RESERVE

RISK	IMPACT	PROBABILITY	Min £m	Max £m	Proposed for 2021-22 £m
Major Incident(s) Unbudgeted expenditure	Any amount under 1% of net budget is to be funded by the authority. Amounts over 1% of net budget are subject to Home Office application approval.	Single Incident amounting to less than 1% of net budget. MEDIUM Multiple incidents amounting to over 1% of net budget. MEDIUM Single incident amounting to over 1% of net budget. LOW	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).	LOW	0.5	1.0	0.5
Partnership Support	Funding supported by partners continues to reduce. This has also been risk assessed as part of the budget assumptions.	Medium to HIGH	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).	LOW	0.5	5.0	0.5
Employment Tribunals and other litigation	Direct impact on revenue budgets.	LOW	0.1	0.5	0.1
Insurance	Emerging Risks and late reported claims.	To date no claims of this type have affected the accounts. Low to MEDIUM	0.3	0.7	0.5
TOTAL					7.0

Earmarked Reserves Assessment

RISK/RESERVE	PURPOSE	HOW AND WHEN IT WILL BE USED	Management and control	Review	Estimated Balance 31.03.21 £m
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.	Chief Finance Officer	On-going	6.781
IT Investment	To provide for investment in new IT software and hardware	In line with the IT strategy	Chief Finance Officer	On-going	0.976
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	1.617
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	5.770
PFI reserve	To fund irregular PFI related expenditure on a smoothed basis. And to provide for end of life PFI expenditure.	Life cycle equalisation for Riverside PFI.	Chief Finance Officer	Annually	0.128
Property Act Fund	Income from the sale of property act confiscations.	To be determined by the Police & Crime Commissioner.	Chief Finance Officer & Commissioner	Annually	0.049

Drug Fund	For use in reducing drug related crime.	To be determined by the Police & Crime Commissioner and CC.	Chief Finance Officer & Commissioner	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	1.698
Animal Welfare	To set up a scheme for animal welfare on retirement as working animals.	Scheme established.	Chief Finance Officer	During the year	0.019
Tax Base	To iron out fluctuations caused between estimated and actual tax base data.	Every 3-4 years to finance Single Person Discount Review.	Chief Finance Officer	Annually	2.107
Night Time Levy	To be utilised to address Night Time economy issues of crime and safety.	To be determined by the Police & Crime Commissioner.	Chief Finance Officer & Commissioner	Annually	0.265
Target Hardening	To be utilised when activity has been identified and agreed with partners.	Once schemes have been approved.	Chief Finance Officer	Annually	0.073
Allard	Once legitimate claims are made and approved for payment	On receipt of claims.	Chief Finance Officer	During the year	0.200
TPAC Collisions	To provide for fluctuations in claims made against the Force.	On receipt of claims above the budgeted.	Chief Finance Officer	Annually	0.100
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 Commissioner's	Annually	1.054
TOTAL					20.864

Tables to show the use of General Reserves

	2020-21	2021-22		2022-23		2023-24		2024-25		2025-26	
	01.04.20 Balance £m	01.04.21 balance £m	Use in year £m	01.04.22 balance £m	Use in year £m	01.04.23 balance £m	Use in year £m	01.04.24 balance £m	Use in year £m	01.04.25 balance £m	Use in year £m
General Reserve	7.000	7.000	0	7.000	0	7.000	0	7.000	0	7.000	0
EMSOU general reserve	0.075	0.075		0.075		0.075		0.075		0.075	
<i>% of net budget</i>	3.2%	3.0%		3.0%		3.0%		2.9%		2.9%	

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

	2020-21	2021-22			2022-23		2023-24		2024-25		2025-26	
<u>Earmarked Reserves</u>	01.04.20 Actual £m	01.04.21 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	Use in year £m	31.03.26 balance £m
MTFP	0.000	0.000		0.000		0.000		0.000		0.000		0.000
Asset Replacement	7.099	7.659	(5.106)	2.553	(0.203)	2.350		2.350		2.350		2.350
IT Investment	0.884	0.884		0.884		0.884		0.884		0.884		0.884
PCC Reserve	0.817	1.617		1.617		1.617		1.617		1.617		1.617
Grants & Commissioning	5.136	5.765	(0.829)	4.936	(0.300)	4.636		4.636		4.636		4.636
PFI	0.087	0.458	(0.330)	0.128		0.128		0.128		0.128		0.128
Property Act Fund	0.196	0.049		0.049		0.049		0.049		0.049		0.049
Drug Fund	0.027	0.027		0.027		0.027		0.027		0.027		0.027
Revenue Grants	1.698	1.698		1.698		1.698		1.698		1.698		1.698
Animal welfare	0.019	0.019		0.019		0.019		0.019		0.019		0.019
Tax Base	1.679	2.107		2.107		2.107		2.107		2.107		2.107
Night Time Levy	0.247	0.265	0.032	0.297	0.032	0.329	0.067	0.396	0.067	0.463	0.067	0.530
Target Hardening	0.073	0.073		0.073		0.073		0.073		0.073		0.073
Allard	1.200	0.200		0.200		0.200		0.200		0.200		0.200
TPAC Collisions	0.100	0.100		0.100		0.100		0.100		0.100		0.100
Joint Ops	1.054	1.054		1.054		1.054		1.054		1.054		1.054
TOTAL	20.316	21.975	(6.233)	15.742	(0.471)	15.271	0.067	15.338	0.067	15.405	0.067	15.472

For Information	
Public/Non Public	Public
Report to:	Joint Audit and Scrutiny Panel
Date of Meeting:	24 th February 2021
Report of:	Deputy Chief Constable
Report Author:	Amanda Froggatt, Corporate Development Manager Laura Spinks, Force Assurance Lead
E-mail:	amanda.froggatt@nottinghamshire.pnn.police.uk
Other Contacts:	
Agenda Item:	12

ASSURANCE MAPPING 2021/22

1. Purpose of the Report

- 1.1 The purpose of 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 It is recommended that JASP agree that Finance, Workforce Planning, Information Services, Performance Management, Project Management, Business Continuity, Health and Safety, Archives and Exhibits, Firearms Licensing, Procurement and Cyber Security are included in the Internal Audit Plan 2021/22, as outlined in Appendix 1.

3. Reasons for Recommendations

- 3.1 To ensure that the Panel is aware of the internal audit plan for the forthcoming financial year. 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, Buildings/Asset Management, Ethical Standards and Conduct, Project Management/Programme Management, Risk Management, Performance 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 Demand and Improvement Team or Peer Review;
 - Commission of internal audit as part of the Internal Audit Plan.

5 Financial Implications and Budget Provision
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- 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: Suggested Areas from Assurance Mapping Process.

APPENDIX 1 - Suggested Audit Plan for 2021/22

Business Areas	Overall Assurance Rating	Included on Internal Audit Plan 2021/2022	Recommendation
Finance	Reasonable	✓	Legal requirement to audit annually. To be included on Internal Audit Plan Extension to include light touch audit to cover transition of MFSS
Workforce Planning	Reasonable	✓	Area for Improvement received from HMICFRS Integrated PEEL Inspection. • Training Capabilities and PDR's
Information Governance	Reasonable	X	This area was audited in 2020 and received Satisfactory Assurance – not to be included on Internal Audit Plan
Information Services	Limited	✓	This area was audited in 2020 and received Limited Assurance – to be included on Internal Audit Plan
Partnerships	Reasonable	X	This area was audited in 2019/20 and received Satisfactory Assurance. Not to be included on Internal Audit Plan
Performance Management	Reasonable	✓	This area was audited in 2019/20 and received Satisfactory Assurance but there were a substantial number of recommendations. To be included on Internal Audit Plan
Buildings/Asset Management	Reasonable	X	Substantial governance evidence exists in this area of the business and when audited by Mazars in 2017 received a Satisfactory Assurance grading. Re-audited in 2020 and received further Satisfactory Assurance. Not to be included on Internal Audit Plan
Ethical Standards and Conduct	TBC once 2021 audit is complete	X	Substantial governance evidence exists in this area of the force and when inspected by HMICFRS in 2018 received a Grading of Good but two Areas for Improvement. There has also, been a change in legislation in relation to how complaints are handled. Re-audit due to take place w/c 8th March 2021.

Business Areas	Overall Assurance Rating	Included on Internal Audit Plan 2021/2022	Recommendation
Project Management/ Programme Management	Limited	✓	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 This area was not picked up during the 2021 Internal Audit Plan – to be looked at in 2021-22
Risk Management	Reasonable	X	Risk management was looked at in 2016 and then re-visited by Mazars in 2017 and given Satisfactory 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. Risk was re-audited January 2021 and the outcome of this is not yet known. Not to be included on the Internal Audit Plan
Emergency Planning/Business Continuity	Reasonable	✓	This area was audited in 2019/20 and received Satisfactory Assurance. However, OPCC area of the business received Limited Assurance. To be included in the Internal Audit Plan
Operations	Reasonable	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

Additional Areas

Health and Safety	Limited	√	This area was audited in 2019 and received Limited Assurance – to be included on Internal Audit Plan
Archives and Exhibits	Limited	√	This area was audited in 2020 and received Limited Assurance – to be included on Internal Audit Plan
Firearms Licensing	Limited	√	Previously audited and received Limited Assurance. Since the internal audit a comprehensive review has taken place and a number of recommendations implemented. To be included on Internal Audit Plan to ensure outcomes from review embedded
Procurement	Limited	√	This area was audited in 2017/18 and received Satisfactory Assurance. Since the audit procurement processes have changes and responsibility now sits under the Finance Department. Audit to ensure processes are working effectively. To be included on Internal Audit Plan
Cyber Security	Limited	√	This area dovetails into the Information Services audit which received Limited Assurance. To be included on Internal Audit Plan

For Information	
Public/Non Public	Public
Report to:	Joint Audit and Scrutiny Panel (JASP)
Date of Meeting:	24th February 2021
Report of:	Deputy Chief Constable
Report Author:	Amanda Froggatt, Corporate Development Manager Laura Spinks, Force Assurance Lead
E-mail:	amanda.froggatt@nottinghamshire.pnn.police.uk
Other Contacts:	n/a
Agenda Item:	13

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 3, 2020/21.
- 1.2 To inform the Panel of the schedule of planned audits and inspections.

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 112 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 141 actions closed during this quarter.
- 4.4 Recent and forthcoming Inspections.

Recent Inspection Activity

Date of Inspection	Inspection Area	Date Report Received	Final Grading	Status
October 2020	Covid-19 Policing Inspection	Awaiting thematic report	N/A	Awaiting thematic report

Forthcoming HMICFRS Inspections

Date of Inspection	Inspection Area	Status
March 2021	Fraud Inspection	Force will be inspected w/c 1 st March. Documentation and recommendation updates submitted. Timetable drafted

Publications

Date of Publication	Inspection Area	Status
February 2021	Stop and Search	HMICFRS to publish Disproportionate Use of Police Powers: A report on stop and search and the use of force – awaiting report

4.5 Recent and Forthcoming Audits

Recent Audit Activity

Date of Audit	Auditable Area	Date Report Received	Final Grading	Status
June 2020	Workforce Planning and Operation Uplift	December 2020	Satisfactory Assurance	Actions being managed on 4Action
January 2021	GDPR – Follow Up	January 2021	Satisfactory Assurance	Actions being managed on 4Action
January 2021	Information Assurance	January 2021	Limited Assurance	Actions being managed on 4Action

Forthcoming Audits

Date of Audit	Auditable Area	Status
Quarter 1	Workforce Planning and Operation Uplift	Final report received, actions being managed on 4Action
Quarter 2	Wellbeing	Audit taking place
Quarter 2	Debt Recovery	Awaiting report
Quarter 3	Business Change	To be re-scheduled to Q1 2021/22

Quarter 3	Core Financial Systems	Awaiting report
Quarter 3	Seized Property	Awaiting report
Quarter 3	GDPR Follow Up	Final report received, actions being managed on 4Action
Quarter 3	Information Assurance Follow Up	Final report received, actions being managed on 4Action
Quarter 4	Risk Management	Awaiting report
Quarter 4	Complaints Management	Audit scheduled for February 2021

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

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

Audit/Inspection	Source Title	Date	Number of Actions	Number Open	Number Closed	Number on Target	Number At Risk	Number Overdue
Audit-Mazars	Corporate Governance	October 2018	4	2	2	1	1	0
Audit-Mazars	Firearms Licensing	October 2018	4	4	0	0	4	0
Audit-Mazars	Late Night Levy	December 2018	4	4	0	0	4	0
Audit-Mazars	Performance Management	March 2019	5	3	2	0	3	0
Audit-Mazars	Force Management of MFSS	March 2019	10	10	0	0	10	0
Audit-Mazars	IT Strategy	April 2019	6	0	6	0	0	0
Audit-Mazars	Partnerships	May 2019	3	2	1	0	2	0
Audit-Mazars	Custody Arrangements	October 2019	2	2	0	0	2	0
Audit-Mazars	Balance Transfers	March 2020	1	1	0	0	1	0
Audit-Mazars	Health and Safety Follow Up	March 2020	6	2	4	0	2	0
Audit-Mazars	GDPR Follow Up	March 2020	4	4	0	0	4	0
Audit-Mazars	Information Assurance Follow Up	March 2020	4	4	0	0	4	0
Audit-Mazars	Programme Management	March 2020	2	2	0	0	2	0
Audit-Mazars	Core Financials	March 2020	5	5	0	5	0	0
Audit-Mazars	Workforce Planning and Operation Uplift	December 2020	2	2	0	2	0	0

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

Audit/Inspection	Source Title	Date	Number of Actions	Number Open	Number Closed	Number on Target	Number At Risk	Number Overdue
IPCC	Use of Force Report	September 2016	15	2	13	0	2	0
Inspection-HMICFRS	Efficiency November 2016 'Hot De Brief' actions	November 2016	31	2	29	0	2	0
Inspection-HMICFRS	Efficiency, Legitimacy and Leadership Hot Debrief 2017	May 2017	9	1	8	0	1	0
Inspection-HMICFRS	Making it Fair: Disclosure of unused material in volume Crown Court Cases	July 2017	6	1	5	0	1	0
Inspection-HMICFRS	PEEL Effectiveness 2017	September 2017	23	3	20	1	2	0
Inspection-HMICFRS	Stolen freedom: the policing response to modern slavery and human trafficking	October 2017	7	1	6	0	1	0
Inspection-HMICFRS	Additional PEEL Efficiency, Legitimacy, Leadership Actions 2017	December 2017	7	1	6	0	1	0
Inspection-HMICFRS	Still no place for hate	May 2018	6	1	5	0	1	0
Inspection-HMICFRS	Crime Data Integrity	August 2018	19	12	7	4	3	0
Inspection-HMICFRS	Integrated PEEL Inspection	September 2018	17	16	1	1	15	0
Inspection-HMICFRS	Unannounced Custody Inspection	October 2018	31	29	2	29	0	0
Inspection-HMICFRS	Biometrics Commissioner's Visit	October 2018	5	1	4	0	1	0
Inspection-HMICFRS	Policing and Mental Health – Picking up the Pieces	November 2018	5	1	4	0	1	0
Inspection-HMICFRS	Time to Choose – An Inspection of the Police Response to Fraud	April 2019	7	7	0	0	7	0
Inspection-HMICFRS	The Poor Relation – The Police and CPS Response to Crimes against Older People	July 2019	4	2	2	0	2	0

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

Audit/Inspection	Source Title	Date	Number of Actions	Number Open	Number Closed	Number on Target	Number At Risk	Number Overdue
Inspection-HMICFRS	Shining a Light on Betrayal	September 2019	3	3	0	0	3	0
Inspection-HMICFRS	Cyber Keeping the Light on	October 2019	2	2	0	0	2	0
Inspection-HMICFRS	Youth Justice System Inspection	October 2019	3	3	0	0	3	0
Inspection-HMICFRS	Joint Inspection Evidence Led Domestic Abuse	January 2020	6	1	5	0	1	0
Inspection-HMICFRS	Integrated Offender Management Thematic	February 2020	4	4	0	0	4	0
Inspection-HMICFRS	HMICFRS Response to Review of Investigations into Allegations of Non-Recent Sexual Abuse	March 2020	10	1	9	0	1	0
Inspection-HMICFRS	A call for help Police contact management through call handling and control rooms in 2018/19	July 2020	8	8	0	0	8	0
Inspection-HMICFRS	Roads Policing: Not optional An inspection of roads policing in England and Wales	July 2020	10	10	0	0	10	0
Inspection-HMICFRS	PEEL spotlight report The Hard Yards Police-to-police collaboration	July 2020	1	1	0	1	0	0

For Information	
Public	Public
Report to:	Audit and Scrutiny Panel
Date of Meeting:	24 February 2021
Report of:	Deputy Chief Constable
Report Author:	Pat Stocker – Information Management Lead
E-mail:	pat.stocker@nottinghamshire.pnn.police.uk
Other Contacts:	lehan.fielding7194@nottinghamshire.pnn.police.uk
Agenda Item:	14

Nottinghamshire Police Information Management - Freedom of Information and Data Protection Information Requests update for calendar year 2020.

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 2020

2. Recommendations

- 2.1 For Members to note the monitoring statistics for calendar year 2020 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 Local Force Performance Figures

4.1.1 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 2000 and GDPR / Data Protection Act 2018 legislation. These requests are processed and completed by the Information Request Team.

4.1.2 The legislative timescales for responding to requests are:-

- Freedom of Information 20 working days
- Data Protection Subject Access 1 calendar month from receipt of request

4.1.3 The Information Request Team (IRT) comprises of:

- 1 x Information Request Team Leader and 9.6 x FTE staff members who process a significant volume and a wide variety of requests including Court Orders, FOI,

Subject Access Requests, Safeguarding Checks and Annual Data Returns (ADR) to the Home Office.

- The team is split into functional areas as follows:
 - o 1 x FOI Request Officer – processes FOI requests only
 - o 1 x Data Returns Officer whose role is split between conducting FOI Research using Business Objects and collating and send ADR's to the Home Office
 - o 4.6 x Information Request Officers – processes all data protection requests including Court Orders
 - o 2 x Safeguarding Disclosure Officers - processing disclosure into the Family Justice System and conducting 'Police checks' on behalf of Local Authority Social Care Teams
 - o 1 x Information Request Administrator – provides admin support and customer service to requestors.

4.1.4 Income Generation from Information requests:

- Income is generated from certain types of information request.
- Recent & previous budget figures are as below – these are calculated on a financial year and not on the calendar year:

Income £	2016	2017	2018	2019	2020
Total	£37,501.31	£43,187.08	£27,947.35	£69,241.50	£62,162 up to December 2020 – projected income is expected to be over £72,000 by end of March 2021

4.1.5 Mazars Audit on GDPR

An audit was undertaken by Mazars in December 2020 and we are awaiting the draft report. Early indications from the exit meeting are that the result is likely to be 'Satisfactory Assurance'

The overall objective of the audit was to:

- update the risks and objectives relating to the GDPR processes within the Force following on from last year's review and consider the progress made in implementing the recommendations.
- align with the ICO Controllers Checklist. The checklist is designed to help organisations, as a controller, assess their high level compliance with data protection legislation. Includes the rights of individuals, handling requests for personal data, consent, data breaches, and data protection impact assessments under the General Data Protection Regulations.

4.1.5 Local Performance Figures:

Every month each Force provides its local data the NPCC DP/FOI Central team for collation of performance figures for the ICO. The full dataset is then sent back to Forces, it is usually a couple of months behind therefore the most recent report covers Sept 2019 to October 2020.

These compliance figures do show that we have performed above the nationally set Police Mean Compliance rate for FOI's & SARs in October 2020.*

*The Police Mean Compliance rate is shown in the national datasets – see Tables 3 & 4 below

Table 1: Nottinghamshire Police FOI figures Sept 19 – Oct 2020

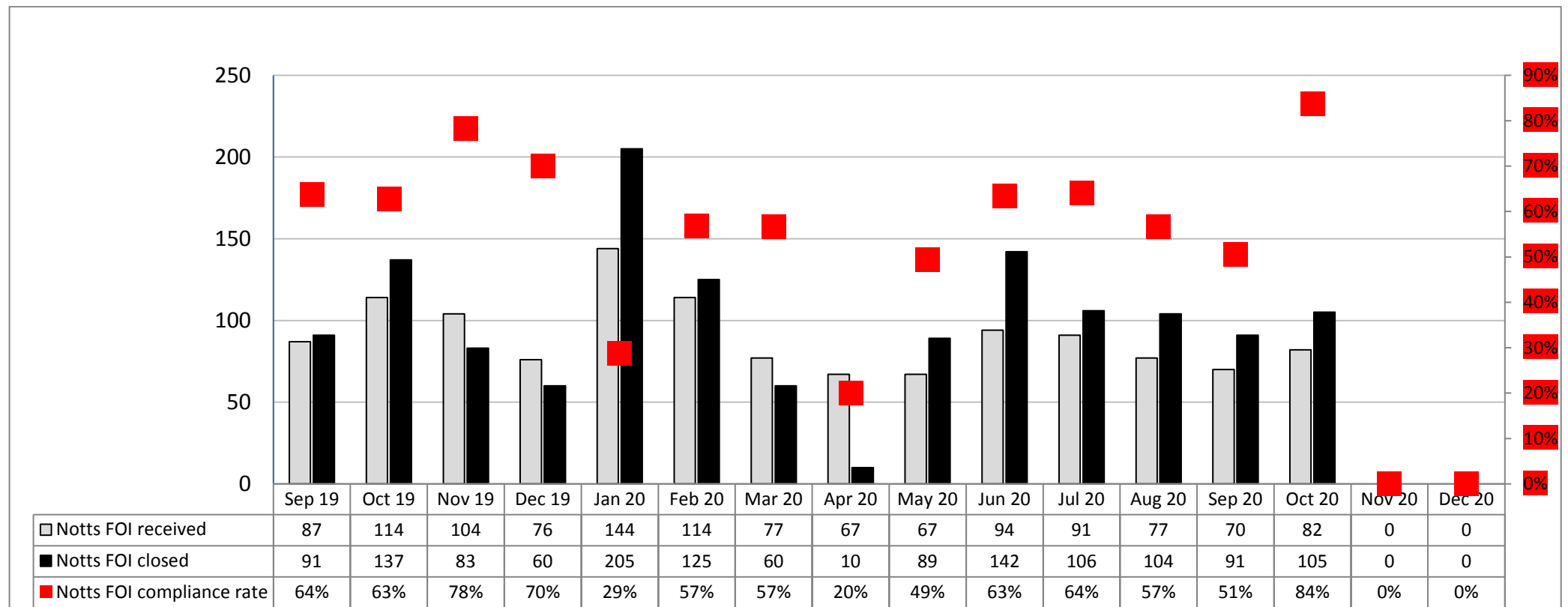
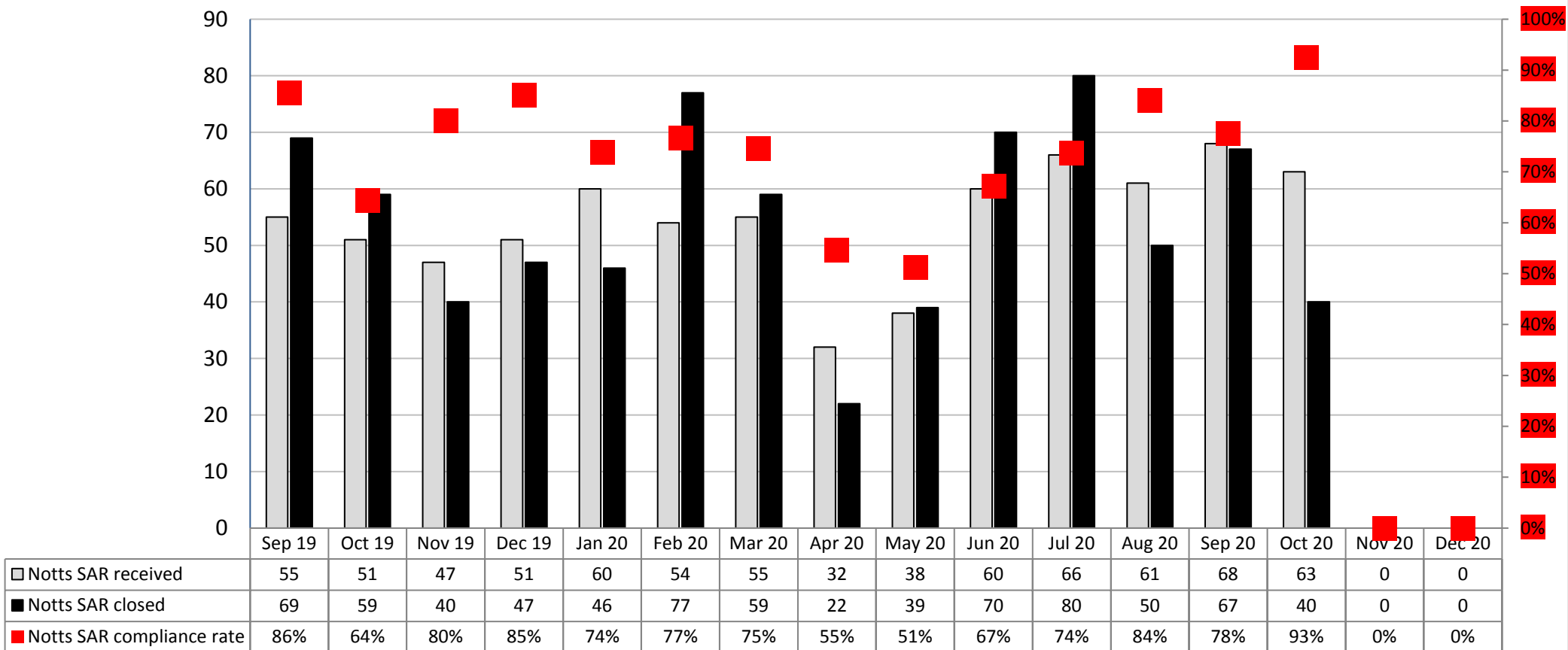


Table 2: Nottinghamshire Police SAR figures Sept 19 – Oct 2020



4.2 National Police Service Performance

As part of the National DP/FOI dataset the NPCC have provided a breakdown of each Force performance on FOI & SAR timeliness compliance in June 2020 – a further 6 monthly comparison is expected for December 2020 and available later in Q1:

Table 3: National breakdown of FOI Request volume & compliance in June 2020

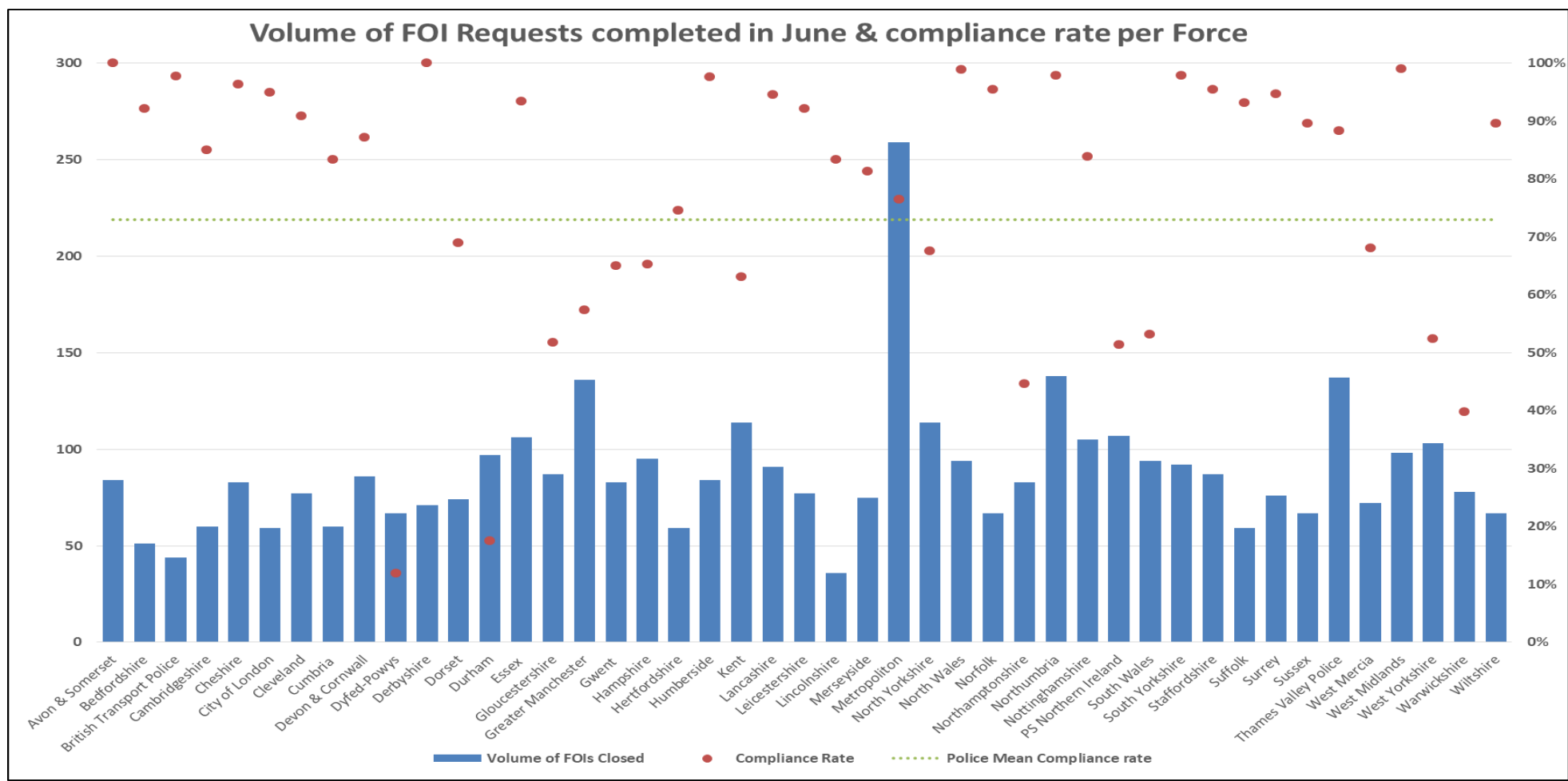
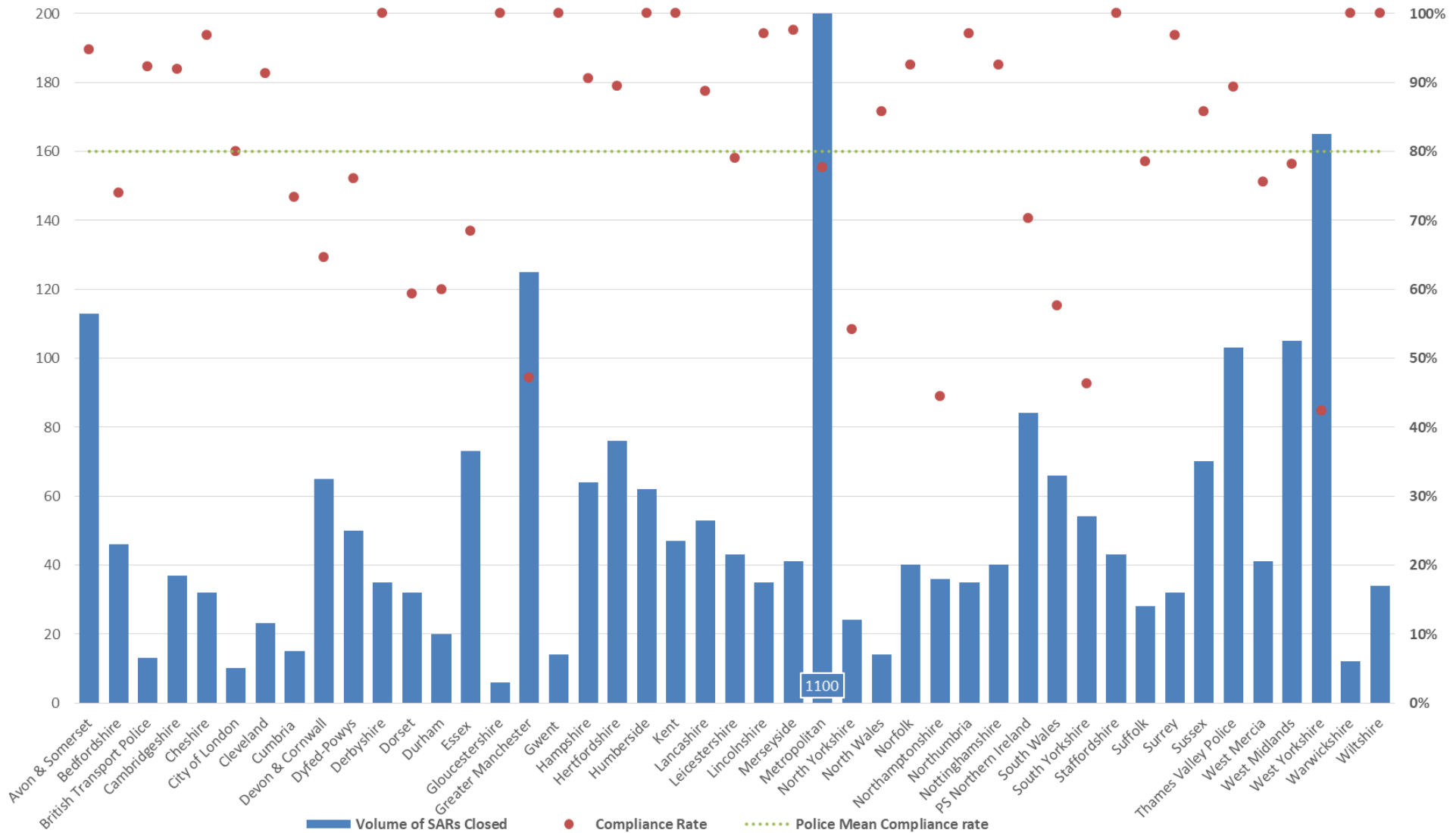


Table 4: National breakdown of SAR Request volume & compliance in June 2020

Volume of Subject Access Requests completed in June & compliance rate per Force



4.3 ICO Report : Timeliness of responses to information access requests by police forces in England, Wales and Northern Ireland - November 2020

4.3.1 In November 2020 the ICO produced a report as a result of monitoring timeliness compliance levels in the police sector. The ICO became aware that there were compliance concerns across the sector and undertook a programme of work to consider timeliness performance in detail. They monitored police forces for different periods of time; the earliest from June 2018 and they continue to monitor some to the present.

A link to the full report:

<https://ico.org.uk/media/2618591/timeliness-of-responses-to-information-access-requests.pdf>

4.3.2 The detailed findings identify areas of good practice in meeting time limits for responding to Freedom of Information, Environmental Information and Subject Access requests from which other forces can learn. Their research has resulted in nine practical recommendations that the ICO consider will drive improvements.

4.3.3 The report also highlights failings. Police forces are improving, but many must do better. Where the ICO found particularly poor practice, they have taken action. The ICO have issued three forces with practice recommendations – Gloucestershire, Northamptonshire and North Yorkshire and have re-emphasised that failure to improve could result in further regulatory action.

4.3.4 Nottinghamshire Police's response to the ICO report is to incorporate the recommendations from the report with the recommendations from the GDPR Mazars Audit Report (see 4.1.5) to create an improvement plan that can be managed and monitored by DCC Barber as SIRO via the Information Management Board.

5 Financial Implications and Budget Provision

5.1 There are no direct financial implications for this year

6 Human Resources Implications

6.1 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.

11 Details of outcome of consultation

- 11.1 No consultation took place in preparing this report

12. Appendices

- 12.1 No appendices

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

13. No background papers have been provided

For Information	
Public/Non Public*	
Report to:	Audit and Scrutiny Panel
Date of Meeting:	24th February 2021
Report of:	Force Report on Monitoring, Review and Assurance of the Publication Scheme 2019/2020
Report Author:	Pat Stocker – Information Management Lead
E-mail:	Pat.stocker@nottinghamshire.pnn.police.uk
Other Contacts:	lehan.fielding7194@nottinghamshire.pnn.police.uk
Agenda Item:	15

*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 end of calendar year 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" - **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 **Appendix B** shows the local position in compliance with the ICO definition document
- 1.4 **Appendix C** shows an analysis of the themes of requests received via Freedom of Information in 2020
- 1.5 The guidance 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.
- 1.6 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
- 1.7 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.
- 4.3 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.
- 4.4 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.
- 4.5 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.

4.6 Force Website Traffic:

The numbers below are for 2020 and represent only the page itself, not other pages that come under the 'umbrella' of those sections, which is why they may look lower than those reported in 2019.

Website area	Number of page views (2020)
Your area	72,996
News and Appeals	News: 771,915 Appeals: 27,697
Advice	17,545
Contact	96,356
Careers	148,544
About	9,656
Information	9,670
Data Protection	1,847
Freedom of Information	1,363

Appendix C shows an analysis of the themes of requests received via Freedom of Information in 2020. This shows that, by far, the majority of Freedom of Information requests received in 2020 remains as information pertaining to crime statistics. The next most popular category of request related to 'Organisation & Resources'.

4.7 Improvements made & planned since last year's report:

- We have restarted the routine publication of FOI responses that was temporarily suspended in 2018 due to demand and available resources. We started with the publication of the most recent responses and have almost completed the upload of the rest of the 2020 responses; we will continue to publish 2019 responses to ensure that 2 years' worth are available.
- We continue to work with Information Asset Owners to identify any information which is regularly requested and could be routinely published on the internet or if published elsewhere, relevant links updated on website

- We are working with Corporate Development to ensure that once the resources are available relevant Policy and procedure documents can be updated as a matter of routine and latest versions published to website
- We continue to work with Corporate Communications to ensure that any out of date links or documents are 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

11.7 No consultation took place when preparing this report

12. Appendices

12.1 **Appendix A:** ICO Publication Scheme – Definition document for Police Forces.

12.2 **Appendix B:** shows the local position in compliance with the ICO definition document

12.3 **Appendix C:** FOI requests received by theme 2020

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 2000

Definition document for Police Authorities and the Northern Ireland Policing Board

This guidance gives examples of the kinds of information that we would expect Police Authorities and the Northern Ireland Policing Board to provide in order to meet their commitments under the model publication scheme.

We would expect these bodies 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 (EIR) exceptions, or its release is prohibited under another statute;
- the information is readily and publicly available from an external website; such information may have been provided either by the Police Authority/Board or on its behalf. The Police Authority/Board must provide a direct link to that information;
- 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.

The guidance is not meant to give an exhaustive list of everything that should be covered in a publication scheme. The legal commitment is to the model publication scheme, and public authorities 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 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 normally expect information in this class to be for the current year only

- **Structure of the Authority or Board**

Names of members of the Police Authority or Board and any council or other body represented. Any sub-committee structure.

- **Staff structure of the Authority or Board**

Basic staff structure or other details indicating the Police Authority's or Board's administrative support.

- **Contact information**

Police Authority or Board contact details, preferably by reference to name.

- **Geographical area of operation**
- **General outline of responsibilities**
- **Appointment of independent custody visitors**
- **In Northern Ireland the appointment and role of**

Independent Community Observers • In Northern Ireland the role of the Board in relation to Policing and Community Safety Partnerships • Relationships with other bodies Collaboration agreements, or other joint arrangements, with statutory and non-statutory partners.
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 financial information for the current and previous two financial years should be available. • Summary of revenue budget estimates of the Authority or Board itself • Annual statement of the Authority's or Board's accounts • Budget set for the Police Force or Police Service • Policing precept and/or information on other sources of income, including grants • Annual investment strategy or other details of resource expenditure • Expenditure Details of items of expenditure over £500, including costs, supplier and transaction information (monthly). • Details of contracts currently being tendered • Contracts We would normally only expect the Police Authority or Board to publish contracts and invitations to tender that exceed £10,000. A list of contracts under £10,000 should also be published. • Expenses and allowances paid to or incurred by Authority or Board members and senior employed staff Details of the allowances and expenses that can be claimed or incurred. It should include the total of the allowances and expenses incurred by or paid to individual senior staff and authority or board members by reference to categories. These categories should be produced in line with the public authority's policies, practices and procedures and will be under headings like travel, subsistence and accommodation. For the purpose of this document, "senior staff" means staff whose basic actual salary is at least £58,200 per

annum.

- **Pay and grading structure**

This may be provided as part of the Police Authority or Board structure and should, as a minimum, include senior staff salaries. The salaries should be stated in bands of £5,000. For those earning less than £58,200 per annum, 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 workforce.

- **Annual audit letter**
- **Financial audit reports**
- **Internal financial regulations and delegated authority**

What our priorities are and how we are doing

Strategies and plans, performance indicators, audits, inspections and reviews.

We would expect information in this class to be available at least for the current and previous two years.

- **Annual report**
- **Strategic plan or local policing objectives set for the Police Force or Police Service**
- **Reports presented to the Police Authority or Board indicating service provision, performance assessments, operational assessments**
- **Reports by external inspectors**
- **Information on the performance of the Police Authority or Board**
- **Statistical information provided to the Police Authority or Board**

How we make decisions

Decision making processes and records of decisions.

We would expect information in this class to be available at least for the current and previous two years.

- **Schedule of meetings open to the public**
- **Agendas and approved minutes of the Authority (Board) and Authority (Board) sub-committees**
- **Background papers for meetings open to the public**
- **Records of important decisions**

- **Procedures, facts and analyses of facts used for decision making**
- **Public consultations**

Details of consultation exercises, with access to the consultation papers. The results and outcomes of public policing consultation exercises and surveys.

Our policies and procedures

Current written protocols, policies and procedures for delivering our services and responsibilities.

We would normally expect information in this class to be for the current year only.

- **Policies and procedures for the conduct of the Police Authority's or Board's business**

Standing Orders, delegated powers, corporate governance, code of conduct, memoranda of understanding and similar information.

- **Policies and procedures for the provision of services**

This will include any policies and procedures for handling requests for information.

- **Policies and procedures about the employment of staff**

Where the public authority employs its own staff, details of the policies in place, or where staff are employed through another body, reference to the policies of that body. If vacancies are advertised as part of recruitment policies, details of current vacancies will be readily available.

N.B. Where public authorities have written policies and procedures falling within the above 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 an authority has an Equality Scheme, this should be made available. A policy for outside business interests of senior employees and staff would be both a policy for the conduct of business and an employment policy.

Where procedures are developed in combination with other public authorities, these should also be available.

- **Customer service**

Standards for providing services to the authority's customers, including complaints procedures. This will include procedures for handling/overseeing complaints against the police force or service as well as complaints against the police authority or board. Complaints procedures will include those covering requests for information and operating the publication scheme.

- **Records management and personal data policies**

This will include information security policies, records retention, destruction and archive policies, fileplans (or any other Business Classification Scheme used for the management of information) and data protection (including data sharing) policies.

- **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.

- **Any information we are legally required to hold in publicly available registers**
- **Asset register**

We would not expect a public authority 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 public authority has prepared an information asset register, it should publish the contents.

- **Register of members' interests**
- **Register of gifts and hospitality provided to members and senior personnel**

This should include details of gifts, given or received, and details of any hospitality afforded and by which organisation. Gifts and hospitality declined should also be included.

- **Disclosure log**

Where an information disclosure log is produced indicating the information that has been provided in response to FOI requests it should be readily available. Disclosure logs are themselves recommended as good practice.

The services we offer

Information about the services we offer, including leaflets, guidance and newsletters.

- **Information about the provision of the Authority's or Board's services**
- **Leaflets and explanatory booklets**
- **Media releases**
- **Services for which the authority is entitled to recover a fee, together with those fees**

NOTTINGHAMSHIRE POLICE – LOCAL COMPLIANCE POSITION IN RELATION TO THE ICO DEFINITION DOCUMENT – JAN 2021

Who we are and what we do: Organisational information, structures, locations and contacts			
Requirement	Published	Responsible Department	Comments / Actions
Force structure	YES	People Services	New Force structure published as a news article and is still available online; it will be built into the core website content.
Profiles of COT team	YES	Chief Officer Team	CC/DCC/ACC profiles published
Identities of senior staff	TO BE PUBLISHED	Heads of Departments	Not currently published – details of relevant senior staff will be published in due course
Locations and contact details of police stations and opening hours	YES	Estates	Published on the Police Stations web page
Arrangements for Special Constables and civilian volunteers	YES		Published under the 'Careers' section
Relationships with other authorities	YES		Published under 'Our Partners' section
Sponsorship with Businesses	YES	Finance	Published under 'Doing business with us'
What we spend and how we spend it: Financial information relating to projected and actual income and expenditure, procurement, contracts and financial audit			
Annual statement of accounts	YES	OPCC	Published under 'What we spend'
Force budget (as agreed by PCC or Police Board)	TO BE LINKED TO PCC WEBSITE	OPCC	Budget report available on PCC website
Expenditure	YES	Finance	Published under 'What we spend' and 'Access to Information – Finance'
Details of contracts: Expectation that the force will 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.	YES	MINT/ Finance	Published under 'Doing business with us' - Contracts over £25,000 - current contracts awarded for Nottinghamshire Police are available to view by accessing the online Blue Light Procurement database
Expenses paid to or incurred by the Chief Officer, Deputy and Assistant Chief Constables or Commissioners	YES	Finance	Included in 'What we spend'
Pay and grading structure	TO BE PUBLISHED	Finance / Payroll	Not currently published – relevant details will be published in due course
Evaluation of police use of resources	YES		Audits and Inspection reports are published
Support for the provision of Community Support Officers	YES		Details on PCSO role published under 'Careers'
What our priorities are and how we are doing -Strategies and plans, performance indicators, audits, inspections and reviews.			

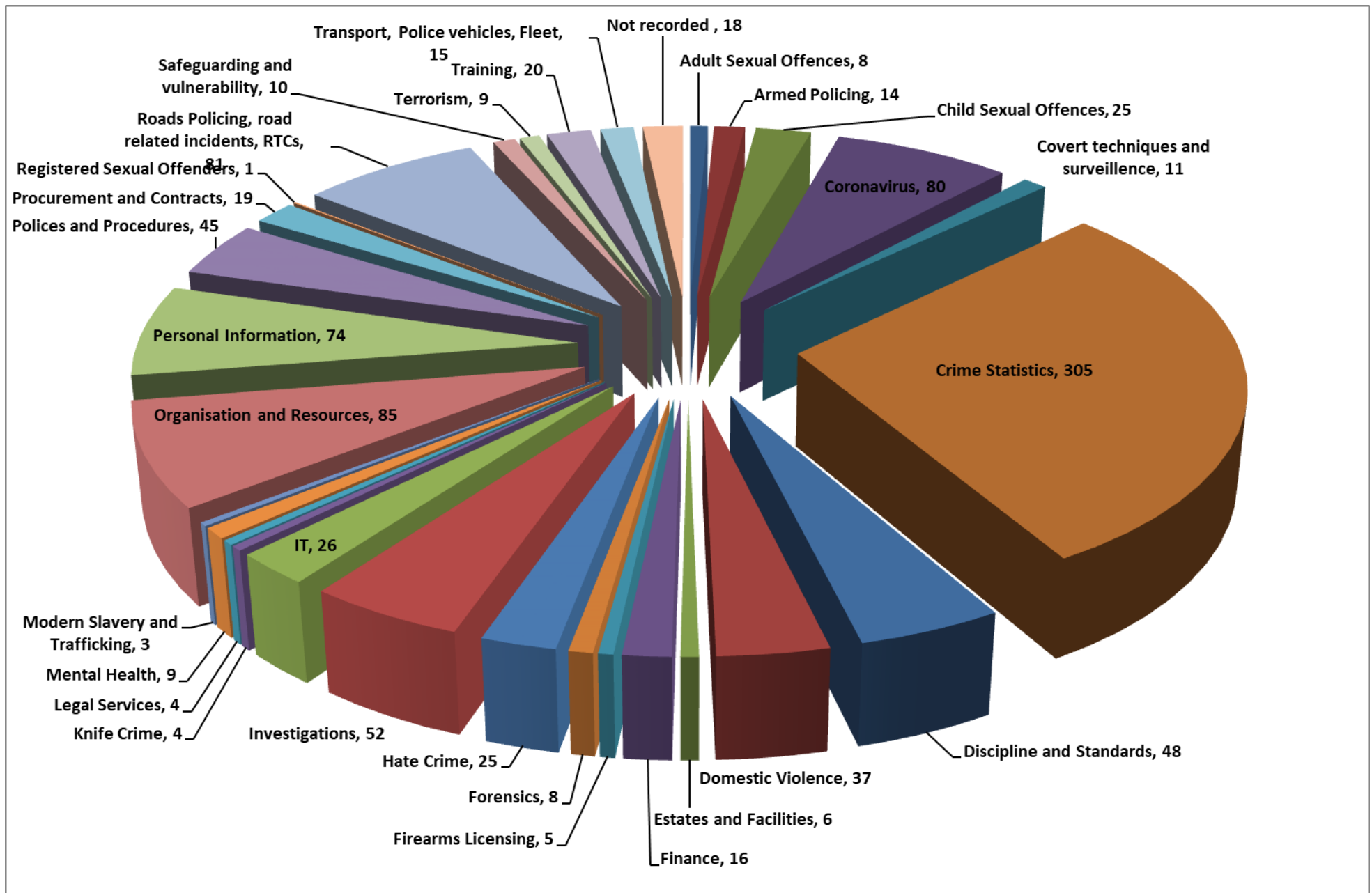
NOTTINGHAMSHIRE POLICE – LOCAL COMPLIANCE POSITION IN RELATION TO THE ICO DEFINITION DOCUMENT – JAN 2021

*ICO expects as a minimum that information for the current and previous two financial years should be available.			
Strategic plans	YES		Our Priority plan
Annual Policing plans	YES	OPCC	Police & Crime Plan 2018 - 2021
Area Policing plans	YES	Neighbourhood Policing	Although not an area plan – relevant information is available via the ‘Your area’ section
Chief Officers Annual Report	YES	OPCC	Annual Reports available via PCC website
Police Performance Assessments	YES	Corporate Services	Audits and Inspection reports are published
Police Force statistics -This will include crime statistics published on the www.police.uk website.	YES	Corporate Services	Published under ‘Find out how we are performing’ Also signpost to police.uk on each neighbourhood page
Neighbourhood Policing arrangements	YES	Neighbourhood Policing	Your area covers local neighbourhood inspector details, police station and contact details as well as access to social media comments from local team
How we make decisions - Decision making processes and records of decisions.			
Agenda and minutes for the senior decision making committee	YES		Relevant Strategic Meetings with Force representation are published on the PCC website.
Feedback from public consultation and surveys	TO BE LINKED TO PCC WEBSITE		To be reviewed and linked to what is currently available on the OPCC website
Our policies and procedures -Current written protocols, policies and procedures for delivering our services and responsibilities			
Policies and procedures for the conduct of police force business	YES	Corporate Services	Available under ‘Library’ – some documents require review and updating
Policies and procedures for the provision of policing services	YES	Corporate Services	Available under ‘Library’ – some documents require review and updating
Policies and procedures about the recruitment and employment of staff	YES	People Services	Available under ‘Library’ – some documents require review and updating
Records management and personal data policies	YES	Corporate Services	Available under ‘Library’ – some documents require review and updating
Fileplans (or any other Business Classification Scheme used for the management of information)	YES	Corporate Services	Available under ‘Library’ – some documents require review and updating
Customer service standards and complaint procedure	YES	Professional Standards	Published under ‘Contact us’
Charging regimes and policies	YES	Finance	List of Financial charges published
Lists and Registers			

NOTTINGHAMSHIRE POLICE – LOCAL COMPLIANCE POSITION IN RELATION TO THE ICO DEFINITION DOCUMENT – JAN 2021

Information held in registers required by statute	YES		Access to information – registers includes use of force, COT contact with the media, Gifts, gratuities and hospitality, business interests
Asset registers	NOT FOR EXTERNAL PUBLICATION		Not for external publication – contains sensitive operational/tactical data
Information asset register	NOT FOR EXTERNAL PUBLICATION		Not for external publication – contains sensitive operational/tactical data
CCTV - locations of any overt CCTV surveillance cameras operated by the police force	YES	Camera Safety Partnership	Mobile Speed Camera Positions published
Registers of interests	YES	Professional Standards	Published under 'Access to Information'
Register of gifts and hospitality (senior personnel)	YES	Professional Standards	Published under 'Access to Information'
FOI disclosure log	YES	Corporate Services	Published under 'Access to Information'
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			
Advice and guidance for the general public	YES		Available via Advice Centre
Firearms and explosives licensing, firearms dealers licensing, abnormal load escort, keyholder services	YES		All available via search facility
Police college or learning centre	YES		Links to Regional EMCHRS and National College of Policing
Ceremonial duties	NOT APPLICABLE		Not applicable
Museum	NOT APPLICABLE		Not applicable
Local campaigns	YES	Neighbourhood Policing	Published under 'Your area' and highlighted on news section and Advice Centre, as appropriate
Media releases	YES	Corporate Communications	Published under 'News & Appeals'
Details of the services for which the police force is entitled to recover a fee together with those fees	YES	Finance	List of charges published – based on national list

Appendix B: FOI requests received by theme 2020



For Information	
Public/Non Public*	Public
Report to:	Joint Audit and Scrutiny Panel
Date of Meeting:	24 February 2021
Report of:	Police & Crime Commissioner
Report Author:	Business Support Manager
E-mail:	Katy.owen@nottinghamshire.pnn.police.uk
Other Contacts:	
Agenda Item:	16

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

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.¹

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

¹ [Elected Local Policing Bodies \(Specified Information\) Order 2011](#)

must 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 Each year the CoPaCC team undertakes 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 was awarded the OPCC Transparency Quality Mark every year between 2015 - 2019. Unfortunately, due to a delay with the audit on the 2018/19 accounts, the PCC was not awarded the Transparency Quality Mark in 2020.
- 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 31 requests for information between the period of 1 January – 31 December 2020. Details of the requests are published on the Police and Crime Commissioner's website.
- 4.2 81% of the requests for information were responded to within the 20 working day 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

Report to:	Joint Audit and Scrutiny Panel
Date of Meeting:	24 February 2021
Report Author:	Kayt Radford
E-mail:	Kayt.radford@nottinghamshire.pnn.police.uk
Other Contacts:	
Agenda Item:	17

Custody Record Review Quarterly Report

1. Purpose of the Report

- 1.1 The Custody Record Review report details the findings of 47 custody record reviews undertaken during quarter 3.

2. Recommendations

- 2.1 That the committee note the results of the report.
- 2.2 That the committee support the continuation of custody record reviews and that the results are published.
- 2.3 That the committee indicate a preference in style of reporting.

3. Reasons for Recommendations

- 3.1 To inform the committee of the results of the custody record reviews of the most vulnerable persons held in police detention (young people, vulnerable adults and detainees in poor mental health).
- 3.2 To provide reassurance to the public that police custody is a safe and dignified place for the community.

4. Summary of Key Points (this should include background information)

- 4.1 The reviews have highlighted that Appropriate Adult (AA) provision is good for young people and detainees receiving a definition as 'vulnerable adult'. Those records of detainees in poor mental health did not show that AA provision had been allocated.

There has been a return to physical interviews with solicitors, AAs, police investigators and detainees all attending interviews in person.

Half of records reviewed for young people were held in custody overnight to allow police investigation, but none had been held post charge.

5. Financial Implications and Budget Provision

- 5.1 Costs incurred are covered in the current budget provision.

6. Human Resources Implications

6.1 None

7. Equality Implications

7.1 Custody record reviews can show due consideration for the public sector equality duty Section 149 of the Equality Act 2010. Reviews focus on vulnerable detainees, including those of protected characteristics (gender, age and disability). The information extracted from custody record reviews also support the public sector equality duty by reporting on detainee's religious requirements.

8. Risk Management

Custody Record Reviews help support safe police detention for the community.

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

Custody Record Reviews support the police and crime plan priority, transforming services and delivering quality policing.

10. Details of outcome of consultation

None

11. Appendices

Appendix 1 – local custody record review report
Appendix 2 – regional custody record review report

Custody Record Review Results

October - December 2020

Introduction

The table below shows the number and type of custody records scrutinised during October - December 2020.

Young People	Vulnerable Adults	Detainees in poor Mental Health	Total
21	12	14	47

Key findings

The key findings from this report are:

The reviews have highlighted that Appropriate Adult (AA) provision is good for young people and detainees receiving a definition as 'vulnerable adult'. Those records of detainees in poor mental health did not show that AA provision was allocated.

There has been a return to physical interviews with solicitors, AAs, police investigators and detainees all attending interviews in person.

Half of records reviewed for young people were held in custody overnight to allow police investigation, but none had been held post charge.

Detailed findings

General Requirements

- The majority of detainees were provided with an explanation of the use of the cell call button (43/47).
- All detainees were regularly offered food and other refreshments (47/47). Those detainees who specified that they had dietary requirements were provided with appropriate meals.
- All female detainees were assigned a female officer as their point of contact during detention, were offered sanitary products and told that the toilet was pixelated (21/21).

Appropriate adults

- The force identified the need of an AA for all young people detained (21/21) and for vulnerable adults (4/4). Of the records reviewed of detainees in poor mental health, none were found to have been allocated an AA (14/14).
- The force identified early on in the process that an AA was required for young people, but vulnerable adults waited longer to be identified as vulnerable and therefore, to receive support from an AA.
- Detainees can experience delays before seeing an AA; sometimes family members cannot attend custody quickly. In other cases, detainees can be intoxicated and volatile and need time to recover before speaking with an AA.

Solicitors

- The force contacted solicitors in a timely manner and in 23/32 cases in less than two hours.
- Some detainees experienced delays over 8 hours before they consulted with a solicitor, and in two cases, lengthy waits of over 20 hours. Adequate rationales for delays are not always recorded, but in several cases detainees were intoxicated and needed time to recover.
- This quarter saw an increase in solicitors attending interview in person following an easing of restrictions due to Covid-19. A small number of solicitors are still attending interview by telephone or virtually. There is evidence on the records that detainees are informed that solicitors may attend in person or by the telephone.

Observation levels

- All custody records reviews showed that an appropriate observation level was set. There were some instances of detainees being heavily intoxicated with drugs, alcohol or both and there is no evidence in these records that rousals were required or being conducted (2/47).
- There was evidence of the force changing observations levels appropriately, responding to the changing needs of detainees.
- Most cell visits were conducted as prescribed. There were instances of cell visits being missed on some records (13/47) and in other cases late by more than 5 mins, although a rationale was recorded in these cases as to why the visit was delayed.

Liaison and Diversion

- Liaison and Diversion provision had continued throughout the pandemic, but has been a reduced service on some days. Most visits have been conducted

in cells to maintain social distancing.

- Young people were given access to Liaison and Diversion representatives whilst in custody some of which were referred to services after release (11/21). Some detainees in poor mental health or considered vulnerable received a mental health assessment and appropriate referrals were made to support services where appropriate (8/26).

Young People Detained Overnight

- More than half of records reviewed for young people, showed that children had been held in custody overnight to allow police investigation (16/21). However, none of these were being held in custody post charge.

Good Practice/Covid-19

- Detainees generally looked after well, being offered meals and drinks, rights and entitlements and risk assessments completed.
- There was no evidence on the records reviewed that detainees are being provided with soap and access to hand washing facilities to prevent the spread of Covid-19. However, verbal reports from ICVs who are telephoning the suites have confirmed that detainees are being provided with hand washing facilities.
- Evidence of L&D, MH clinicians and healthcare practitioners all undertaking visits with detainees in their own cell to manage social distancing.

Recommendations for change

- To continue discussions with Nottinghamshire Police about how the difficulties that exist in defining adult detainees as vulnerable and therefore, entitled to access for an AA.
- The focus of custody record reviews will shift its focus from vulnerable adults and mental health records, to reviewing custody records with an immigration flag. Custody record reviews will continue to look at the records of young people.

CUSTODY RECORD REVIEWS – REGIONAL DATA

Colour coded performance (P) system:

	Goal of 100%	Goal of 0%
Significant improvement needed	P is less than 50%	P is greater than 50%
Improvement needed	P is between 50% and 85%	P is between 15% and 50%
Good level of compliance	P is 85% or above	P is 15% or below

Total number of records reviewed				
	Q1(April-June)	Q2(July-Sept)	Q3(Oct-Dec)	Q4(Jan-Mar)
Derbyshire	131	155		
Leicestershire	118	153		
Nottinghamshire	48	48	47	

% of DPs who had the cell call button explained				
	Q1(April-June)	Q2(July-Sept)	Q3(Oct-Dec)	Q4(Jan-Mar)
Derbyshire	88%	80%		
Leicestershire	89%	83%		
Nottinghamshire	95%	88%	91%	

% of DPs advised that the toilet area is pixelated				
	Q1(April-June)	Q2(July-Sept)	Q3(Oct-Dec)	Q4(Jan-Mar)
Derbyshire	71%	67%		
Leicestershire	26%	27%		
Nottinghamshire	N/A	N/A	47%	

% of DPs who experienced a delay in authorising detention (in excess of 20 minutes) with no rationale to explain lateness				
	Q1(April-June)	Q2(July-Sept)	Q3(Oct-Dec)	Q4(Jan-Mar)
Derbyshire	NA	26%		
Leicestershire	49%	20%		
Nottinghamshire	19%	6%	13%	

*** Leics from 30 mins to be discussed.

% of female DPs offered a female SPOC				
	Q1(April-June)	Q2(July-Sept)	Q3(Oct-Dec)	Q4(Jan-Mar)
Derbyshire	88%	82%		
Leicestershire	95%	93%		
Nottinghamshire	83%	86%	100%	

% of females who were offered hygiene products				
	Q1(April-June)	Q2(July-Sept)	Q3(Oct-Dec)	Q4(Jan-Mar)
Derbyshire	58%	73%		
Leicestershire	90%	82%		
Nottinghamshire	83%	86%	100%	

Appendix 2

If DP requested a solicitor – the % DPs who actually had contact				
	Q1	Q2	Q3	Q4
Derbyshire	81%	86%		
Leicestershire	86%	88%		
Nottinghamshire	75%	97%	96%	

% of records that contained late or missed visits				
	Q1(April-June)	Q2(July-Sept)	Q3(Oct-Dec)	Q4(Jan-Mar)
Derbyshire	71%	55%		
Leicestershire	17%	19%		
Nottinghamshire	24%	19%	27%	

*** Any late visit (over 5 minutes) or missed visit in any one record is counted

Total number of DPs who were identified as needing rousals				
	Q1(April-June)	Q2(July-Sept)	Q3(Oct-Dec)	Q4(Jan-Mar)
Derbyshire	41 (31%)	43 (28%)		
Leicestershire	11 (9%)	5 (4%)		
Nottinghamshire	3 (6%)	0 (0%)	4%	

**Derbyshire had a focus on intoxication for the period July – December (therefore Derbyshire figures may be higher)

% adhered of rousals adhered to (including the 4Rs)				
	Q1(April-June)	Q2(July-Sept)	Q3(Oct-Dec)	Q4(Jan-Mar)
Derbyshire	59%	81%		
Leicestershire	82%	100%		
Nottinghamshire	100%	NA	100%	

Access to L & D				
	Q1(April-June)	Q2(July-Sept)	Q3(Oct-Dec)	Q4(Jan-Mar)
Derbyshire	56%	58%		
Leicestershire	28%	72%		
Nottinghamshire	48%	56%	42.5%	

% of records where the Force identified that an AA was needed for a YOUNG PERSON				
	Q1(April-June)	Q2(July-Sept)	Q3(Oct-Dec)	Q4(Jan-Mar)
Derbyshire	100%	NA		
Leicestershire	100%	100%		
Nottinghamshire	100%	100%	100%	

Average time taken to arrive from detention authorised – YOUNG PERSON				
	Q1(April-June)	Q2(July-Sept)	Q3(Oct-Dec)	Q4(Jan-Mar)
Derbyshire	2.8 HRS	NA		
Leicestershire	3.8 HRS	2.2 HRS		
Nottinghamshire	6 HRS	5HRS	5 HRS	

Average time taken to arrive from detention authorised – VULNERABLE ADULT				
	Q1(April-June)	Q2(July-Sept)	Q3(Oct-Dec)	Q4(Jan-Mar)
Derbyshire	4.5HRS	4.9HRS		
Leicestershire	5.3HRS	4.2 HRS		
Nottinghamshire	12 HRS	12HRS	10 HRS	

For Information	
Public/Non Public	Public
Report to:	Joint Audit and Scrutiny Panel (JASP)
Date of Meeting:	24 February 2021
Report of:	DCC Barber Charlie Radford, Chief Finance Officer OPCC
Report Author:	Laura Spinks
E-mail:	laura.spinks@nottinghamshire.pnn.police.uk
Other Contacts:	
Agenda Item:	18

Joint Audit and Scrutiny Panel Proposed Work Plan 2021

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 2021.

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

Agreed JOINT AUDIT AND SCRUTINY PANEL WORK PLAN 2021/22

24 FEBRUARY 2021 10am AUDIT PLANNING MEETING

	Force Assurance Mapping Report	Annually	Force – Laura Spinks
	New Internal Audit Plan 2021/22	Annually	Mazars – Mark Lunn
	External Audit ISA 260 for 2019/20 Accounts	Annually	Ernst and Young
	Final Statements of Accounts – Group and CC	Annually	OPCC – Charlie Radford
	PCC Update Report	Each Meeting	OPCC – Phil Gilbert
	Budget Reports (for information) • Treasury Management Strategy • Reserves Strategy • Capital Report • MTFS • Budget Report	Annually	OPCC – Charlie Radford
	External Audit Plan (if available)	Annually	Ernst and Young
	Internal Audit Progress Report	Each Meeting	Mazars – Mark Lunn
	Update on actions from audits, inspections and reviews (Includes Internal audit, External Audit, HMICFRS, AGS improvements) Key theme for Force Audit Report – Change Programme Outcomes, summary of completed and future ADA proposals	Each meeting	OPCC - where appropriate Force – Laura Spinks
	OPCC Report on Compliance with Freedom of Information Requests and the Specified Information Order	6-Monthly	OPCC – Katy Owen
	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

25 MAY 2021 10am (29 JUNE 2021 at 10.30am/ 29 JULY 2021 at 2pm TBC) YEAR END MEETING

	Annual Internal Audit Assurance Report (including review of past year and audit schedule for 2020/21)	Annually	Mazars – Mark Lunn
	New Internal Audit Plan 2020/21	Annually	Mazars – Mark Lunn
	Draft CC's Statement of Accounts 20/21 Draft Group Statement of Accounts 20/21	Annually	OPCC – Charlie Radford Force – Mark Kimberley
	Draft Annual OPCC Governance Statement 2020/21 Draft Annual Force Governance Statement 2020/21	Annually	OPCC – Charlie Radford Force – Laura Spinks
	External Audit Plan	Annually	Ernst and Young
	Review of OPCC Risk Management arrangements Review of Force Risk Management arrangements Key Theme for Risk – Project Regain	6-Monthly	OPCC – Kevin Dennis Force – Laura Spinks
	Update on actions from audits, inspections and reviews (Includes Internal audit, External Audit, HMICFRS, AGS improvements) Key theme for Force Audit Report – Estates Management	Each meeting	OPCC - as required Force – Laura Spinks
	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
	PCC Report on Complaints, Investigations, New and Open Cases	6-Monthly	Force – Lisa Gilmour

25 MAY 2021 10am (29 JUNE 2021 at 10.30am/ 29 JULY 2021 at 2pm TBC) YEAR END MEETING

	Force Report on Business Continuity Compliance and Assurance Testing and Exercising	Annually	Force – Laura Spinks/Andy B
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30 JULY 2021at 10am (30 SEPTEMBER 2021 at10am TBC) FINAL ACCOUNTS MEETING

	External Audit ISA260 Government Report	Annually	
	Final Force Statement of Accounts 20/21 Final Group Statement of Accounts 20/21 (OPCC and Force AGS to be incorporated)	Annually	OPCC – Charlie Radford Force – Mark Kimberley
	Internal Audit Progress Report	Each Meeting	Mazars – Mark Lunn
	Update on actions from audits, inspections and reviews (Includes Internal audit, External Audit, HMICFRS, AGS improvements) Key theme for Force Audit Report – Victims Code	Each meeting	OPCC - as required Force – Laura Spinks
	Review Working Together Agreement incorporating SoD, Fin Regs and SOs	Annually	OPCC – Kevin Dennis
	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 – Katy Owen
	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

30 NOVEMBER 2021 at 10am CHAIR TOPIC

	Internal Audit Progress Report	Each Meeting	Mazars – Mark Lunn
	Summary set of Accounts for Publication	Annually	OPCC – Charlie Radford
	Review of OPCC Risk Management arrangements Review of Force Risk Management arrangements Key Theme for Risk – To be Advised	6-Monthly	OPCC – Kevin Dennis Force – Laura Spinks
	Update on actions from audits, inspections and reviews (Includes Internal audit, External Audit, HMICFRS, AGS improvements) Key theme for Force Audit Report – Health and Safety	Each meeting	OPCC - Where appropriate Force – Laura Spinks
	Annual Audit Letter – External Audit	Annually	Ernst and Young
	PCC Update Report	Each Meeting	OPCC – Phil Gilbert
	PCC Report on Complaints, Investigations, New and Open Cases	6-Monthly	Force – Lisa Gilmour
	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
	Draft JASP Work Plan for 2022	Annual	Force – Laura Spinks

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