



JOINT AUDIT AND SCRUTINY PANEL

TUESDAY 24 JULY 2018 at 10.00 AM
GEDLING BOROUGH COUNCIL, CIVIC CENTRE, ARNOT HILL PARK,
ARNOLD, NOTTINGHAMSHIRE NG5 6LU

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

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

A G E N D A

1. Election of Chair
2. Apologies for absence
3. Declarations of interest by Panel Members and Officers (see notes below)
4. To agree the minutes of the previous meeting held on 30 May 2018
5. Progress Against Action Tracker
6. External Audit of the Accounts 2017-18 (ISA260)
7. Statement of Accounts and Annual Governance Statements For 2017-18
8. Tackling Fraud – Nottinghamshire Police
9. Internal Audit Progress Report

10. Audit and Inspection Update
11. Treasury Management Year End Report
12. Publication Scheme Monitoring, Review and Assurance
13. Nottinghamshire Police Information Management, Freedom of Information and Data Protection update for calendar year 2017
14. Priority Plan Programme Update May 2018
15. Joint Audit and Scrutiny Panel Work Plan 2018/19
16. Summary of Actions (verbal)

NOTES

- Members of the **public are welcome to attend** to observe this meeting
- For **further information** on this agenda, please contact the Office of the Police and Crime Commissioner on 0115 8445998 or email nopcc@nottinghamshire.pnn.police.uk
- A **declaration of interest** could involve a private or financial matter which could be seen as having an influence on the decision being taken, such as having a family member who would be directly affected by the decision being taken, or being involved with the organisation the decision relates to. Contact the Democratic Services Officer: **Sara Allmond tel. 0115 977 3794** for clarification or advice prior to the meeting.

**MINUTES OF THE MEETING OF THE NOTTINGHAMSHIRE POLICE AND CRIME
COMMISSIONER JOINT AUDIT AND SCRUTINY PANEL HELD ON WEDNESDAY 30TH
MAY 2018 AT FORCE HEADQUARTERS, SHERWOOD LODGE, ARNOLD,
NOTTINGHAMSHIRE COMMENCING AT 10AM**

MEMBERSHIP

(A – denotes absent)

Mr Stephen Charnock (Chair)

Mr Leslie Ayoola

Dr Phil Hodgson **A**

Mr Peter McKay

Vacancy

OFFICERS PRESENT

Sara Allmond	Democratic Services, Notts County Council
Rachel Barber	Deputy Chief Constable, Notts Police
Mark Kimberley	Head of Finance, Notts Police
Jackie Nash	Volunteer Manager, OPCC
Anita Pipes	KPMG
Charlie Radford	Chief Finance Officer, OPCC
Paddy Tipping	Police & Crime Commissioner
Brian Welch	Mazars

1) APOLOGIES FOR ABSENCE

Apologies for absence were received from Dr Phil Hodgson and Chief Constable Craig Guildford.

2) DECLARATIONS OF INTEREST BY MEMBERS AND OFFICERS

No declarations of interest were made.

3) MINUTES OF THE PREVIOUS MEETING

The minutes of the last meeting held on 5 December 2017, having been circulated to all members, were taken as read and were confirmed and signed by the Chair.

4) PROGRESS AGAINST ACTION TRACKER

The following update were provided:-

- Actions 001-009 – closed

- Action 010 – this would now be reported to the July 2018 meeting.

AGENDA ORDER

The Chair agreed to change the agenda order to allow Jackie Nash to present her item first.

10) FEMALE DETAINEES IN POLICE CUSTODY

Jackie Nash introduced the report on female detainees in police custody.

During discussion the following points were raised:-

- There were less than half the number of female detainees compared to male detainees.
- In designing the new custody suite female detainee's needs were considered.
- Members were advised that it was Jackie's last meeting, and members thanked her for all of her hard work during her time at the Office of the Police and Crime Commissioner and the Police Authority.

RESOLVED 2018/001

To receive assurance from the review undertaken into female detainees in police custody.

5) INTERNAL AUDIT ANNUAL ASSURANCE REPORT

Brian Welch introduced the report which summarised the work that Internal Audit had undertaken during 2017/18.

During discussion the following point was raised:-

- Any limited assurance audits would be picked up in the following years plan.

RESOLVED: 2018/002

That the Panel received assurance from the work undertaken by internal audit.

6) INTERNAL AUDIT ANNUAL PLAN 2018-19

Brian Welch introduced the report which provided members with the proposed plan of work for internal audit during 2018-19.

During discussions the following points were raised:-

- There was an ongoing debate regarding online fraud as to who should investigate. Currently some investigations were carried out locally, some regionally and the big

cases investigated nationally. Nottinghamshire Police worked with Neighbourhood Watch to raise awareness of online fraud. The Lead sat with City of London, and it was a serious challenge for all forces.

- Members asked for a report on the strategy to tackle online fraud adopted by Nottinghamshire Police including partnership working in this area at a future meeting.

RESOLVED: 2018/003

To approve the audit plan for 2018-19 as set out in Appendix A to the report.

7) EXTERNAL AUDIT PLAN 2017-18

Anita Pipes introduced the report which provided members with the proposed External Audit Plan covering the audit of Accounts for 2017-18

During discussions the following points were raised:-

- The risks identified in the plan existed every year and usually did not change. External Audit's role was to ensure that management had considered the risks.
- The project to move to Oracle Cloud Applications had been pushed back to November 2018 and this was a significant risk which was being closely managed.

RESOLVED: 2018/004

To approve the External Audit Plan 2017-18

8) DRAFT STATEMENT OF ACCOUNTS AND ANNUAL GOVERNANCE STATEMENTS FOR 2017-18

Charlie Radford and Mark Kimberley introduced his report which provided the annual governance statements and provided a verbal update to members on the production of the draft statements of accounts.

During discussions the following points were raised:-

- There were issues with the Big Red Button which had delayed the production of the draft statements of accounts. However, it was anticipated that the delay would not cause delays later in the process.
- If the deadline for final publication was missed, the risk was that the Force and OPCC would be listed as one those who did not meet the deadline. It could also have an impact on the time available for the auditor to carry out their work.
- Members would receive copies of the draft accounts once available.

RESOLVED: 2018/005

To approve the Annual Governance Statements for 2017-18

9) FOLLOW-UP REVIEW: EM LEGAL SERVICES

Charlie Radford introduced the report provided a copy of the review undertaken by Derbyshire following a limited assurance report regarding EM Legal Services.

RESOLVED: 2018/006

To note the report

AGENDA ORDER

The Chair agreed to change the agenda order to allow the Police and Commissioner to present his item before he left for another meeting.

13) POLICE AND CRIME COMMISSIONER'S UPDATE REPORT – TO FEBRUARY 2018

Paddy Tipping introduced his report on which is prepared for the Police and Crime Panel.

During discussion the following point was raised:-

- The new Police and Crime Plan had fewer targets enabling greater focus.

RESOLVED 2018/007

To note the report

11) STRATEGIC RISK MANAGEMENT REPORT – A NEW APPROACH

DCC Barber introduced the report which introduced a new strategic risk management approach for Nottinghamshire Police.

During discussions the following point was raised:-

- Individual panel members would meet with the risk owners throughout the year to enable the Panel to build their knowledge of the individual risks.

RESOLVED: 2018/008

To note the proposed approach to strategic risk management as set out in appendix 1 of the report.

12) UPDATE ON ACTIONS FROM AUDITS, INSPECTIONS AND REVIEWS

DCC Barber introduced the report which provided an update on progress against recommendations arising from audits and inspections which have taken place during quarter 4, 2017/18.

During discussions the following points were raised:-

- Members felt it would be useful to hear from HMIC to receive further assurance on this area of work, the liaison officer would be invited to attend a future meeting.
- Members requested a briefing on the latest changes to the Force outside of the meeting to ensure members were kept up to date.

RESOLVED: 2018/009

- 1) That the status of audits and inspections carried out over the last quarter be noted.
- 2) That the Panel receive further information on HMIC report – Stolen Freedom; the Policing Response to Modern Slavery and Human Trafficking at the next meeting.

14) COMPLAINT AND MISCONDUCT INVESTIGATIONS

DCC Barber introduced the report which provided an update on performance relating to the handling of complaint and conduct matters in accordance with the Police Reform Act 2002 and Independent Office of Police Conduct (IOPC) Statutory Guidance on the handling of complaints.

During discussions the following point was raised:-

- There was currently no additional information on what the ‘other neglect or failure in duty’ allegations related to.

RESOLVED: 2018/010

To note the report

15) INDEPENDENT OFFICE FOR POLICE CONDUCT (IOPC) INVESTIGATIONS, RECOMMENDATIONS AND ACTIONS

DCC Barber introduced the report which provided members with information on the complaint and conduct matters which had been referred by Nottinghamshire Police to the Independent Office for Police Conduct (IOPC) between 1st August 2017 and 31st March 2018, together with relevant recommendations and actions

RESOLVED: 2018/011

That the Panel received assurance from the processes in place relating to IOPC investigations as detailed within the report.

16) PROFESSIONAL STANDARDS CONFIDENTIAL REPORTING PROCEDURE

RESOLVED: 2018/012

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

17) BUSINESS CONTINUTY MANAGEMENT REPORT (2017/18)

DCC Barber introduced the report which provided an update on the Force Business Continuity Planning process.

During discussions the following points were raised:-

- There was one part time member of staff keeping a watching brief on this matter, with departments managing their own plans internal.
- Members requested further information on one of the table top exercises already carried out, including lessons learnt and how that learning had been implemented.

RESOLVED: 2018/013

- 1) To note the new Business Continuity approach within Force
- 2) That the Panel received assurance as to the effectiveness of the arrangements and future plans for improvement.

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

DCC Barber introduced the report which provided an update on the current position on the Publication Scheme requirements

RESOLVED: 2018/014

To note the report.

19) PANEL WORK PROGRAMME AND MEETING SCHEDULE

RESOLVED: 2018/15

- 1) To note the work programme.
- 2) To nominate a member to attend the Organisational Risk, Learning, Standards and Integrity Board in order to obtain assurance on the following areas:
 - Health and Safety
 - Equality and Diversity
 - Professional Standards and Ethics.

20) SUMMARY OF ACTIONS

RESOLVED: 2018/16

To include the following items on the action tracker:-

Action 011 - Report and presentation on Notts Police strategy on dealing with fraud including how engage with other partners such as charities

Action 012 - Panel members to meet officers who are appointed as lead officers on risks within risk register

Action 013 - More detailed update on the HMIC Inspection - Stolen freedom: the policing response to modern slavery and human trafficking to be included in next Update on Actions from Audits, Inspections and Reviews report

Action 014 - HMIC to be invited to attend a Panel meeting to present on their views of the current landscape in Policing

Action 015 - Update to Panel members on the new Force structure and other relevant changes within the Force and OPCC via a briefing meeting

The meeting closed at 12.22pm

CHAIR

AUDIT & SCRUTINY PANEL MEETING

Actions arising from previous meetings an progress against action tracker

	ACTION	ALLOCATED TO	TIMESCALES FOR UPDATES	UPDATE
010	Update on Business Change	Matt MacFarlane	To be reported to Dec 2018 meeting	Report to be presented to July 2018 meeting
011	Report and presentation on Notts Police strategy on dealing with fraud including how engage with other partners such as charities	DCI Young	Next meeting	
012	Panel members to meet officers who are appointed as lead officers on risks within risk register	DCC Barber / Stephen Charnock	Meetings to start from Autumn 2018	
013	More detailed update on the HMIC Inspection - Stolen freedom: the policing response to modern slavery and human trafficking to be included in next Update on Actions from Audits, Inspections and Reviews report	Amanda Froggatt	Next meeting	
014	HMIC to be invited to attend a Panel meeting to present on their views of the current landscape in Policing	DCC Barber	To a future meeting	
015	Update to Panel members on the new Force structure and other relevant changes within the Force and OPCC via a briefing meeting	DCC Barber	By Autumn 2018	

For Decision	
Public/Non Public*	Public
Report to:	Joint Audit and Scrutiny Panel
Date of Meeting:	July 2018
Report of:	Chief Finance Officer
Report Author:	Charlotte Radford
Other Contacts:	Andrew Cardoza, Mark Kimberley
Agenda Item:	6

External Audit of the Accounts 2017-18 (ISA260)

1. Purpose of the Report

- 1.1 To provide members with the results of the review of the Statement of Accounts and supporting documentation for the Financial Year 2017-18.

2. Recommendations

- 2.1 Members are requested to:
- Consider the report of the External Auditor and recommend its findings to the Police & Crime Commissioner and Chief Constable
 - Recommend the letter of representation to the Police & Crime Commissioner for signing and sending to the external auditors.

3. Reasons for Recommendations

- 3.1 This complies with good governance arrangements and relevant statutory and regulatory requirements.

4. Summary of Key Points

- 4.1 The attached report details the findings of the external auditors during the audit of the accounts for 2017-18.
- 4.2 The Auditors report also includes a draft letter of representation for the Chief Financial Officer to complete.
- 4.3 The Auditor highlights in his report that he intends to issue an unqualified opinion in relation to the accounts, governance and value for money.
- 4.4 I would like to take this opportunity to thank the External Audit Team that we have worked closely with since April 2015 and the Senior Auditor that we have worked with for a significant length of time prior to this. We appreciate the guidance and challenge over the years.

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 Risks identified are being managed.

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

9.1 None as a direct result of this report.

10. Changes in Legislation or other Legal Considerations

10.1 The report explains the requirements with legislation.

11. Details of outcome of consultation

11.1 Not applicable

12. Appendices

A – Report to those charges with governance (ISA 260) – TO FOLLOW



External Audit ISA260 Report 2017/18

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

Draft

July 2018



Summary for Joint Audit and Scrutiny Panel

This document summarises the key findings in relation to our 2017/18 external audit at the Police and Crime Commissioner for Nottinghamshire ('the PCC') and the Chief Constable for Nottinghamshire ('the CC').

This report covers both our on-site work which was completed in February and July 2018 on the PCC and CC's significant risk areas, as well as other areas of your financial statements, and the control environment in place to support the production of timely and accurate financial statements.

Organisational control environment

We consider that your organisational control environments are effective overall.

Controls over key financial systems

Based on our work we have determined that the controls over all of the key financial systems are sound.

Accounts production

We consider that the overall process for the preparation of your financial statements is adequate although it is noted that due to issues encountered the CIPFA Big Red Button had to be abandoned at a late stage this year in favour of producing the accounts manually. This led to the accounts being received after the end May 2018 statutory deadline.

Other than these issues we consider the PCC and CC's accounting practices appropriate.

Financial statements

Subject to all outstanding queries being resolved to our satisfaction, receipt of the WGA, and for the necessary assurances being received from the auditors of the Nottinghamshire County Council Pension Scheme we anticipate issuing an unqualified audit opinion on the PCC and CC's financial statements before the deadline of 31 July 2018.

Based upon our initial assessment of risks to the financial statements (as reporting to you in our *External Audit Plan 2017/18* and updated during our audit) we identified the following significant risks (excluding those mandated by International Standards on Auditing – see Page 10):

- **Pensions Liabilities** - The valuation of the Police & Crime Commissioner and Chief Constable's pension liabilities, as calculated by the Actuary, are dependent upon both the accuracy and completeness of the data provided and the assumptions adopted. We will review the processes in place to ensure accuracy of data provided to the Actuary and consider the assumptions used in determining the valuation. No issues were identified during the course of our work although the audit visit had to be brought forward by a week due to the member of staff who deals with pensions being on holiday during the audit period.
- **Valuation of PPE** - Whilst the Police & Crime Commissioner and Chief Constable operates a cyclical revaluation approach, the Code requires that all land and buildings be held at fair value. We will consider the way in which the PCC and CC ensures that assets not subject to in-year revaluation are not materially misstated. Our work on this area has identified that land revaluations have not been updated correctly for some assets this year. This has led to a £1.19m error which Officer have decided not to amend within the accounts as it is below materiality.

See further details on pages 11 and 12.

Summary for Joint Audit and Scrutiny Panel (Cont.)

— **Faster Close** - As set out above, the timetable for the production of the financial statements has been significantly advanced with draft accounts having to be prepared by 31 May (2017: 30 June) and the final accounts signed by 31 July (2017: 30 September). We worked with the Police & Crime Commissioner and Chief Constable in advance of our audit to understand the steps being taken to meet these deadlines and the impact on our work. The Statement of Accounts were provided after the statutory deadline due to the CIPFA Big Red Button (BRB) having to be abandoned at a late stage and the accounts having to then be produced manually.

Financial statements (cont.)

Other areas of audit focus

Those risks with less likelihood of giving rise to a material error but which are nevertheless worthy of additional audit focus have been identified as:

— **Management review of Accounts** – The 2017/18 draft set of accounts provided for audit are required to be fully compliant with the code and have undergone management review and necessary amendment for any known errors prior to the deadline dates and submission to the auditor. The draft accounts should match the BRB with amendments made in the BRB system. We worked with the Police & Crime Commissioner and Chief Constable in advance of our audit to understand the steps being taken to meet these deadlines and the impact on our work.

Due a number of issues encountered the 2017/18 accounts could not be produced using the BRB and as a result they had to be produced manually. This led to delays in the accounts production process and meant working papers had to be taken from the BRB and produced manually. This also meant the accounts had not gone through a total and thorough review by management prior to submission for audit.

Whilst we have not identified any material audit adjustments impacting the primary statements, we did identify one significant adjustment in relation to PPE whereby land values were not updated correctly in the Fixed Asset Register resulting in land being undervalued by £1.19m, which Officers have decided not to amend in the final statement of accounts. We also found some further errors in disclosure and a number of presentational issues. See Page 12 for details. These adjustments result in no movement on the bottom line figures within the statements of accounts.

In addition to the audit findings above the draft statements include a Prior Period Adjustment (PPA) of £17.0m in relation to the split of the pension liability between the PCC and CC. This does not affect the group balance sheet total but does impact the PCC and CC PY balance sheet totals. The PPA was audited and found to be accurate. The finance team have also processed an error which they identified in relation to Council tax income. The maximum affect this is expected to have on any area of the accounts is approx. £120k. This adjustment resulted in a large number of changes to the final statements which we have not yet fully audited.

Based on our work, we have raised three recommendations. Details of our recommendations can be found in Appendix 1. Post our final checks and audit work we should be in the completion stage of the audit and anticipate issuing our completion certificate and Annual Audit Letter by end August 2018.

Summary for Joint Audit and Scrutiny Panel (cont.)

Value for money arrangements

We have completed our risk-based work to consider whether in all significant respects the PCC and CC have proper arrangements to ensure they have taken properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

We have concluded that the PCC and CC have made proper arrangements to secure economy, efficiency and effectiveness in its use of resources except for in relation to MFSS governance.

We therefore anticipate issuing an “except for” value for money opinion.

We set out our assessment of those areas requiring additional risk based work in our *External Audit Plan 2017/18* and have updated this assessment during our interim visit. As a result of this we have identified the following significant VFM audit risks:

- **Medium Term Financial Planning** - The Police & Crime Commissioner and Chief Constable continue to face significant financial pressures and uncertainties in relation to its future funding levels with grant allocations for future years not yet being published. The Police & Crime Commissioner and Chief Constable need to have effective arrangements in place for managing their annual budgets, generating income and identifying and implementing any savings required to balance its medium term financial plan. We have considered the way in which the Police & Crime Commissioner and Chief Constable identify, approve, and monitor both savings plans and how budgets are monitored throughout the year.
- **MFSS Governance and VFM** - MFSS currently provides transactional back office services to Nottinghamshire Police and other PCCs. PCCs have expressed concerns around governance of MFSS and the services provided to clients. We have reviewed the governance arrangements to ensure proper arrangements in MFSS Financial Governance. We have identified significant issues with the governance arrangements at the Multi-Force Shared Service, particularly in relation to Project Fusion. We have raised a significant recommendation relating to this, however, we do not think that the PCC and Chief Constable have already taken significant steps in year to remedy the situation.

See further details on Page 24.

Exercising of audit powers

We have a duty to consider whether to issue a report in the public interest about something we believe the PCC or CC should consider, or if the public should know about. We have not identified any matters that would require us to issue a public interest report. In addition, we have not had to exercise any other audit powers under the Local Audit & Accountability Act 2014.

Acknowledgements

We would like to take this opportunity to thank officers and Members for their continuing help and co-operation during our audit work.

Section one

Control Environment



Organisational and IT control environment

We have identified no significant issues with the PCC and CC's organisational and IT control environments and consider that the overall arrangements that have been put in place are reasonable.

Work completed

Controls operated at an organisational level often have an impact on controls at an operational level and if there were weaknesses this would have implications for our audit. We obtain an understanding of the PCC and CC's overall control environment and determine if appropriate controls have been implemented. We do not complete detailed testing of these controls.

Key findings

We consider that your organisational control environments are effective overall. Note that this assessment is in respect of organisational controls that we review in respect of giving an external audit opinion on the financial statements. It does not constitute a full review, nor are we providing assurance over any of the broad areas described below.

Aspect of controls	Assessment
Organisational controls:	
Management's philosophy and operating style	3
Culture of honesty and ethical behaviour	3
Oversight by those charged with governance	3
Risk assessment process	3
Communications	3
Monitoring of controls	3

Key	
1	Significant gaps in the control environment.
2	Deficiencies in respect of individual controls
3	Generally sound control environment.

Controls over key financial systems

The controls over all of the key financial systems are sound.

Work completed

We review the outcome of internal audit’s work on the financial systems to influence our assessment of the overall control environment, which is a key factor when determining the external audit strategy.

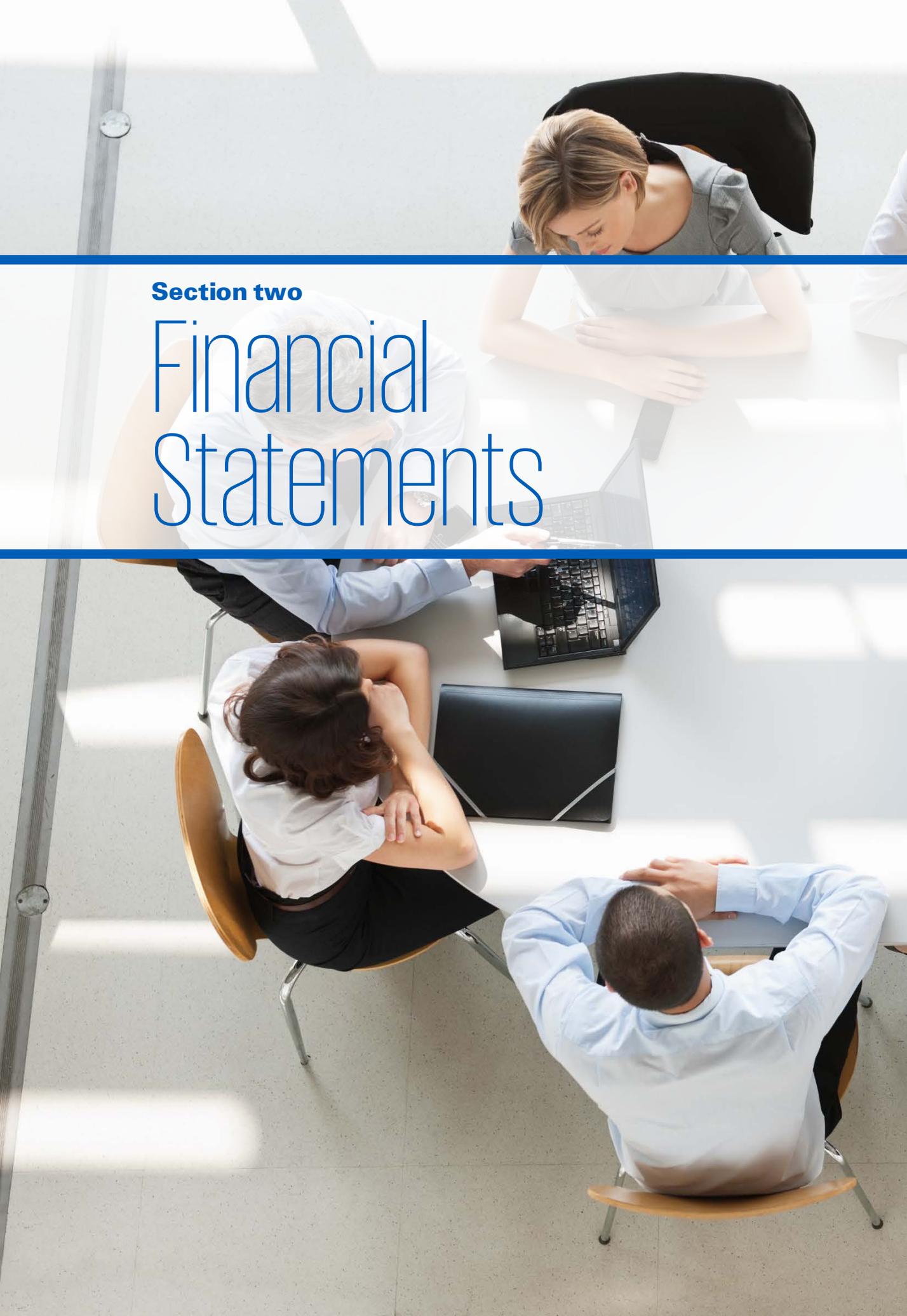
Where we have determined that this is the most efficient audit approach to take, we evaluate the design and implementation of the control and then test selected controls that address key risks within these systems. The strength of the control framework informs the substantive testing we complete during our final accounts visit.

Our assessment of a system will not always be in line with your internal auditors’ opinion on that system. This is because we are solely interested in whether our audit risks are mitigated through effective controls, i.e. whether the system is likely to produce materially reliable figures for inclusion in the financial statements.

Key findings

Based on our work, we have determined that the controls over all of the key financial systems are sound, however we have raised a recommendation in relation to controls around the update of the fixed asset register.

Aspect of controls	Assessment	Key
Property, Plant and Equipment	2	1 Significant gaps in the control environment
Cash and Cash Equivalents	3	
Pensions	3	2 Deficiencies in respect of individual controls
Payroll	3	
Regional Collaboration	3	3 Generally sound control environment

An overhead photograph of four business professionals sitting around a white conference table. A woman in a grey top is at the top, looking down at a laptop. A man in a light blue shirt is on the left, also looking at a laptop. A woman in a white top and black skirt is at the bottom left, with her arms crossed. A man in a light blue shirt is at the bottom right, with his hands clasped. The scene is brightly lit, with shadows cast across the table and floor.

Section two

Financial Statements

Accounts production and audit process

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

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

The PCC and CC's overall process for the preparation of the financial statements is adequate however it is noted that the accounts had to be produced manually this year rather than use the CIPFA Big Red Button. This led to Accounts being received after the statutory deadline.

Improvements has been noted in the quality of the working papers used to support the financial statements although there is scope to further improve the workings and the accounts review process.

The Authority has partially implemented all of the recommendations in our ISA 260 Report 2016/17.

Accounts practices and production process

The PCC and CC introduced the CIPFA accounting model – the BRB – in 2016/17. As a pilot site the introduction and timing of this meant they could not achieve an earlier deadline. This year a series of incremental changes to their closedown planning processes was implemented with the aim of ensuring that the earlier accounts production date could be achieved for the current year. Issues with the CIPFA model were identified when trying to produce the draft accounts and the model had to be abandoned in favour of producing manual accounts. This resulted in the accounts being produced after the deadline. The issues and delay was notified to the JASP on the 30th May although at that stage it was hoped to still use the BRB for the accounts production process.

Other than the above issue we consider the PCC and CC's accounting practices appropriate.

Going concern

The financial statements of both the PCC and CC have been prepared on a going concern basis. We confirm that we have identified no significant matters which would, in our view, affect the ability of the PCC or CC to continue as a going concern.

Implementation of recommendations

We raised five recommendations in our ISA 260 Report 2016/17. The PCC and CC has partially implemented all of the recommendations relating to the financial statements in line with the timescales of the action plan. Further details are included in Appendix 2.

Completeness of draft accounts

We received the Chief Constable's statement of accounts on the 5 June 2018 and the Group/PCC Statement of Accounts on the 7 June 2018. These were received after the statutory deadline of the 31 May 2018.

Due to the ongoing issues with the BRB system the final drafts were manually produced outside of the BRB although the audit team were not notified of this fact until they were on site.

Accounts production and audit process (cont.)

Quality of supporting working papers

We issued our Accounts Audit Protocol to Finance Officers on 19 February for the Interim Audit and 28 March 2018 for the Final Accounts audit. This important document sets out our audit approach and timetable. It also summarises the working papers and other evidence we require the PCC and CC to provide to support our audit work. This helps the PCC and CC to provide audit evidence in line with our expectations. We worked with management to ensure that working paper requirements are understood and aligned to our expectations.

Although working papers had improved from the prior year we found some quality issues in relation to the working papers. This included:

- Some casting/inclusion errors within the TB accounts checking tool which was found to have incorrect sub totals and some missing information which meant we had to check the accuracy of the whole document;
- Some working paper folders that did not include any working papers as requested in the PBC;
- Inclusion of prior year workings in a small number of instances; and
- workings that were not easily reconciled back to the accounts.

Whilst this has not caused any significant delays in the audit process it has increased the audit time required to audit some areas within the financial statements. There is an opportunity for improvements to be made to working papers. We have raised a recommendation in respect of this, see recommendation 2 in Appendix 1.

Response to audit queries

We are pleased to report that our agreed turnaround time of two days for dealing with audit queries was achieved by officers in the majority of cases, although in some instances queries could not be raised when identified due to staff availability. When evidence was required from staff who are not part of the Finance team, delays were noted, particularly in relation to payroll information and PPE information. As a result of this, the majority of our audit work was completed within the timescales expected with outstanding queries on fixed assets and officer remuneration at the end of the audit visit. This achievement puts the PCC and CC in a relatively good position to take on the 2018/19 closedown however staff availability and whether to produce the accounts using the CIPFA Big Red Button to produce the 2018/19 financial statements remain a concern given the issues with the system over the last two financial years.

Specific audit areas

We anticipate issuing an unqualified audit opinion on the PCC and CC's 2017/18 financial statements by 31 July 2018.

Auditing standards require us to consider two standard risks for all organisations. We consider these as a matter of course in our audit and will have set out the findings arising from our work in our ISA 260 Report below.

01

Management override of controls

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

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

In line with our methodology, we carried out appropriate controls testing and substantive procedures, including over journal entries, accounting estimates and significant transactions that are outside the normal course of business, or are otherwise unusual.

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

02

Fraudulent revenue recognition

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

In our *External Audit Plan 2017/18* we reported that we do not consider this to be a significant risk for Local Authorities as there is unlikely to be an incentive to fraudulently recognise revenue.

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

Over the following pages we have set out our assessment of the specific significant risk and area of audit focus we identified in relation to the audit of the PCC and CC's financial statements.

Specific audit areas

Significant Audit Risks

<p>Risk:</p>	<p>Faster Close</p> <p>In prior years, the Police and Crime Commissioner and Chief Constable have been required to prepare draft financial statements by 30 June and then final signed accounts by 30 September. For years ending on and after 31 March 2018 however, revised deadlines apply which require draft accounts by 31 May and final signed accounts by 31 July.</p> <p>These changes represent a significant change to the timetables that the Police and Crime Commissioner and Chief Constable have previously worked to. The time available to produce draft accounts has been reduced by one month and the overall time available for completion of both accounts production and audit is two months shorter than in prior years.</p> <p>In order to meet the revised deadlines, the Police and Crime Commissioner and Chief Constable may need to make greater use of accounting estimates. In doing so, consideration will need to be given to ensuring that these estimates remain valid at the point of finalising the financial statements. In addition, there are a number of logistical challenges that will need to be managed. These include:</p> <ul style="list-style-type: none"> — Ensuring that any third parties involved in the production of the accounts (including valuers, and actuaries) are aware of the revised deadlines and have made arrangements to provide the output of their work in accordance with this; — Revising the closedown and accounts production timetables in order to ensure that all working papers and other supporting documentation are available at the start of the audit process; — Ensuring that the JASP meeting schedules have been updated to permit signing in July; and — Applying a shorter paper deadline to the July meeting of the JASP in order to accommodate the production of the final versions of the accounts and our ISA 260 report. <p>In the event that the above areas are not effectively managed there is a significant risk that the audits will not be completed by the 31 July deadline.</p>
<p>Our assessment and work undertaken:</p>	<p>During the year we have liaised with officers and undertaken a review of your closedown timetable in order to understand the steps that the Police and Crime Commissioner and Chief Constable was taking in order to ensure they meet the revised deadlines. We also advanced all possible audit work into the interim visit in order to streamline the year end audit work.</p> <p>We have rigorously reviewed all those accounting estimates that are material to the financial statements and we have set out our views on these at Page 15.</p> <p>Due to the problems with the CIPFA model the accounts year end production process was delayed and the accounts had to be produced manually rather than using the Big Red Button. The deadline of the 31st May was not met.</p> <p>A recommendation has been raised. See recommendation 2 in Appendix 1.</p>

Specific audit areas (cont.)

Other areas of audit focus

Those risks with less likelihood of giving rise to a material error but which are nevertheless worthy of audit understanding.

Issue:

Management Review of Accounts

In 2016/17 Nottinghamshire PCC and CC were a pilot site for the new CIPFA financial system known as the Big Red Button. Our ISA 260 report for 2016/17 highlighted a number of challenges with the statement of accounts provided for audit last year.

The initial draft statement of accounts provided for audit was not code compliant and we identified a number of issues with version control and timely management review of the accounts.

We understand that recommendations made in the ISA 260 report will be actioned.

In order to meet the earlier deadlines this year the S151 officers of the PCC and CC will need to ensure the Big Red Button has been updated correctly with all prior year adjustments and supports the figures presented for audit. The draft statement will need to be code compliant and a full and detailed management review will be required prior to the audit. All working papers will need to be in line with the statement of accounts and updated as necessary when changes are made in the Big Red Button.

In the event that the above areas are not effectively managed there is a significant risk that the audits will not be completed by the 31 July deadline.

This year errors within the CIPFA model during the accounts production process led to the financial statements having to be drafted manually outside of the model. This led to a delay in producing the accounts and the statutory deadline was not met. The JASP were forewarned of this at the meeting on the 30 May 2018.

Our assessment and work undertaken:

The accounts were produced over a period of 6 days and figures had to be populated within the templates manually rather than being TB led through the CIPFA model.

As a result of the process changing the accounts were not subject to the same level of review as they would have been had they been completed under BRB and not on such a timely basis.

Our work identified that the CC accounts were reviewed by the CC S151 officer on the 30th and 31st May and issued to us on the 5th June. Further amendments were made to the narrative and a revised set were issued on the 15th June.

The Group accounts were reviewed by the S151 officer on the 6th June and provided for audit on the 8th June. They were reviewed later again by the S151 officer – approx. 25th June. These reviews identified some further minor amendments which were required in the Group as well as other additional presentational and casting amendments identified by audit.

The draft accounts template on the whole followed the post audit template from last year. We did identify that the audit fee note was excluded from the accounts in error this year and the CC senior officer remuneration was not shown in detail within the Group accounts. All required amendments have been provided to the finance team and processed but we have yet to check all the amendments in detail for accuracy and completeness.

Judgements

We have considered the level of prudence within key judgements in your 2017/18 financial statements and accounting estimates. We have set out our view below across the following range of judgements.

Level of prudence



Subjective area 2017/18 Commentary

Accruals de-minimis level.	3	<p>There have been no changes in the accruals processes or de minimis levels used by the PCC and CC in the construction of its financial statements over the previous year.</p>
Property, plant & equipment	TBC	<p>Since 1st April 2017, property markets have remained relatively stable, with conditions across all commercial property markets remaining challenging. In view of this a cautious approach has been reflected in the valuer’s year end valuation with little movement being recognised.</p> <p>A sufficient level of repairs and maintenance expenditure is being incurred by the PCC and there have been no indications of asset impairments during the year. We therefore consider the asset lives to be proportionate.</p> <p>We have identified that some assets have not been updated correctly in the fixed asset register This does not lead to a material error in this financial year although it is over our triviality level.</p> <p>We still have some outstanding work to complete on whether all assets have been included within the rolling revaluation program over the last 5 years and will then update our assessment.</p>

Judgements

We have considered the level of prudence within key judgements in your 2017/18 financial statements and accounting estimates. We have set out our view below across the following range of judgements.

Subjective area **2017/18** **Commentary**

Valuation of Pension assets and liabilities

3

The PCC and CC continue to use Barnett Waddingham to provide actuarial valuations in relation to the assets and liabilities recognised as a result of participation in the Local Government Pension Schemes and the Government Actuary’s Department (GAD) for the Police Pension Scheme. Due to the overall value of the pension assets and liabilities, small movements in the assumptions can have a significant impact on the overall valuation. For example, a 0.1% increase in the discount rate of the LGPS would decrease the net liabilities by £8m while a 0.5% increase in the discount rate in the police scheme would increase the liability by £257m. We have no issues to report as a result of our work at this stage.

The actual assumptions adopted by the Actuary fell within our expected as set out below.

LGPS Assumption	Actuary Value	KPMG	Assessment
Discount rate	2.60%	2.52%	3
Pension increase	2.30%	2.14%	2
Salary Growth	3.80%	2.40-4.40%	3
Life expectancy			2
Current male/ female	22.6 / 25.6	22.1/23.9	
Future male/female	24.8 / 27.9	23.5/25.4	

Police Pension Scheme Assumption	Actuary Value	KPMG	Assessment
Discount rate	2.55%	2.51%	3
CPI inflation	2.30%	2.35%	3
Pension Increase	2.40%	2.35%	3
Salary Growth	4.30%	2.30-4.30%	3
Life expectancy			2
Current male/ female	22.6 / 24.2	21.9/23.8	
Future male/female	24.5 / 26.1	23.3/25.4	

Proposed opinion and audit differences

Subject to all outstanding queries being resolved to our satisfaction, receipt of the WGA, and for the necessary assurances being received from the auditors of the LGPS pension scheme we anticipate issuing an unqualified audit opinion on the PCC and CC's 2017/18 financial statements by 31 July 2018.

Audit differences

In accordance with ISA 260 we are required to report uncorrected audit differences to you. We also report any material misstatements which have been corrected and which we believe should be communicated to you to help you meet your governance responsibilities.

The final materiality (see Appendix 4) for this year's audit was set at £3.3 million. Audit differences below £0.160 million are not considered significant.

Whilst we did not identify any material misstatements as a result of our audit work, we did however, identify one significant misstatement in relation to PPE whereby land revaluations were understated. An extrapolation of the error results in a difference of £1.19m which is below materiality and has not been adjusted.

A prior period adjustment of £17.4m was identified in relation to the split of the pension liability between the CC and PCC accounts (CC liability increased and PCC liability decreased by this amount). This had been amended correctly in the draft statements and does not affect the overall totals within the Group financial statement balance sheet.

An audit difference of £0.120m in relation to precept income has been identified by the Finance team. Although not requiring amendment from an audit perspective the finance team have adjusted for this error in the final statements and it is our understanding that this has resulted in a number of amendments to the main statements and overall balances. These are not thought to be material although we have not yet checked the amendments processed in the final draft.

In addition, we identified a number of presentational adjustments required to ensure that the accounts are compliant with the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 ('the Code'). We have set out details of significant presentational adjustments in Appendix 3. We understand that the PCC and CC will be addressing these although we have not yet checked the final version of the financial statements in detail.

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

¹ See referenced adjustments in Appendix 3.

Proposed opinion and audit differences (cont.)

Annual Governance Statement

We have reviewed the PCC and CC's 2017/18 Annual Governance Statements and confirmed that:

- They are not misleading and are consistent with other information we are aware of from our audit of the financial statements.

Narrative Report

We have reviewed the PCC and CC's 2017/18 Narrative Reports and have confirmed that they are consistent with the financial statements and our understanding of both the PCC and CC.



Completion

We confirm that we have complied with requirements on objectivity and independence in relation to this year's audit of the PCC and CC's 2017/18 financial statements.

Before we can issue our opinions we require signed management representation letters.

We are also awaiting the WGA pack.

Once we have finalised our opinions and conclusions we will prepare our Annual Audit Letter and close our audit.

Declaration of independence and objectivity

As part of the finalisation process we are required to provide you with representations concerning our independence.

In relation to the audit of the financial statements of the Police and Crime Commissioner for Nottinghamshire and the Chief Constable for Nottinghamshire for the year ending 31 March 2018, we confirm that there were no relationships between KPMG LLP and the Police and Crime Commissioner for Nottinghamshire and the Chief Constable for Nottinghamshire, their directors and senior management and their affiliates that we consider may reasonably be thought to bear on the objectivity and independence of the audit engagement lead and audit staff. We also confirm that we have complied with Ethical Standards and the Public Sector Audit Appointments Ltd requirements in relation to independence and objectivity.

We have provided a detailed declaration in Appendix 6 in accordance with ISA 260.

Management representations

You are required to provide us with representations on specific matters such as your financial standing and whether the transactions within the accounts are legal and unaffected by fraud. We have provided a template to the Deputy Chief Finance Officer for presentation to the PCC and CC. We require a signed copy of your management representations before we issue our audit opinion.

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

Other matters

ISA 260 requires us to communicate to you by exception 'audit matters of governance interest that arise from the audit of the financial statements' which include:

- Significant difficulties encountered during the audit;
- Significant matters arising from the audit that were discussed, or subject to correspondence with management;
- Other matters, if arising from the audit that, in the auditor's professional judgement, are significant to the oversight of the financial reporting process; and
- Matters specifically required by other auditing standards to be communicated to those charged with governance (e.g. significant deficiencies in internal control; issues relating to fraud, compliance with laws and regulations, subsequent events, non disclosure, related party, public interest reporting, questions/objections, opening balances etc.).

There are no others matters which we wish to draw to your attention in addition to those highlighted in this report or our previous reports relating to the audit of the PCC and CC's 2017/18 financial statements.

Section three

Value for Money Arrangements



Specific value for money risk areas

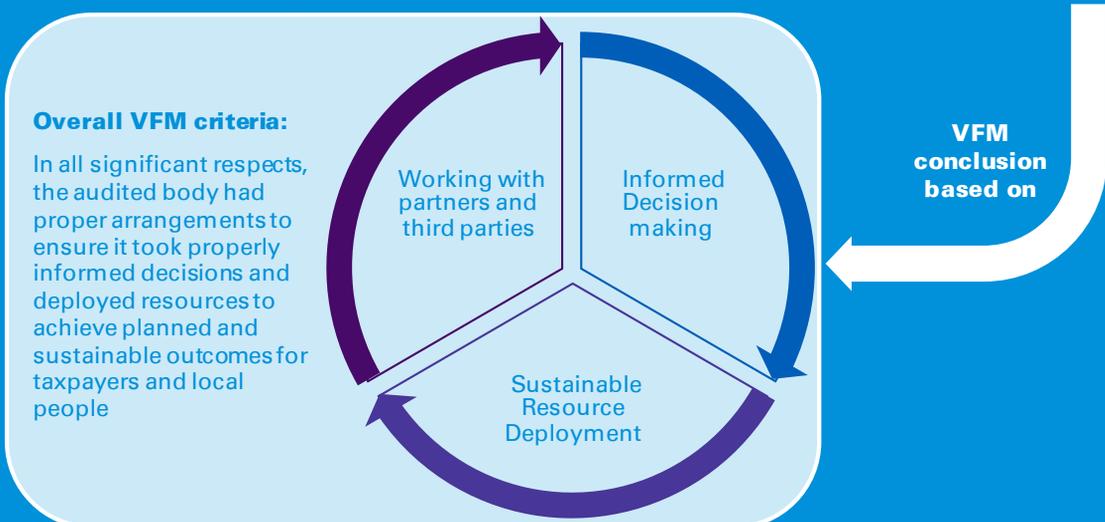
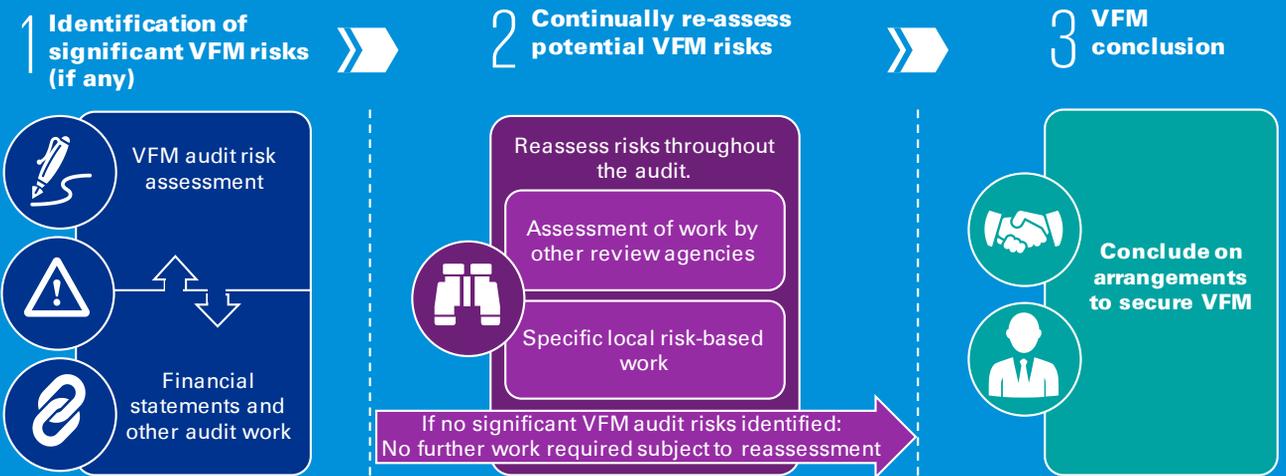
Our 2017/18 VFM conclusion considers whether the PCC and CC had proper arrangements to ensure they took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

We have concluded that the PCC and CC have made proper arrangements to ensure they took properly-informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people, except for in relation to the MFSS Governance issues.

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

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

We follow a risk based approach to target audit effort on the areas of greatest audit risk.



Section three: Value for Money arrangements

Specific value for money risk areas (cont.)

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

Applicability of VFM Risks to VFM sub-criteria

VFM Risk	Informed decision making	Sustainable resource deployment	Working with partner and third parties
Medium term financial planning			
MFSS Governance and VFM			

In consideration of the above, we have concluded that in 2017/18, the PCC and CC have made proper arrangements to ensure they took properly-informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people, except for in relation to MFSS governance. Further details on the work done and our assessment are provided on the following pages.



Specific value for money risk areas (cont.)

As communicated to you in our *External Audit Plan 2017/18* we have *identified two risks* requiring specific audit attention and procedures to address the likelihood that proper arrangements are not in place to deliver value for money.

We have provided below a summary of the risk areas identified, our work undertaken and the conclusions reached.

Risk:	Medium Term Financial Planning
Our assessment and work undertaken:	<p>The Police and Crime Commissioner and Chief Constable identified the need to make efficiency savings of £1.3 million in 2017/18 in addition to ongoing pay savings of £4.2m. The current forecast shows that they will deliver an underspend of approximately £2.1 million for the financial year for the force and that the OPCC will deliver a balanced budget.</p> <p>The overall budget was approved by the Police and Crime Commissioner in February 2017 and recognised a need for £1.3million in savings. The approved budget includes individual proposals to support the delivery of the overall savings requirement. Further savings of £7 million will be required over the period 2018 to 2020 to principally address future reductions to funding levels alongside service cost and demand pressures. As a result, the need for savings will continue to have a significant impact on the Police and Crime Commissioner and Chief Constable’s financial resilience.</p> <p>There is no plan to use reserves to support the 2017/18 expenditure and the overall aim is to return £10.1m to reserves in the medium to long term.</p> <p>Like most police forces, Nottinghamshire faces a challenging future driven by funding reductions and an increase in demand for services, although this has been partly offset by the Government’s relaxation in local Council Tax precepting limits.</p> <p>During 2017/18 the group reported an underspend of £2.4m against its budget. The savings are likely to have been higher if MFSS costs had not increased during the year. These savings were achieved in addition to the planned efficiency savings of £1.250m and staff efficiencies of £5.5m already built into the budget.</p> <p>The underspend has enabled £2.174m to be transferred to the Medium Term Financial Plan reserve while £0.250m as been transferred to the IT Investment and replacement and this is going some way in building back the £10m of reserves used by the Group in 2016/17.</p> <p>Moving forward the force are hoping to increase the number of police officer headcount and also invest more in IT and capital investment. To achieve this the PCC and CC will need to ensure they develop and monitor all savings plans and budgets effectively to reduce the likelihood of any future budget shortfalls and to minimise the need to rely on reserves as has occurred in the past.</p> <p>We have assessed the arrangements put in place by the PCC and CC to maintain its record of meeting efficiency savings and achieving a balanced budget, by relying on the on our accounts audit work where relevant, underpinned by a review of the PCC and CC’s budget setting process, financial management processes, and discussions with the senior management team.</p>

Specific value for money risk areas (cont.)

We have had to issue an “except for” VFM conclusion in relation to MFSS Governance.

We have provided below a summary of the risk areas identified, our work undertaken and the conclusions reached.

Risk:	<p>MFSS Governance and VFM</p> <p>Multi Force Shared Services (MFSS) currently provides transactional back office services to Cheshire, Nottinghamshire and Northamptonshire Police and the Civil Nuclear Authority. PCCs in particular have expressed concerns around the governance of MFSS around the role of the Joint Oversight Committee (JOC) and the supporting Section 22 agreement. PCCs consider that an alternative legal vehicle is required to better support and govern MFSS and the services provided to clients. Potential growth in the membership of MFSS through the on-boarding of Cheshire Fire & Rescue Service, British Transport Police, and Avon & Somerset Police (at a later date), means that the existing governance arrangements are becoming unwieldy. The Nottinghamshire PCC has agreed that the Force should continue to be a member of MFSS and migrate to Oracle Fusion. This decision was based upon the outcome of the Grant Thornton tri-force evaluation report, which amongst other things, tested whether MFSS was providing value for money.</p> <p>Oracle Cloud Applications (FUSION) will offer expanded application functionality, real-time Business Intelligence and related modules all via Oracle Cloud Applications. By moving to a fully Oracle hosted service the annual savings for the MFSS are £2.667m over five years with additional MFSS savings taking the five year total savings to £3.54m (shared amongst the partner forces). Nottinghamshire expect savings of £200k a year.</p> <p>Fusion was due to be implemented in April 2018 but the project has been pushed back by MFSS to November 2018 with the potential for further delay. The project costs have increased from £6.7m to a projected £10.4m, with Nottinghamshire Police allocated £600k of this increase (total costs £1.152m payable in 17/18 and £583k in 2018/19). With the change in partners and the share of costs being based on head count the total cost to Nottinghamshire Police of this project is not yet fully known. The current budget for Fusion is £650k for 2017/18 and £2.155m in 17/18.</p>
Our assessment and work undertaken:	<p>We have assessed the costs allocated to Nottinghamshire from MFSS in relation to the Fusion project in both 2017/18 and 2018/19. As far as we are aware the go live date is still planned for October 2018.</p> <p>Nottinghamshire Polices’ share of the costs have continued to increase in relation to this project. During 2017/18 Nottinghamshire Police spent £0.898m in relation to MFSS which was £0.248m over the original budget. For 2018/19 the PCC/CC budget has increased from £2.155m to £3.155m. Estimates provided by MFSS in June have shown Nottinghamshire Police’s proportion is likely to increase further to £3.196m.</p> <p>MFSS is likely to lead to annual savings of £0.2m for Nottinghamshire Police –these have halved since the project was initially planned although costs have increased.</p> <p>The lack of governance arrangements raised by Nottinghamshire Police regarding this project and the escalating costs against the diminishing return on savings has led us to conclude that we are not satisfied with the VFM criteria of working with partners and third parties although we appreciate this is somewhat out of Nottinghamshire Polices control.</p> <p>As a result we will be issuing an “except for” conclusion in relation to our VFM opinion.</p>

Appendices



Appendix 1:

Key issues and recommendations

Our audit work on the PCC and CC's 2017/18 financial statements has identified three issues. We have listed these issues in this appendix together with our recommendations which have yet to be agreed with Management.

The PCC and CC should closely monitor progress in addressing the risks, including the implementation of our recommendations.

We have given each recommendation a risk rating and agreed what action management will need to take.

Priority Rating for Recommendations

1	<p>Priority One: Issues that are fundamental and material to your system of internal control. We believe that these issues might mean that you do not meet a system objective or reduce (mitigate) a risk.</p> <p>Recommendations Raised: 0</p>	2	<p>Priority Two: Issues that have an important effect on internal controls but do not need immediate action. You may still meet a system objective in full or in part or reduce (mitigate) a risk adequately but the weakness remains in the system.</p> <p>Recommendations Raised: 2</p>	3	<p>Priority Three: Issues that would, if corrected, improve the internal control in general but are not vital to the overall system. These are generally issues of best practice that we feel would benefit you if you introduced them.</p> <p>Recommendations Raised: 0</p>
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No.	Risk	Issue & Recommendation	Management Response
1	1	<p>MFSS Governance</p> <p>We are providing an "except for" conclusion over our VFM opinion, specifically in relation MFSS governance. During the year, you identified that there were significant issues with the delivery of MFSS's upgrade to "Cloud Oracle Computing". Investigations identified that the project would be late, over budget, not to specification, and would not deliver the expected savings. At the time it was identified, you did not have the Governance arrangements in place to effectively influence the project to remedy the situation.</p> <p>Risk</p> <p>Nottinghamshire Police could become committed to expenditure that does not represent good value for money.</p> <p>We recognise that Nottinghamshire Police has taken significant action in year to remedy the issues identified above.</p>	<p>To be provided</p> <p>Responsible Officer</p> <p>Implementation Deadline</p>

Appendix 1:

Key issues and recommendations

We have given each recommendation a risk rating and agreed what action management will need to take.

No.	Risk	Issue & Recommendation	Management Response
1	1	<p>The Governance arrangements at MFSS have been fundamentally restructured to give Nottinghamshire Police more direct monitoring arrangements, so that if issues develop, they are able to identify them more immediately. They also now have the ability to direct changes in operations as they are required to improve projects.</p> <p>We are satisfied that Nottinghamshire Police are now taking appropriate action in relation to MFSS Governance, however, they should continue to monitor the Fusion project closely, and continue to take a more active role in the management and delivery of key projects.</p> <p>In the future, when making decision about future projects, Nottinghamshire Police should also carefully consider the exit strategies available, and the alternative solutions, should the primary project not be able to deliver.</p>	
2	2	<p>Quality of working papers, staff availability and meeting the deadline</p> <p>As noted in previous year we have noted no significant change in the quality of working papers provided in support of the financial statements over the previous year, although it is noted we did receive them on a more timely basis and the cross referencing to the PBC and responsible officer had improved.</p> <p>The accounts were not received by the statutory deadline.</p> <p>Risk</p> <p>There is a risk of audit work being delayed or additional costs being incurred in the audit process.</p> <p>The Statutory deadline is not achieved.</p> <p>Recommendation</p> <p>Working papers need to be reviewed to ensure they agree to and can be easily reconciled to the applicable note within the statements. This is not always clear.</p>	<p>Management Response</p> <p>To be provided</p> <p>Responsible Officer</p> <p>Implementation Deadline</p>

Appendix 1:

Key issues and recommendations

We have given each recommendation a risk rating and agreed what action management will need to take.

No.	Risk	Issue & Recommendation	Management Response
3	2	<p>Accuracy of the Fixed Asset Register</p> <p>The audit of the PPE note found that the Fixed Asset Register had not been updated correctly for all assets revalued in the year resulting in land being undervalued by £1.19m and a mast being undervalued by £10k.</p> <p>Additional work found it was not particularly easy to establish if all assets had been subject to a valuation every 5 years.</p> <p>A rolling programme has been in place since 2009 with full asset valuations last being undertaken in 2005 and 2009. We also established that the external valuer has been employed by the PCC/CC since 1998.</p> <p>Risk</p> <p>There is a risk of assets being reflected in the asset register at the wrong value which impacts on the values within the PPE note, and the overall asset value in the balance sheet. There is also a risk that not all assets are being revalued every 5 years.</p> <p>Recommendation</p> <p>The asset register needs to be reviewed and updated to reflect the correct valuations notified by the valuer in 2017/18. When the asset register is updated each year the data entries should be reviewed and checked to establish that the entries are correct (given the small number of valuations each year this should not be an onerous task).</p> <p>Given the errors and the fact that a rolling review has been in operation since 2009 consideration should be given to completing a full asset valuation for the next financial year.</p>	<p>To be provided</p> <p>Responsible Officer</p> <p>Implementation Deadline</p>

Appendix 2:

Follow-up of prior year recommendations

The Authority has implemented 2 and partially implanted 3 of the recommendations raised through our previous audit work.

This appendix summarises the progress made to implement the recommendations identified in our *ISA 260 Report 2016/17* and re-iterates any recommendations still outstanding.

Number of recommendations that were

Included in the original report	5
Fully Implemented in year or superseded	2
Partially implemented at the time of our final accounts audit.	3

No.	Risk	Issue & Recommendation	Management Response	Status as at July 2018
1	1	<p>Code Compliance</p> <p>Our review of the accounts this year identified that the PCC/Group accounts presented for audit were not code compliant. Our testing also identified a number of notes that were missing from the accounts (shortened version of original recommendation)</p> <p>Recommendation</p> <p>The PCC and CC should ensure that the draft provided for audit in 2017/18 are fully code compliant and include all relevant statements and notes.</p> <p>Sufficient time and resource should be devoted to the accurate completion of CIPFA's code disclosure checklist with any uncertainties over answers being investigated more thoroughly.</p> <p>The CIPFA BRB model should be updated to enable the PCC costs to be fully identifiable and mapped form 2017/18.</p>	<p>Accepted</p> <p>Responsible Officer</p> <p>PCC CFO/CC CFO</p> <p>Implementation Deadline</p> <p>2016/17 and 2017/18 Statement of Accounts</p>	<p>Fully Implemented – except for a couple of minor issues this recommendation has now been implemented.</p> <p>The format of the accounts has been updated to incorporate all code compliance corrections from the prior year.</p> <p>This year we found that the audit fee note was missing from within the group accounts and the Senior Officer Payments in relation to the CC had not been shown by individual within the Group accounts. The accounts have since been amended to reflect these findings although they have not yet been checked by the audit team.</p>

Appendix 2:

Follow-up of prior year recommendations (cont.)

No.	Risk	Issue & Recommendation	Management Response	Status as at July 2018
2	1	<p><i>Management Review of the Draft Statement of Accounts</i></p> <p>The initial draft accounts provided for audit contained numerous errors and had not been subject to a timely or robust management review prior to audit which would have identified these problems. This recommendation was also made last year. (shortened version of original recommendation)</p> <p><i>Recommendation</i></p> <p>The PCC and CC should ensure that an appropriate, timely and robust level of review is put in place over the draft accounts next year particularly given the earlier deadline.</p>	<p>Accepted.</p> <p><i>Responsible Officer</i></p> <p>PCC CFO/CC CFO</p> <p><i>Implementation Deadline</i></p> <p>2017/18 Statement of Accounts</p>	<p>Partially Implemented.</p> <p>Due to the problems encountered with the Big Red Button this year the accounts had to be produced manually and the statutory deadline was not met. As a result the review process built into the BRB was not able to be incorporated into the draft statements.</p> <p>Instead we carried out a review of the hard copy drafts to see when they were signed and dated as checked by finance staff and S151 officers. This showed that the review process was not as timely as we had hoped particularly on the group accounts which has led to some post audit amendments although these are presentational and do not affect the bottom line figures.</p>

Follow-up of prior year recommendations (cont.)

No.	Risk	Issue & Recommendation	Management Response	Status as at July 2018
3	1	<p>Management Review of Working Papers and version control</p> <p>Our testing identified that working papers were once again not subject to a thorough management review. This led to delays and additional work. The impact of this included:</p> <ul style="list-style-type: none"> - Not all working papers requested on our PBC being provided - The internal review function within BRB not being used this year due to timing issues. - Being provided with a version of the TB including a formula error. <p>Recommendation</p> <p>All working papers should be subject to a full and timely review independent review. The review function for the BRB should be utilised next year. Working papers provided outside of the model should also be reviewed for accuracy and to ensure that the figures agree to the draft provided for audit and have not been superceded by another version. All working papers on the PBC should be supplied.</p>	<p>Accepted.</p> <p>Responsible Officer PCC CFO/CC CFO</p> <p>Implementation Deadline 2017/18 Statement of Accounts</p>	<p>Partially implemented.</p> <p>The Big Red Button was not used to produce the accounts this year and so the recommendation to use the BRB review function is not applicable.</p> <p>Working papers were provided on the first day of the audit along with a completed PBC which provided cross references to the working papers and showed the officer responsible for preparation and the reviewing officer.</p> <p>Some gaps were identified in the working papers and we had to request additional workings to support some of our work. We also feel working papers could be improved upon so there is a clear link from the figures within the relevant note through to the working paper although we acknowledge the system had improved from the prior year.</p>

Follow-up of prior year recommendations (cont.)

No.	Risk	Issue & Recommendation	Management Response	Status as at July 2018
4	1	<p>Staff Availability</p> <p>This year the audit was heavily reliant on one member of staff. During the two week period the staff member was often on leave or working from home which led to delays in progressing audit queries.</p> <p>Recommendation</p> <p>Given the much earlier close down next year and the time pressures this will bring it is essential that all key finance staff are available during the 2 week audit period which will be in June and that leave/working from home is not allowed in this two week window.</p>	<p>Accepted.</p> <p>Responsible Officer PCC CFO/CC CFO</p> <p>Implementation Deadline 2017/18 Statement of Accounts</p>	<p>Partially implemented.</p> <p>This year we were provided with a schedule of staff availability on the first day of the audit. This showed the key members of the team were absent for fairly substantial periods in the audit. Although we worked around this it meant we had to put queries on hold in some instances. We also came on site in advance of the audit to complete the pensions work in advance of the pensions lead accountant going on leave. This delayed work on the VFM which was due to occur during that time.</p>
5	2	<p>Audit Advert and Publication of Accounts</p> <p>This year we identified that the accounts were advertised for 29 working days instead of the required 30.</p> <p>In addition we were provided with the Chief Constables statements by the required deadline of the 30th June but not the PCC/Group statements.</p> <p>Recommendation</p> <p>The PCC and CC should ensure that the audit advert follows the recommendations provided to you in our audit letter and is provided to us to check prior to publication on the website.</p> <p>Both statements of accounts need to be published by the required earlier deadline next year and audit evidence provided to us to enable us to prove this.</p>	<p>Accepted.</p> <p>Responsible Officer PCC CFO</p> <p>Implementation Deadline 2017/18 Statement of Accounts</p>	<p>Partially implemented.</p> <p>The audit advert met all statutory requirements in 2017/18 and was provided to us to check as requested.</p> <p>Both the CC and the Group accounts were provided after the statutory deadline this year. The CC accounts were provided on the 5 June and the Group on the 7 June 2018.</p>

Appendix 3:

Audit differences

We are required by ISA 260 to report all uncorrected misstatements, other than those that we believe are clearly trivial, to those charged with governance (which in your case is the PCC and CC).

We are also required to report all material misstatements that have been corrected but that we believe should be communicated to you to assist you in fulfilling your governance responsibilities.

A number of minor amendments focused on presentational improvements have also been made to the 2017/18 draft financial statements. The Finance team is committed to continuous improvement in the quality of the financial statements submitted for audit in future years.

Adjusted audit differences impacting the primary statements

No significant audit differences impacting on the primary statements were identified as a result of our audit of the Police and Crime Commissioner for Nottinghamshire and the Chief Constable for Nottinghamshire's financial statements for the year ended 31 March 2018, at a group level or individual entity level.

One Prior Period adjustment of £17.4m has occurred. This relates to the split of pension costs between the PCC and CC accounts and does not affect the total or figures reported within the Group. The working papers provided for the split in 2016/17 were accurate but an error was made on the actual statements and has since been rectified.

Finance staff have identified an error of £0.120m relating to precept income due to a precepting authority entering a bracket incorrectly. Although not material, the finance team have chosen to amend this balance on the final draft. This has impacted on a number of balances within the main statements although these have not yet to be checked by the audit team. As this amendment was not identified by the audit team and has not been checked it is not represented as an adjustment to balances by ourselves.

Appendix 3:

Audit differences (cont.)

Adjusted numerical audit differences impacting disclosure notes

The following table sets out the significant numerical/sensitive audit differences impacting on the disclosure notes identified by our audit of the Police and Crime Commissioner for Nottinghamshire and the Chief Constable for Nottinghamshire's financial statements for the year ended 31 March 2018, at a group level. Similar adjustments are also required in respect of the individual entities accounts. The final draft has not yet been fully checked by the audit team for accuracy.

Table 2: Adjusted numerical audit differences impacting disclosure notes – Group

No.	Disclosure note	£,000	Basis of audit difference
1	Note 6.3 Senior Officer remuneration		Incorrect extraction of payroll and expenses in relation to audit checks to source documents. This led to a £3k increase on total Commissioner remuneration and a £6,539 decrease on the Chief Constable remuneration.

(6.5) Total value of adjustments

Presentational adjustments - Group

We identified a number of presentational adjustments required to ensure that the PCC and CC's financial statements for the year ending 31 March 2018 are fully compliant with the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 ('the Code'). Whilst the majority of these adjustments were not significant details of these are provided in the following table.

It is our understanding that these will be adjusted. Although we have received a revised set of financial statements these have not been checked in full to confirm this.

Table 3: Presentational adjustments – Group

No.	Basis of audit difference
2	Note 1 Accounting policies: Since last year a number of accounting policies have been included within the main body of the notes. This is allowed and just brought to your attention.
3	Note 2.1 EFA: Changes were made to the split of costs between the policing and commissioner payments to correct the policing figures and make them consistent with those in the CC accounts. Changes were made to the adjustments column within the note to ensure the figures were consistent with note 2.2 as they originally did not agree.
4	Note 6.2 Officers Remuneration over £50,000: One member of staff was not included within the banding £70,000 to £75,000. The table has been updated to reflect this addition.
5	Note 6.3 Senior Officer Payments: Originally only a subtotal was included for the CC senior officer remuneration rather than showing the remuneration per individual officer. This has since been amended.
6	Note 6.5 Audit Fee: This note was originally omitted from the draft provided for audit. It has now been included within the final draft.
7	Note 7.6 Joint Operations MIRS: A sub total figure for Total Usable Reserves did not cast correctly.

Presentational adjustments – Chief Constable

8	Narrative report: a small number of changes were made to the officer statistics to ensure they agreed with the supporting working papers.
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Unadjusted audit differences

We confirm that there are no uncorrected misstatements, other than the PPE undervaluation of land which at £1.19m is below materiality and does not have to be adjusted for.

Materiality and reporting of audit differences

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

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

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

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

We used the same planning materiality reported in our External Audit Plan 2017/18, presented to you in April 2018.

Materiality for the PCC and CC's accounts was set at £3.3 million which equates to around 1.4 percent of gross expenditure. We design our procedures to detect errors in specific accounts at a lower level of precision.

Reporting to the Joint Audit and Scrutiny Panel

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

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

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

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

Where management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Joint Audit and Scrutiny Panel to assist it in fulfilling its governance responsibilities.

Appendix 5:

Required communications with the Joint Independent Audit Committee

We have provided below at-a-glance summary of the information we are required to report to you in writing by International Accounting Standards.

Required Communication	Commentary
Our draft management representation letter	We have requested a single specific representation in relation to Regional Collaboration assurances in addition to those areas normally covered by our standard representation letter for the year ended 31 March 2018.
Adjusted audit differences	We have identified no material audit adjustments impacting the primary statements, one significant audit error totalling £1.19m which has not been amended, some minor errors in disclosure notes and a number of presentation issues. See Page 12 for details. These adjustments result in no movement in the figures within the main statements. See Page 33 and 34 for further details.
Unadjusted audit differences	We have identified no unadjusted differences as a result of our audit of the PCC and CC's financial statements
Related parties	There were no significant matters that arose during the audit in connection with the entity's related parties.
Other matters warranting attention by the Joint Independent Audit Committee	There were no matters to report arising from the audit that, in our professional judgement, are significant to the oversight of the financial reporting process.
Control deficiencies	We have set out our assessment of the PCC and CC's internal control environment, including confirmation that there were no significant deficiencies identified, in Section one of this report (see Page 5).
Actual or suspected fraud, noncompliance with laws or regulations or illegal acts	We identified no actual or suspected fraud involving the PCC or CC's officers with significant roles in internal control, or where the fraud resulted in a material misstatement in the financial statements.
Significant difficulties	No significant difficulties were encountered during the audit.
Modifications to auditor's report	There are no modifications to our audit report.
Disagreements with management or scope limitations	The engagement team had no disagreements with management and no scope limitations were imposed by management during the audit.

Appendix 5:

Required communications with the Joint Independent Audit Committee (cont.)

Required Communication	Commentary
Other information	<p>No material inconsistencies were identified related to other information in the Narrative Report or Annual Governance Statement.</p> <p>These reports were found to be fair, balanced and comprehensive, and compliant with applicable requirements.</p>
Our declaration of independence and any breaches of independence	<p>No matters to report.</p> <p>The engagement team have complied with relevant ethical requirements regarding independence.</p> <p>See Appendix 6 for further details.</p>
Accounting practices	<p>Over the course of our audit, we have evaluated the appropriateness of the PCC and CC's accounting policies, accounting estimates and financial statement disclosures. In general, we believe these are appropriate.</p> <p>We have set out our view of the assumptions used in valuing pension assets and liabilities at Page 15.</p>
Significant matters discussed or subject to correspondence with management	<p>There were no significant matters arising from the audit which were discussed, or subject to correspondence, with management.</p>



Declaration of independence

ASSESSMENT OF OUR OBJECTIVITY AND INDEPENDENCE AS AUDITOR OF THE POLICE AND CRIME COMMISSIONER FOR NOTTINGHAMSHIRE AND THE CHIEF CONSTABLE FOR NOTTINGHAMSHIRE

Professional ethical standards require us to provide to you at the conclusion of the audit a written disclosure of relationships (including the provision of non-audit services) that bear on KPMG LLP's objectivity and independence, the threats to KPMG LLP's independence that these create, any safeguards that have been put in place and why they address such threats, together with any other information necessary to enable KPMG LLP's objectivity and independence to be assessed.

In considering issues of independence and objectivity we consider relevant professional, regulatory and legal requirements and guidance, including the provisions of the Code of Audit Practice, the provisions of Public Sector Audit Appointments Limited's ('PSAA's') Terms of Appointment relating to independence, the requirements of the FRC Ethical Standard and the requirements of Auditor Guidance Note 1 - General Guidance Supporting Local Audit (AGN01) issued by the National Audit Office ('NAO') on behalf of the Comptroller and Auditor General.

This Statement is intended to comply with this requirement and facilitate a subsequent discussion with you on audit independence and addresses:

- General procedures to safeguard independence and objectivity;
- Independence and objectivity considerations relating to the provision of non-audit services; and
- Independence and objectivity considerations relating to other matters.

General procedures to safeguard independence and objectivity

KPMG LLP is committed to being and being seen to be independent. As part of our ethics and independence policies, all KPMG LLP partners, Audit Directors and staff annually confirm their compliance with our ethics and independence policies and procedures. Our ethics and independence policies and procedures are fully consistent with the requirements of the FRC Ethical Standard. As a result we have underlying safeguards in place to maintain independence through:

- Instilling professional values
- Communications
- Internal accountability
- Risk management
- Independent reviews.

We are satisfied that our general procedures support our independence and objectivity.

Appendix 6:

Declaration of independence (cont.)

Independence and objectivity considerations relating to the provision of non-audit services

Summary of fees

We have considered the fees charged by us to the PCC and CC and its controlled entities for professional services provided by us during the reporting period. We have detailed the fees charged by us to the PCC and CC and its controlled entities for significant professional services provided by us during the reporting period in Appendix 7, as well as the amounts of any future services which have been contracted or where a written proposal has been submitted. Total fees charged by us for the period ended 31 March 2018 can be analysed as follows:

	2017/18 £	2016/17 £
Audit of the Police and Crime Commissioner	35,220	35,220
Audit of the Chief Constable	15,000	15,000
Overrun Fee		5,000
Total audit services	50,220	55,220
Allowable non-audit services	0	0
Audit related assurance services	0	0
Mandatory assurance services	0	0
Total Non Audit Services	0	0

We are required by AGN 01 to limit the proportion of fees charged for non-audit services (excluding mandatory assurance services) to 70% of the total fee for all audit work carried out in respect of the PCC and CC under the Code of Audit Practice for the year. The ratio of non-audit fees to audit fees for the year was 0:1. We do not consider that the total of non-audit fees creates a self-interest threat since the absolute level of fees is not significant to our firm as a whole.

Independence and objectivity considerations relating to other matters

There are no other matters that, in our professional judgement, bear on our independence which need to be disclosed to the Joint Audit and Scrutiny Panel.

Confirmation of audit independence

We confirm that as of the date of this report, in our professional judgement, KPMG LLP is independent within the meaning of regulatory and professional requirements and the objectivity of the Audit Director and audit staff is not impaired.

This report is intended solely for the information of the Joint Audit and Scrutiny Panel of the PCC and CC and should not be used for any other purposes.

We would be very happy to discuss the matters identified above (or any other matters relating to our objectivity and independence) should you wish to do so.



KPMG LLP



Appendix 7:

Audit fees

As communicated to you in our *External Audit Plan 2017/18*, our scale fee for the audits are detailed below:

Component of the audit	2017/18 Planned Fee £	2016/17 Actual Fee £
Accounts opinion and value for money work		
PSAA Scale fee (Police and Crime Commissioner)	35,220	35,220
PSAA Scale fee (Chief Constable)	15,000	15,000
PSAA agreed overrun fee		5,000
Total audit services	50,220	55,220
Total non-audit services	0	0
All fees quoted for the RCGV and CAT.	50,220	55,220





The key contacts in relation to our audit are:

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This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. We draw your attention to the Statement of Responsibilities of auditors and audited bodies, which is available on Public Sector Audit Appointment's website (www.psa.co.uk).

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

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

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CREATE: CRT086281A

For Decision	
Public/Non Public*	Public
Report to:	Joint Audit and Scrutiny Panel
Date of Meeting:	July 2018
Report of:	Chief Finance Officer
Report Author:	Charlotte Radford
Other Contacts:	Pamela Taylor, Mark Kimberley
Agenda Item:	7

STATEMENT OF ACCOUNTS AND ANNUAL GOVERNANCE STATEMENTS FOR 2017-18

1. Purpose of the Report

- 1.1 To provide members with a copy of the audited statement of accounts and annual governance statements for 2017-18.

2. Recommendations

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

3. Reasons for Recommendations

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

4. Summary of Key Points

- 4.1 The attached statements provide a fair view of the financial position of the Chief Constable, Police & Crime Commissioner and group as a whole.
- 4.2 The statements of the Chief Constable show the cost of policing and provision of services to deliver the Police & Crime Plan.
- 4.3 The Group accounts also include the financial statement relating to the Office of the Police & Crime Commissioner.
- 4.4 These accounts represent fairly the financial position of the Group and its individual entities.
- 4.5 The earlier report from external audit on today's agenda gave an unqualified opinion on these statements.

4.6 These accounts have been published within the timescale required by legislation.

4.7 As the Chief Finance Officer I would like to take this opportunity to thank the Senior Financial Accountant for her hard work in ensuring deadlines have been achieved. Particularly, with the absence of a key member of staff. I would also like to thank the other members of staff within Finance and the OPCC that have worked hard and responded often at short notice to ensure these accounts are published.

5. Financial Implications and Budget Provision

5.1 None as a direct result of this report.

6. Human Resources Implications

6.1 None as a direct result of this report.

7. Equality Implications

7.1 None as a direct result of this report.

8. Risk Management

8.1 None as a direct result of this report.

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

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

10. Changes in Legislation or other Legal Considerations

10.1 This complies with the current Accounts and Audit Regulations.

11. Details of outcome of consultation

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

12. Appendices

A – The Chief Constables Statement of Accounts 2017-18 – TO FOLLOW
B – The OPCC and Group Statement of Accounts 2017-18 – TO FOLLOW



Statement of Accounts – 2017-18

The Chief Constable of Nottinghamshire



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CONTENTS			
WRITTEN STATEMENTS	FINANCIAL STATEMENTS	NOTES TO THE ACCOUNTS	GLOSSARY
CHIEF FINANCE OFFICERS NARRATIVE REPORT Page 5	COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT Page 31	Page 37	Page 51
INDEPENDENT AUDITORS REPORT Page 16	MOVEMENT IN RESERVES STATEMENT Page 32		
STATEMENT OF RESPONSIBILITIES Page 17	BALANCE SHEET Page 34		
ANNUAL GOVERNANCE STATEMENT Page 18	CASH FLOW STATEMENT Page 35		



CHIEF FINANCE OFFICER'S NARRATIVE REPORT

NOTTINGHAMSHIRE

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

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

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

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

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

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

GOVERNANCE

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

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

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

Our Priorities

Engage our
Communities

Create a Service that
Works for Local People

Become a
Employer of Choice

Our Mission Statement

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

PERFORMANCE

The force has a dedicated workforce of just under 3,600 officers and staff, who are supported by a growing army of hundreds of special constables, cadets and volunteers.

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

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

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

Achievements 2017-18

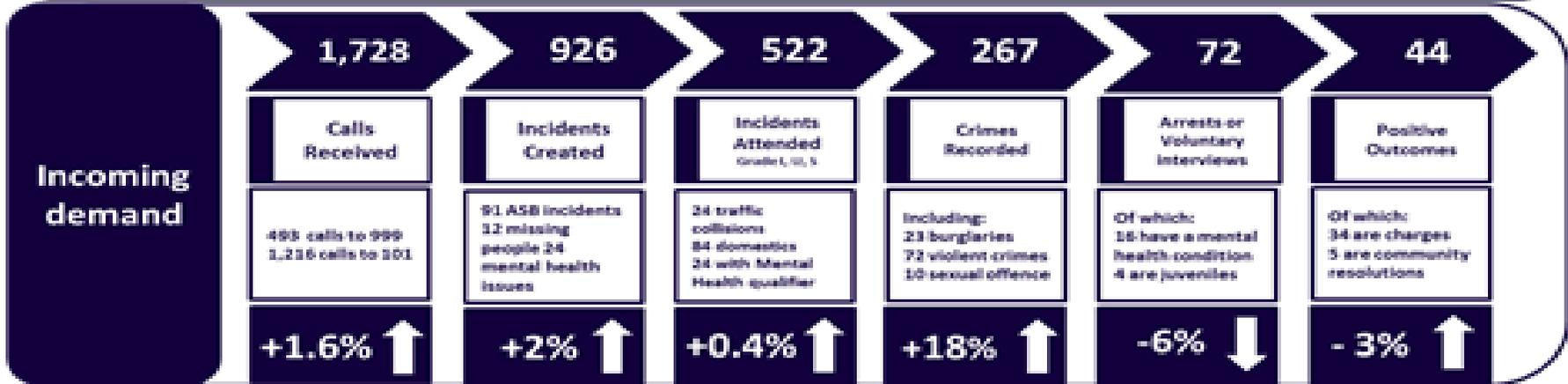
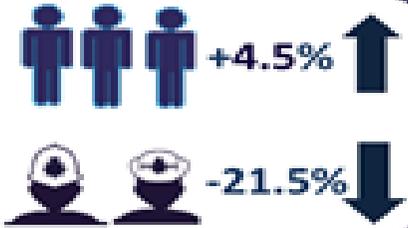
Over the last year we have made significant changes to improve the way in which we work.

- Expenditure has come in below budget and the contribution to reserves was better than anticipated.
- A new target operating model has been implemented which will not only see a reversal of the planned reduction in police officers but also the investment in the recruitment of 80 new officers by the summer of 2018.
- The Force was praised by the Anti-Slavery Commissioner for its work on tackling modern slavery.
- A new geographically based Force structure has been implemented that places greater emphasis on local policing.
- The Forces HMICFRS PEEL inspection rating improved from 'requires improvement' to 'Good'.
- A permanent knife crime team was established, the first outside London.
- We were listed as one of the top 40 employers in the country in Stonewall's annual Workplace Equality Index.
- The Disclosure & Barring Service (DBS) was awarded an 'outstanding' grading against the national Quality Assurance Framework.
- Nottinghamshire Police has worked with partners to secure Purple Flag accreditation for Nottingham. Having Purple Flag status indicates that Nottingham is a great, safe and vibrant place for a night out.

A typical day in Nottinghamshire Police



- The population of Nottinghamshire is 1,135,992 people
- Nottinghamshire Police has 1,917 officers
- Across Nottinghamshire there is approximately one police officer for every 593 members of the public
- Since 2010, officer numbers have fallen while the population of Nottinghamshire has risen



- On-going demand**
- As well as responding to the public, proactive work is taking place to safeguard the public, including;
- Supporting 1,522 domestic abuse survivors at the Multi-Agency Risk Assessment Centres
 - Managing 1,642 sexual and violent offenders under Multi Agency Public Protection Arrangement
 - Supporting 2,975 children and young people subject to a Child Protection Plan
 - Supporting 2,968 priority families in the City of Nottingham, 29% of which have ASB or Domestic problems
 - Carrying out 5 stop and searches, with a 34.2% positive outcome rate

FINANCIAL PERFORMANCE

The provisional outturn for the Force is £182.9m which is an underspend of £2.5m against the original budget. Year on year the Force expenditure has reduced by £1.5m or 0.8% from £184.4m.

This is an excellent performance in a year which included an efficiency programme in Supplies & Services of £1.2m, as well as £5.5m in employee efficiencies, to achieve a balanced budget.

In addition, significant changes to the forces operating model were made. This included changes to the command structure placing an increased emphasis in boosting the number of new police officer recruits.

A major review of the Peoples Services & Organisational Development function also took place which promises to deliver significant on-going operational savings in future years.

The underspend will be transferred to reserves held by the Police & Crime Commissioner as a further contribution to repay reserves used to fund a large overspend in the financial year ended 31 March 2016. The major budget variations in the year are as follows:

2017-18 Expenditure v Budget Analysis

Pay & allowances

Pay and allowances spend was £158.3m for the year which was an overspend of £3.4m against the budget, and a year on year increase of £1.9m or 1.2%.

The overspend was largely due to the decision to accelerate recruitment in line with the 1,940 police officer model which saw 197 new officers starting during the year and 25 transferees.

These additional police officer costs were off-set by reduced staff costs, as investment in investigation officers was cancelled in order to boost core police officer numbers. Additional costs of £0.5m for training & recruitment were also associated with the increase in police officer numbers.

There were also additional costs in 2017-18 for the apprenticeship levy payment, which totaled £0.6m, and the pay award. In addition the pay award included a non-consolidated 1% bonus which was unbudgeted. Additional agency costs of £1.5m were incurred in respect of developments for the Tri-Force IT project,

for which grant income was received from the Home Office as part of the Transformation Grant bidding process.

Overtime was £5.5m for the year, which was a planned increase during the year, as this was matched to achieving £1.6m in additional income for policing services.

Premises costs

Premises costs were some £0.3m above budget at £6.3m this was as a result of increased maintenance costs as the rationalisation of police premises took longer than anticipated.

Transport costs

Transport costs were on budget as savings on fuel cost of £0.2m were offset by increased vehicle mileage PFI costs charged by the contractor (Vensons).

Communications & Computing

Delays in the national roll-out of the Emergency Services Network (ESN), was the main reason for the £0.5m underspend.

Clothing & Uniforms

Clothing, uniform & laundry was £0.2m above budget due to the number of additional new recruits.

FINANCIAL PERFORMANCE (cont)

Other Supplies & Services

Other supplies & services costs of £11.8m were £1.0m above budget. This was due to additional project management costs supporting the Fusion upgrade project provided by MFSS (a joint collaboration of police forces providing transactional back office services), increased insurance costs and additional vehicle recovery costs (resulting in additional income). These items were partly offset by reduced forensic costs as a result of improved pricing following a procurement exercise.

Partnership Payment

Partnership payments were £2.5m above budget, this relates mainly to the EMOpSS costs that were offset by additional income.

Collaboration Contributions

Collaboration contribution costs of £10.2m for the year, were £0.4m above budget. This was as a result of increased MFSS costs due to a delay of the project to migrate to Fusion (Oracle cloud based solution), and local costs of £0.2m relating to regional costs for the ESN project.

Capital financing

Capital financing costs were £0.5m lower as borrowing costs and the Minimum Revenue Provision (MRP) were reduced due to the actual 2016-17 capital spend being lower than budgeted.

Income

Income for the year was £22.5m, which was £9.0m above budget. Grant and contributions received during the year accounted for £8.3m of this and was used to offset the overspends explained above.

Earned income was also greater than budgeted for and was partly used to fund additional expenditure. Areas of increased income to note were additional vehicle recovery income of £0.3m, building rents of £0.2m, partnership funding of £0.2m fire arms licences of £0.1m, and charges for services of £0.1m.

FINANCIAL PERFORMANCE (continued)**2018-19 Budget Breakdown**

The proposed revenue budget for 2018-19 is £188.2 m as detailed below:-

Net Expenditure Budget	2018-19 £m
Employee	158.2
Premises	5.9
Transport	5.4
Communications & Computing	8.2
Supplies & Services	8.8
Partnership & Collaborations	10.9
Capital Financing	4.1
Income	(13.0)
Efficiencies (not allocated in above)	(0.3)
Net use of reserves	0.0
Total Net Expenditure	188.2



Craig Guildford
Nottinghamshire Chief Constable

OUTLOOK

The Nottinghamshire Police Force is responding positively to the challenges it faces as austerity measures continue to have an impact. This year's underspend has allowed for a faster 'repayment' to PCC reserves than anticipated and Government funding is now more certain.

Going forward significant work has been done in better formulating both our Annual and Medium Term budgeting, and working with the Police Commissioner longer term funding has been agreed to allow for investment in additional police officers.

The Force is keen to demonstrate that all real term funding increases provided by the Commissioner are directed to front line policing operations.

In addition we are moving forward with ensuring there are entry routes into policing for all members of our society; and we are particularly PROUD that we will be one of the first Forces in the country to recruit police officers via the apprentice entry route. The first cohorts of recruits are planned for Autumn 2018.

Although funding looks more stable than before the reality is that inflation and demand pressure will require that the Force maintains a clear emphasis on delivering on-going efficiency savings and ensuring value for money. To this end the Chief Constable personally oversees the Departmental Annual Assessment process that is designed to challenge departmental managers to achieve savings, manage demand and bring forward ideas for improvement.

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

- New Custody Suite.
- Replacement Control Room.
- Maintaining the existing estate.
- Updating and replacing IT.
- Investment in the national ESN project.
- Replacement of vehicles.

Despite the more stable financial operating position that the Force is now in, Brexit will continue to create uncertainty about the future of Central Government funding, and the impact this may have on police funding in the future. The results could be positive or negative, but are not currently quantified and plans are made assuming that the impact therefore will be neutral.

WHO WORKS FOR NOTTINGHAMSHIRE POLICE

Nottinghamshire Police (including the Office of the Police and Crime Commissioner) employs approximately 1,965 police officers, 193 PCSOs, 175 specials and 1,275 staff in full-time and part-time positions.

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

The College of Policing is working actively to provide apprenticeship entry into policing and we expect our first cohort of trainees in Autumn 2018.

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

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

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

Overall Equality Characteristics

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

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

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

Ethnicity	Headcount	%
Asian/Asian British	97	2.7
Black/Black British	42	1.2
Mixed	44	1.2
White/White British	3,326	92.2
Other	3	0.1
Not known/provided	96	2.7

PRINCIPAL RISKS

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

RISK	IMPACT	MITIGATION
Historic child sexual exploitation cases.	Significant resource demand on complex historic cases.	Allocation of dedicated resources. Monitoring of activity by executive management.
Changes to demand and types of crime.	The need for officers to be trained in new areas of growing crime such as on-line crime. Whilst continuing to manage traditional crime such as burglary.	Advances plans for the recruitment and training of officers and staff with the required skills.
Funding Formula Review.	Could result in either a positive or negative impact on the amount of police grant Nottinghamshire receives.	Development of scalable Medium Term operational Plans. Identification of minimum policing model.
Delays in the national implementation of the Emergency Services Network, a replacement for the current Airwave system used by the emergency services to communicate with each other in the event of an emergency response.	Significant cost increase if deployment is delayed.	A nationally managed project. Local and regional resources identified to assist the management of the project.

Explanation of Accounting Statements

The Statement of Accounts sets out the Chief Constable's income and expenditure for the year and its financial position at 31 March 2018. It comprises core and supplementary statements, together with disclosure notes. The format and content of the financial statements are prescribed by the CIPFA Code of Practice on Local Authority Accountancy in the United Kingdom 2017-18; which in turn is underpinned by International Financial Reporting Standards.

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

Figures in these accounts are rounded appropriately, generally to the nearest £1000. Due to this there may appear to be minor inconsistencies or apparent arithmetic errors.

The Core Statements

- **The Comprehensive Income and Expenditure Statement**
This records all income and expenditure for the year.
- **The Movement in Reserves Statement**
This is a summary of the changes to reserves during the course of the year.
- **The Balance Sheet**
This is a "snapshot" of the assets, liabilities, cash balances and reserves at the year end.
- **The Cash Flow Statement**
This shows the reasons for changes in cash balances.

The Supplementary Financial Statements

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

INDEPENDENT AUDITOR'S REPORT



Independent auditor's report to the Chief Constable for Nottinghamshire

To be added post audit

STATEMENT OF RESPONSIBILITIES

The Responsibilities of the Chief Constable

The Chief Constable is required to:

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

The Responsibilities of the Chief Finance Officer

The Chief Finance Officer is responsible for the preparation of the Statement of Accounts in accordance with proper accounting practices as set out in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom. The statement is required to present fairly, the financial position of the Chief Constable as at the accounting date and its Income and Expenditure for the year ended 31 March 2018. In preparing the Accounts the CFO has:

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

Certification

I certify that in my opinion this Statement of Accounts present a true and fair view of the financial position of the Chief Constable as at 31 March 2018 and its income and expenditure for the year ended 31 March 2018.

M. Kimberley, CPFA
Chief Finance Officer Nottinghamshire Police
5 June 2018

Approval

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

C. Guildford
Nottinghamshire Police Chief Constable

Nottinghamshire Police

Annual Governance Statement 2017-18



NOTTINGHAMSHIRE
POLICE
PROUD TO SERVE

1. Introduction

1.1 Scope of responsibility

Nottinghamshire Police is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Force has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised.

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

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

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

1.2 The purpose of the governance framework

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

2.0 The governance framework

The principles which form the basis of the governance framework and how they are applied within the Force are described in the following sections. The Chief Constable and Chief Finance Officer (Head of Finance) have put in place management and reporting arrangements to enable them to be satisfied that the approach to the corporate governance arrangements have been effective and supports the aims of the OPCC, these include:

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

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

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

- The Force has retained the PROUD values which are explicitly linked to the Code of Ethics.
- The Code of Ethics sits at the centre of the National Decision Model, so is explicitly referenced and considered in any decision making situation.
- There are also clear processes in place around confidential reporting 'whistleblowing' outlined in the Professional Standards Reporting Procedure. Staff are also able to report breaches confidentially to PSD.
- Standards are governed by the quarterly Organisation Risk, Learning and Ethics Board, chaired by the Deputy Chief Constable (DCC).

- Bi-annually, a report on IOPC investigations is presented at the NOPCC's Audit and Scrutiny Panel to inform the OPCC of the Force's application of the IOPC Statutory Guidance.
- There are robust mechanisms in place with respect to the governance of complaints in Force. Complaints are managed in accordance with statutory guidance provided by the IOPC.
- In an effort to ensure consistency and fair practice, the Professional Standards Department are now responsible for monitoring staff conduct. This allows parity on how cases are assessed; ensuring staff and officers are treated fairly and respectfully.
- All gross misconduct hearings are now held in public and the outcomes are published on the force website.
- The Force has dedicated local resolution sergeants, embedded within local policing. Their purpose is to deliver learning from complaints back to the workforce thus creating a learning culture rather than a punitive one.
- Business Interests, Additional Employment and Notifiable Associations are reviewed annually within the Integrity Health check.
- A redacted version of the Register of Approved Business Interests is published on the Force website annually; any changes are reported on a monthly basis to the Organisational Risk, Learning and Ethics Board.
- The Force work to the Contract Standing Orders Procedure Rules to ensure fairness and consistency of approach in line with sound commercial practice for strategic procurement managed by the East Midlands Strategic Commercial Unit (EMSCU).
- The HMICFRS PEEL Legitimacy Inspection 2017 found that Nottinghamshire Police is good at ensuring that its workforce behaves ethically and lawfully. Leaders are positive ethical role models. Members of the workforce have a good understanding of the Code of Ethics and are guided by ethics and values in their decision making. The force clarifies and reinforces expected standards of behaviour.
- The Force is compliant with the CIPFA statement on the Role of the Chief Financial Officer of the Police and Crime Commissioner and the Chief Finance Officer of the Chief Constable (2012), as per the ACO Finance job description (Head of Finance with effect from 1 April 2018).
- The Counter Corruption Unit policy clearly sets out the procedures to be operated that are designed to encourage prevention, promote detection and identify a clear pathway for the investigation of fraudulent or corrupt practices and behaviour.

2.2 Principle B: Ensuring openness and comprehensive stakeholder engagement

- Nottinghamshire Police meets its legal responsibility as a public authority to respond to Freedom of Information Act (FOIA) and Data Protection Subject Access Requests (DPSARs) within legislative deadlines.
- Publication scheme monitoring, review and assurance is reported to the Joint Audit and Scrutiny Panel on an annual basis, this again, is also reported to the Information Assurance Board which is held bi-monthly.
- There are a number of Information Sharing Agreements (ISAs) in place with partners and other agencies which are reviewed on an ad hoc basis.
- In accordance with the Freedom of Information Act, our website is updated pro-actively with force information. This ensures transparency and encourages increased confidence from and accountability to the public and stakeholders.
- The Force is committed to working in partnership to deliver its priorities and provide the best service to its communities.
- There are strong governance processes in place for the City partnerships. Each of the partnerships under the One Nottingham umbrella, including the Crime Drugs Partnership (CDP), have clear terms of reference including a defined purpose, arrangements for information sharing, community engagement and governance and finance.
- The CDP Plan 2015-20 sets out the overall aims and delivery and performance framework of the partnership to deliver the 'safer' agenda of the 'Nottingham Plan to 2020'. The Partnership Plan has been developed with regard to the priorities of the Police and Crime Commissioner.
- There is a robust governance framework in place to oversee the delivery of the Plan. This is directed by the Partnership Board, which provides strategic governance of the partnership.
- The three statutory CSPs are responsible for the delivery of local community safety strategies and action plans. The SNB Delivery Groups support the SNB and CSPs to implement the community safety strategies.
- Each of the three Community Safety Partnership's in the County produces performance information on a monthly basis. This includes reporting on current performance against targets, comparison against most similar force peers and performance of Partnership Plus areas. The SNB Performance Group brings together the CSP Chairs to discuss performance risks and highlights.

- Section 22A of the Police Act 1996 provides for a collaboration agreement to be made between police and crime commissioners or between commissioners and chief officers from more than one force area. There are a range of established collaborations in place for a number of specialist front line policing operations that provide services across the Midlands region, including Nottinghamshire. These arrangements are reviewed on a regular basis by respective Chief Constables and Police & Crime Commissioners.
- The Chief Constable reports with the PCC to the Nottinghamshire Members of Parliament on an annual basis.
- The Force is working towards a bespoke neighbourhood engagement plan for every neighbourhood, including measures for breaking down engagement barriers (such as social exclusion, accessibility issues and concerns over privacy) and engaging with young people.
- Formal engagement mechanisms delivered in the community include Victim Satisfaction Surveys, Neighbourhood Watch Meetings, Neighbourhood priority surveys, Locality Boards, Neighbourhood engagement meetings, Key Individual Networks and Independent Advisory Groups.
- The Force has a strategic Independent Advisory Group (IAG) which represents different community groups across Nottinghamshire. They provide an invaluable service to the Force in three core areas; critical incidents, building trust and confidence and advising on strategies, policies and procedures. The Force has many systems in place for the collection of local survey information that is used to shape the direction of service delivery.

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

- The local direction and priorities for the Force vision are set in the Police and Crime Commissioner's Police and Crime Plan, created following a comprehensive multi-agency strategic assessment.
- At a national level, the Force work to the Strategic Policing Requirement (SPR) which is issued by the Home Office to articulate current national threats and the appropriate national policing capabilities required to counter those threats.
- Requests for investment are directed to the Priority Plan Programme Board (PPPB). The PPPB governs activity throughout its lifecycle, supporting continuous improvement and enabling it to meet its future performance and financial challenges. Following approval at PPPB business cases are submitted to the Force Executive Board (FEB), and then the OPCC where appropriate, for final approval. The purpose of FEB is to direct, set and oversee the strategic development of Nottinghamshire Police.

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

- Decision making is recorded as part of minutes, action plans and decision logs. Key decisions from FEB are published on the Force Intranet under 'News'. This ensures the force's decision making processes are clear, transparent and robust.
- The Force's meeting structure is reviewed annually to ensure it is fit for purpose and that the governance mechanisms are providing an effective decision making.
- During 2016-17 the Force reviewed its approach to business planning and introduced a Priority Plan programme in order to achieve the Chief Constable's vision and strategic priorities.
- The Force produces an annual strategic intelligence assessment which outlines the capacity and capability to meet its greatest threats including those outlined in the strategic policing requirements.
- An enhanced policing establishment is currently being worked towards with a sustainable financial picture to support and deliver this. The Medium Term Financial Plan remains a live document to facilitate the demands and changes that can occur within the police so that we can remain operationally on the front foot. The budgeting and long term planning process is intrinsically linked to the Priority Plan business planning cycle to create a joined up approach identifying opportunities and risks that are present, and, on the horizon.
- As part of the Priority Plan process in 2017 heads of department completed Annual Departmental Assessments which included proposals for business change and key expected benefits.

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

- Opportunities for collaboration continue to be explored with an established supporting governance structure.
- In December 2016 the first phase of the strategic review of transactional services and systems provision (MFSS/Fusion) was completed by Grant Thornton. The force is working closely with MFSS and partner organisations to ensure the implementation of Fusion is delivered and alongside this is internally exploring business processes to better exploit the opportunities offered through the new system. This programme of work is expected to continue throughout 2018-19.
- The NOPCC and Force operate under a comprehensive 'Working Together Agreement' which comprises of the scheme of consent, the Joint Code of Corporate Governance, Financial Regulations and Contract Standing Orders.

- Any changes to financial legislation are monitored through professional network subscriptions, such as CIPFA. Potential changes are discussed by the Finance Team and action taken as appropriate.
- Learning and development is delivered collaboratively by EMCHRS L&D. Each force within the collaboration holds quarterly Training Priority Panels (TPP) which set the learning and development priorities. Training priorities are based on consideration of risk and forthcoming legislative changes; they are informed by both emerging national issues and local priorities.
- Individual training and development needs are assessed as part of the PDR process.
- The Strategic Workforce Planning Group, chaired by the ACC manages the career pathways, secondments and identifies resources risks recognising the need for succession planning.

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

- In October 2017 a decision was made to completely overhaul the Risk Management process and for the force to adopt a more sophisticated approach which links risks to our governance methods and internal audit processes. This approach will be signed off by Chief Officer Team and presented to the Joint Audit and Scrutiny Panel in May 2018 and on agreement will be cascaded and embedded into the force.
- The quarterly Organisational Risk and Learning Board has now been revised to include Ethics. This is a force-wide forum for thematic leads and heads of department to identify any emerging strategic opportunities and risks and discuss risk management and organisational learning.
- Performance against the OPCC themed indicators is reported to FEB on a monthly basis.
- A Performance Scorecard is produced for Strategic Resources and Performance at every quarterly meeting. This is a public forum for the OPCC and Deputy to scrutinise the performance of the Force.
- The Financial Performance and Insight Report, including revenue and capital budget monitoring are reported to FEB on a monthly basis.
- The Financial Performance and Insight Report is also presented at the Strategic Resources and Performance quarterly meeting.
- In accordance with the Financial Management Code of Practice for the police service, issued by the Home Office, the PCC and the Chief Constable established a Joint Audit and Scrutiny Panel (the Panel) in 2013. The role of the Panel is to advise the PCC and Chief Constable on the adequacy of the corporate governance and risk management arrangements in place and the associated control environment, advising according to good governance principles and proper practices.

- The Panel also assist the OPCC and the Chief Constable in fulfilling their responsibility for ensuring value for money and they oversee an annual programme of scrutiny of key areas of policing activity on behalf of the OPCC.
- In compliance with CIPFA guidance, the NOPCC and the Force have appointed a Head of Internal Audit. This role is contracted out to Mazars, who are responsible for the organisation's internal audit service, on behalf of the CFO, including drawing up the internal audit strategy and annual plan and giving the internal annual audit opinion.
- In relation to the General Data Protection Requirements (GDPR) a working group is in the process of completing a series of self-assessment gap analysis documents in order to assess our current compliance level. On completion, an implementation plan will be prepared in order to deliver the requirements.
- The force also has a Disclosure and Barring Service (DBS) which helps employers make safer recruitment decisions and prevent unsuitable people from working with vulnerable groups, including children.
- The Force's Financial Regulations are designed to establish overarching financial responsibilities, to confer duties, rights and powers upon the PCC, the Chief Constable and their statutory officers and to provide clarity about the financial accountabilities of groups or individuals. They apply to every member and officer of the service and anyone acting on their behalf.
- The Annual Statement of Accounts is published on the website under 'what we spend' and includes accounting policies and also the report of the auditors.
- The Annual Audit letter is reported to the Joint Audit and Scrutiny Panel on an annual basis.
- The Treasury Management Strategy and annual report are reported annually to the Joint Audit and Scrutiny Panel.
- Internal Audit, Review and Inspection Monitoring and assurance and improvement outcomes are presented to the Joint Audit and Scrutiny Panel at every meeting.
- Budget monitoring reports are presented to the Strategic Resources and Performance meeting on a quarterly basis.

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

- The Police and Crime Panel scrutinises the action and decision of the Police and Crime Commissioner and makes sure information is available for the public. The Force provides reports in accordance with the Police and Crime Panel work programme including specific focus on each of the seven Strategic Priority Themes included in the Police and Crime Plan.

- The Force has a robust process to capture HMICFRS recommendations and track through their lifecycle to formulate the Audit and Inspection Report.
- The Force has an established reporting procedure for our response to HMICFRS recommendations to be received by the NOPCC in line with the timescales dictated in the Police and Crime Bill.
- Existing collaborations have an established supporting governance structure and formal Collaboration Agreements as per Section 22A of the Police Act 1996.

3.0 Chief Finance Officer Role

- The role of Chief Finance Officer (CFO) was fulfilled by the Assistant Chief Officer for Finance and Resources for Nottinghamshire, Northamptonshire and Leicestershire for the whole of the financial year 2017-18, this responsibility now rests with the Head of Finance with effect from 1 April 2018.
- As a key member of the leadership team, the CFO helps to develop and implement strategy and resource and deliver the PCC's strategic objectives sustainably and in the public interest.
- The CFO is actively involved and able to bring influence to bear, on all business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered and aligned with the financial strategy.
- The CFO leads and encourages the promotion and delivery of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.
- The CFO and Chief Constable agree the Force's risk based Internal Audit Annual Plan for delivery each year and this is presented to the Joint Audit and Scrutiny Panel for comment. Delivery of the plan is via external engagement of an appropriately trained and experienced organisation, currently this is provided by Mazars. Award of the work was via a competitive tendering exercise.
- In respect of external audit, progress reports are provided to the Panel by KPMG to provide a summary of the work they plan to undertake for the audit year, together with a high level assessment of the risks that have been considered as part of the initial planning process.
- The CFO is required to maintain continuous professional development to ensure they maintain knowledge, skills and experience to enable them to fulfil the duties and statutory obligations of the post.

4.0 Review of effectiveness

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

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

The force was externally reviewed by KPMG in 2016-17. The key findings of the audit were published in September 2017. There were five recommendations raised (as detailed below) which have all been completed.

<p>Code Compliance</p> <p>Our review of the accounts this year identified that the PCC/Group Accounts presented were not code compliant</p>	<p>This issue has since been resolved and will not be a problem next year. In relation to the notes this issue was picked up by the internal management review and was being addressed before the auditors identified it. One of the notes is actually more than required by the Code and will be reviewed in the post audit review. It may be something that is kept as a working paper for the auditors, but removed from the statements as it adds no value to the reader of the statements.</p>
<p>Management Review of the Draft Statement of Accounts</p> <p>The initial draft accounts provided for audit contained numerous errors and had not been subject to a timely or robust management review prior to audit which would have identified these problems.</p>	<p>Casting errors arose where the functionality had not been turned on in the BRB.</p> <p>It should be emphasized that we were a PILOT for the BRB. We did not buy into something that was already fully developed and therefore we knew there would be issues. We also did not become a pilot until very late in the process. Until deciding to use the BRB and CIPFA agreeing to include us we had been making plans and initiating them for a period 11 cut off with period 12 estimates. The use of BRB allowed us to use actual data as at the end of the financial year, but it did concertina this years closedown process. As problems were identified we addressed these and CIPFA were on site or available to assist in turning functionality on. In an ideal world we would have had time to bring in the BRB check that everything in the previous year worked, before even starting this year's closedown. Due to CIPFAs timetable this was not possible.</p> <p>We have already proven that we did get the statements correct and Code compliant by the fact that we have been issued with Unqualified Opinion. These statements will provide the template for next year.</p>

<p>Management Review of Working Papers and version control</p> <p>Our testing this year identified that working papers were once again not subject to a thorough management review. This led to delays and additional work.</p>	<p>The Management review of working papers did not take place this year. All effort was directed at getting the statements correct. With the exception of Officers Emoluments which was put through independent checks by staff and managers and different errors kept feeding through. Each time this identified it was amended.</p> <p>Next year a change in process will ensure a peer review has time to take place before the draft statements are issued to the auditors. As explained previously this was not possible this year. The planned post review of the accounts will ensure items that were not automated in BRB are for next year and all of the manual adjustments made are fully integrated into BRB. The one exception to this may be the rounding corrections that will be made at the very end.</p>
<p>Staff Availability</p> <p>This year the audit was heavily reliant on one member of staff. During the two week audit period the staff member was often on leave or working from home which led to delays in progressing with audit queries.</p>	<p>During the original planned two week audit the key member of staff was absent for 1.5 days, but made herself available via email or telephone. However, due to absence of the senior External Auditor the audit went on beyond that planned two week period. These took the audit into the period of summer holidays and legitimate other absences for personal appointments.</p>
<p>Audit Advert and Publication of Accounts</p> <p>This year we identified that the accounts were advertised for 29 working days instead of the required 30.</p>	<p>The advert was indeed worded that the public inspection period would run from 14 June to 24 July, which does equate to 29 working days not 30. However, the advert was on the website from the 16th and if a member of public had made enquiry or request on either the 13 June or the 25 July we would have responded fully. Indeed if a request is made at any time we would respond. There were no public enquiries.</p> <p>In relation to providing audit evidence. The advert was shared with the Audit Director on the 16 May and following his reply that the dates were “ok” was made live on the website. This error will not be made next year.</p>

5.0 Improvement Actions

The review process to support the production of the Annual Governance Statement in 2017-18 identified a number of improvement actions, which are summarised below. These have been agreed with the respective Divisional and Departmental Heads to address weaknesses identified in the Force's systems of internal control. These issues are significant in that they cover a large proportion of the organisation's activities and/or are key risk controls and therefore require a corporate solution.

Identified improvement action(s):	Lead Department:
1. The force should review its plan to ensure that by April 2018 it has achieved clearance for all those people that it is required to clear.	Supt Leona Scurr
2. The force should continue to undertake appropriate activities to understand fully its leadership capacity and capability, in order to identify any gaps, and put plans in place to address them.	ACC Cooper

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

Signed:

Signed:

Date:

Date:

C. Guildford
Chief Constable

M. Kimberley
Chief Finance Officer



FINANCIAL STATEMENTS

Comprehensive Income and Expenditure Statement (CIES)

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

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

2016-17			2017-18		
Expenditure	Income	Net	Expenditure	Income (Note 12)	Net
£000	£000	£000	£000	£000	£000
221,165	(21,546)	199,619	232,143	(20,971)	211,172
0	(228,295)	(228,295)	0	(227,536)	(227,536)
221,165	(249,841)	(28,676)	232,143	(248,507)	(16,364)
84,063	(39,519)	44,544	78,034	(5,565)	72,469
305,228	(289,360)	15,868	310,177	(254,072)	56,105
		521,784			(165,866)
		521,784			(165,866)
		537,652			(109,761)

Movement in Reserves Statement

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

The Statement shows how the movements in reserves are broken down between gains and losses incurred in accordance with the Code and the statutory adjustments required to return to the amounts chargeable to council tax for the year.

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

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

Balance Sheet

The Balance sheet gives a value of net worth and corresponding reserves at a particular moment in time. All reserves are unusable and reflect valuation estimates on pensions and employee holiday / time owed. All Non-current assets are owned by the Commissioner and all usable reserves are held by the Commissioner

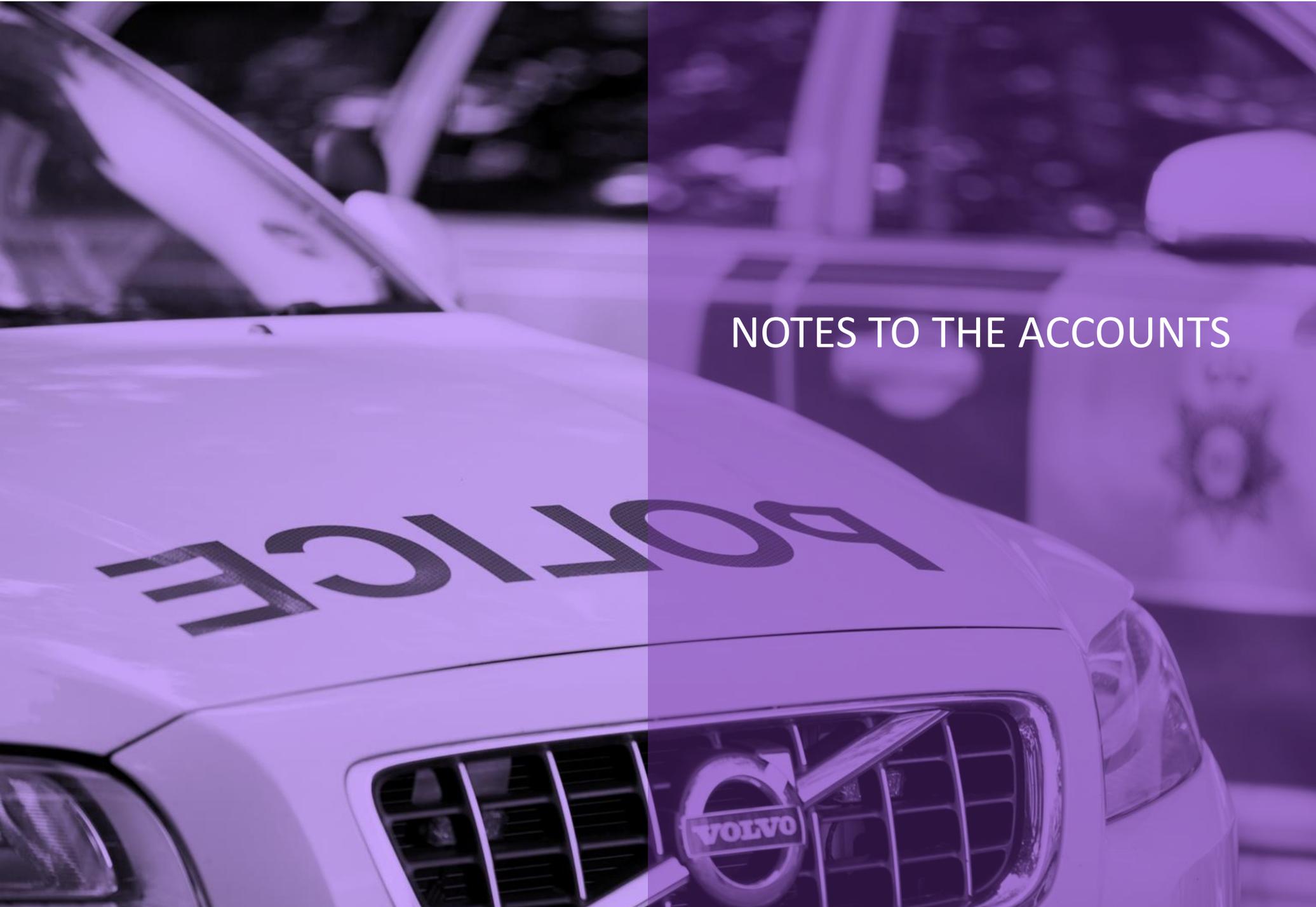
There is a prior year adjustment relating to an error in the allocation of the Pension Reserve between the Chief Constable and the Commissioners accounts. The value of this is £17,411m.

31 March 2017	31 March 2017 Restated		31 March 2018
£000	£000		£000
(3,342)	(3,342)	Short-Term Creditors – accumulated absences	(3,315)
(3,342)	(3,342)	Current Liabilities	(3,315)
(2,715,388)	(2,732,800)	Other Long-Term Liabilities – pension liabilities	(2,623,066)
(2,715,388)	(2,732,800)	Long Term Liabilities	(2,623,066)
(2,718,730)	(2,736,142)	Net Assets	2,626,381
2,718,730	(2,736,142)	Unusable Reserves	2,626,381
2,718,730	(2,736,142)	Total Reserves	2,626,381

Cash Flow Statement

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

2016-17		2017-18
£000		£000
15,868	Net (surplus) or deficit on the provision of services	56,105
(15,868)	Adjustment to (surplus) or deficit on the provision of services for non-cash movements	(56,105)
0	Net cash flows from activities	0



NOTES TO THE ACCOUNTS

Note 1 – General Principles

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

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

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

These practices primarily comprise of the Code of Practice on Local Authority Accounting in the United Kingdom 2017-18 (The Code) and the Best Value Accounting Code of Practice 2017-18, supported by International Financial Reporting Standards (IFRS).

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

Note 2 – Accruals of Income and Expenditure

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

In particular:

- Fees, charges and rents due are accounted for as income at the date of supply

- Supplies are recorded as expenditure when they are used
- Expenditure in relation to services received is recorded as services are received, rather than when payments are made
- Interest receivable on investments and payable on borrowings is accounted for as income or expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract

- Where debts are doubtful, the debt is written off by a charge to the CIES

Note 3 – Exceptional Items

There are no exception items applicable in the year.

Note 4 – Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

There is a prior year adjustment relating to an error in the allocation of the Pension Reserve between the Chief Constable and the Commissioners accounts. The value of this is £17,411m. This is a material amount and the prior year's accounts have been restated. Overall the Group position was not affected. There have been no changes in Accounting Policies, applicable to the Chief Constable in the year.

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

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

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

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

Note 6 – Government Grants and Contributions

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

Note 7 – Joint Operations

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

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

Note 8 – Allocation of Costs

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

The Chief Constable is therefore a single service entity.

Note 9 – Provisions

Provisions are made where an event has taken place that gives a legal or constructive obligation that probably requires settlement by transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

Note 10 - VAT

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

Note 11 – Resources used in Provision of Police Services

Although all transactions during the year are solely within the Accounts of the Commissioner and all assets are owned and controlled by the Commissioner, the Chief Constable uses resources to provide policing. It includes the cost of depreciation on assets owned as a proxy for the rental value. It includes all adjustments required under IFRS for accrued employee benefits and pension costs.

Note 12 – Expenditure Funding Analysis

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

This is compared with the CIES Statement which includes economic resources consumed or earned in accordance with

generally accepted accounting practices.

2016-17				2017-18		
Net Expenditure Chargeable to the General Fund £000	Adjustments £000	Net Expenditure in the CIES £000		Net Expenditure Chargeable to the General Fund £000	Adjustments £000	Net Expenditure in the CIES £000 (Notes 13&14)
228,295	(28,676)	199,619	Cost of Police services	227,536	(16,364)	211,172
(228,295)	0	(228,295)	Funding from the Commissioner	(227,536)	0	(227,536)
0	(28,676)	(28,676)	Net Cost of Services	0	(16,364)	(16,364)
0	44,544	44,544	Other (Income) and Expenditure	0	72,469	72,469
0	15,868	15,868	(Surplus) or Deficit on Provision of Services	0	56,105	56,105

Further Analysis			
	Net Pensions Statutory Adjustments £000	Other Statutory Adjustments £000	Total Adjustments £000
2017-18			
Cost of Police services	(16,336)	(28)	(16,364)
Net Cost of Services	(16,336)	(28)	(16,364)
Other Income and Expenditure	72,469	0	72,469
Difference between the Statutory Charge and the (Surplus) or Deficit in the Comprehensive Income and Expenditure Statement	56,133	(28)	56,105
2016-17			
Cost of Police services	(28,285)	(391)	(28,676)
Net Cost of Services	(28,285)	(391)	(28,676)
Other Income and Expenditure	44,544	0	44,544
Difference between the Statutory Charge and the (Surplus) or Deficit in the Comprehensive Income and Expenditure Statement	16,259	(391)	15,868

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

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

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

Note 13 - Income

Credited to Services		
31 March 2017 £000		31 March 2018 £000
(5,370)	Partnership and Joint Controlled Operations	(5,883)
(1,858)	PFI Grant	(1,858)
(3,857)	Recharge of Officers	(3,002)
(10,461)	Other Income	(10,228)
(21,546)	Total	(20,971)

Note 14 – Expenditure Analysed by Nature

2016-17 £000	Nature of Expenditure or Income	2017-18 £000
(21,546)	Service Income	(20,971)
172,027	Employee Expenditure	191,945
49,138	Running Expenses	40,198
(228,295)	Income from Commissioner	(227,536)
(39,519)	Pensions Interest Income	(5,565)
84,063	Pensions Interest Payment	78,034
15,868	(Surplus) or Deficit for Year	56,105

Note 15- External Audit Costs

KPMG LLP are the appointed external auditors, the cost of which was £0.015m (£0.015m in 2016-17).

Note 16 – Defined Benefit Pension Scheme

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

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

retire, the value of this is included within the CIES. The total value of the liability is carried on the Balance Sheet.

Note 17 – Officers’ Remuneration

2017-2018							
Officers Remuneration 2017-18		Salary, Fees & Allowances (Note 1) £	Bonuses £	Expenses Allowances (Note 2) £	Compensation for Loss of Office £	Pension Contribution £	Total £
Chief Constable – C Guildford		156,436	0	12,464	0	36,004	204,904
Deputy Chief Constable – R Barber	3	122,743	0	6,788	0	28,391	157,922
Assistant Chief Constable – S Cooper	4	92,359	0	6,117	0	22,004	120,480
Assistant Chief Constable – S Prior		103,916	0	3,225	0	25,148	132,289
Assistant Chief Officer – Finance and Resources	5	95,731	0	5,435	0	17,249	118,415
Director of Human Resources	5	94,955	0	5,494	0	17,363	117,812
Director of Information Services & IT	5,6,7	49,485	0	6,618	0	6,275	62,377
TOTAL CHIEF CONSTABLE		715,625	0	46,141	0	152,434	914,199

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

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

Note 3: Deputy Chief Constable was appointed 17 April 2017

Note 4: Assistant Chief Constable was appointed 5 April 2017

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

Note 6: Includes Market Rate Premium

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

Note 17 – Officers’ Remuneration

2016-2017							
Officers Remuneration 2016-17		Salary, Fees & Allowances (Note 1) £	Bonuses £	Expenses Allowances (Note 2) £	Compensation for Loss of Office £	Pension Contribution £	Total £
Chief Constable – C Eyre	3	46,373	0	0	0	10,956	57,329
Deputy Chief Constable – S Fish	3	113,166	0	8,285	0	27,181	148,632
Chief Constable – C Guildford	3	25,338	0	11,707	0	5,966	43,011
Deputy Chief Constable – S Fish		29,207	0	4,206	0	6,985	40,398
Deputy Chief Constable – S Torr		98,133	0	2,666	0	23,805	124,604
Assistant Chief Constable – S Torr		21,113	0	889	0	5,006	27,008
Assistant Chief Officer – Finance & Resources	4	95,731	0	5,435	0	17,249	118,415
Director of Human Resources	4	94,955	0	5,494	0	17,363	117,812
Director of Information Services & IT	4,5	110,027	0	500	0	13,300	123,827
TOTAL CHIEF CONSTABLE		707,054	0	44,030	0	142,086	893,170

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

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

Note 3: Chief Constable C Eyre retired 22 July 2016, Chief Constable S Fish retired 31 March 2017 and Chief Constable C Guildford was appointed 1 February 2017

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

Note 5: Includes Market Rate Premium

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

Employees Remuneration over £50,000		
	2016-17	2017-18
£50,001 to £55,000	136	161
£55,001 to £60,000	84	89
£60,001 to £65,000	22	27
£65,001 to £70,000	10	8
£70,001 to £75,000	7	10
£75,001 to £80,000	5	6
£80,001 to £85,000	6	6
£85,001 to £90,000	6	1
£90,001 to £95,000	0	1
Total	276	309

Benefits Payable during Employment

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

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

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

Termination Benefits

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

Nine contracts were terminated during the year (25 in 2016-17), incurring costs of £0.2m (£0.3m in 2016-17), of which £0.08m was for pension strain.

Other departures agreed cover voluntary redundancies and compromise agreements. All of the costs were included within the CIES. There were no material payments in relation to injury awards during the year ended 31 March 2018,

Exit Packages								
Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band (£000)	
	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18
£0-£20,000	4	5	17	1	21	6	192	67
£20,001 - £40,000	1	2	2	0	3	2	85	67
£40,001 - £60,000	0	0	1	0	1	0	50	0
£60,001 - £80,000	0	1	0	0	0	1	0	75
£80,001 - £100,000	0	0	0	0	0	0	0	0
£100,001 - £150,000	0	0	0	0	0	0	0	0
Total	5	8	20	1	25	9	327	209
Total cost included in bandings all included within the CIES							327	209

Note 18 – Related Parties

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

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

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

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

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

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

Note 19 – Accounting Standards Issued, Not Adopted

The additional disclosures that will be required in the 2018-19 financial statements in respect of accounting changes that are introduced in 2017-18 are:



GLOSSARY

GLOSSARY

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

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

PROVISION	PUBLIC WORKS LOAN BOARD (PWLB)	REMUNERATION
<p>An amount put aside in the accounts for future liabilities or losses which are certain or very likely to occur but the amounts or dates of when they will arise are uncertain.</p>	<p>A Central Government Agency, which provides loans for one year and above to authorities at interest rates only slightly higher than those at which the Government can borrow itself.</p>	<p>All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits. Received other than in cash. Pension contributions payable by the employer are excluded.</p>
REVENUE EXPENDITURE		
<p>The day-to-day expenses of providing services.</p>		



Annual Accounts – 2017-18

Nottinghamshire Police & Crime Commissioner and Group



Nottinghamshire
**POLICE & CRIME
COMMISSIONER**



COMMISSIONER'S FOREWORD	WRITTEN STATEMENTS AND CHIEF FINANCE OFFICER'S NARRATIVE REPORT	CORE FINANCIAL STATEMENTS	NOTES TO THE ACCOUNTS	SUPPLEMENTARY ACCOUNTS AND EXPLANATORY NOTES	GLOSSARY
Page 5	<p>Chief Finance Officer's Narrative Report Page 8</p> <p>Independent Auditor's Report Page 18</p> <p>Statement of Responsibilities for the Statement of Accounts Page 21</p> <p>Annual Governance Statement for the Group Page 22</p>	<p>Comprehensive Income & Expenditure Statement (CIES) Page 30</p> <p>Movement in Reserves Statement (MIRS) Page 33</p> <p>Balance Sheet Page 37</p> <p>Cash Flow Statement Page 38</p>	<p>General Accounting Policies Page 40</p> <p>Note 1 Judgements and Major Accounting Events Page 41</p> <p>Notes to Core Statements</p> <p>Note 2 CIES Page 43</p> <p>Note 3 MIRS Page 48</p> <p>Note 4 Balance Sheet Page 53</p> <p>Note 5 Cash Flow Page 67</p> <p>Note 6 Remuneration Page 69</p> <p>Note 7 Financial Instruments Page 73</p> <p>Note 8 Other notes Page 76</p>	<p>Pension Fund Accounts and Explanatory Notes Page 78</p> <p>Joint Operations Page 87</p>	<p>Glossary of Terms Page 91</p>



**COMMISSIONER'S
FOREWORD**

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

Throughout 2017-18 we've continued to push the boundaries of good service and this annual report reflects the positive changes.

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

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

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

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

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

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

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

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

I've also joint-funded with the City and County Councils a new support service for survivors of sexual abuse which occurred in an institutional care setting and invested extra funding into the city's Independent Domestic Violence Advisors (IDVA) service in order to meet rising demand. Elsewhere, there have been significant improvements to how well we engage with



local people. The introduction of my Police and Crime Survey in 2017-18 has enhanced our understanding of local communities, their experiences, perceptions and needs.

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

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

Paddy Tipping
Nottinghamshire Police and Crime
Commissioner

COMMISSIONER'S FOREWORD



A photograph of a road with a speed limit sign and a sign for Ravenshead. The road is paved and has a white speed limit sign on the ground. The sign on the right side of the road reads "RAVENSHEAD Please drive carefully" and has a circular speed limit sign above it. The background shows trees and a utility pole.

WRITTEN STATEMENTS AND CHIEF FINANCE OFFICER'S NARRATIVE REPORT

NOTTINGHAMSHIRE

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

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

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

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

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

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

For 2017-18 the Government Grant was cut by £1.8m reflecting the assumptions of increased income from council tax. This still required savings of £5.5m to be achieved by the Force. This has been exceeded and is detailed in the Financial Performance section of this statement.

The funding formula review has been further delayed and it is unlikely to be changed before the next General Election. The current funding formula has never been fully implemented, as a result Nottinghamshire continues to lose out under a mechanism that protects over-funded forces.

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

GOVERNANCE

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

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

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

PERFORMANCE

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

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

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

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

Reduce the threat from organised crime

Prevention, early intervention and reduction in re-offending

Spending public money wisely

PERFORMANCE

Achievements 2017-18

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

- Compliance with the National Crime Recording Standard resulted in an increase in Total Crime of 18.4%.
- A new adult Sexual Assault Referral Centre (SARC) was co-commissioned with NHS England, which has integrated forensics examination and crisis support (previously delivered separately).
- A new regional paediatric SARC has been co-commissioned with NHS England, which will provide a much more comprehensive support service to children and young people from hubs located in Nottinghamshire and Northamptonshire.
- A new Independent Sexual Violence Advisor service has been commissioned, which will ensure, for the first time that all victims and survivors of sexual violence will have access to practical, emotional and advocacy support.
- A dedicated support service for survivors of sexual abuse, which took place in institutional care has been set up, funded by the Commissioner, City and County Councils.
- The Commissioner has invested additional funding into the City's Independent Domestic Violence Advisor (IDVA) Service, in order to meet the rising demand.
- The new Chief Constable has appointed a new senior team during the year.
- Force expenditure has come in below budget and the contribution to reserves was better than originally anticipated.
- Anti-Social Behaviour (ASB) fell by 3.3% during the year.
- Crime types (ranked nationally) which reduced during the year include:
 - Most serious violence (ranked 1st)
 - Theft from a person (ranked 3rd best)
 - Bicycle theft (ranked 5th best)
- The top three crime types with the highest % increases (with national rankings) are:
 - Rape (ranked 7th)
 - Homicide (ranked 8th)
 - Vehicle theft (ranked 1st)
- The number of non-crime related mental health patients detained in custody suites fell by 40%.
- The Early Guilty Plea rate for the Magistrates' Court improved by 11.2%.
- During the year, the total number of 999 calls decreased by 1.6% (2,904 fewer calls)
- The number of young people (<15 years) Killed or Seriously Injured (KSIs) on Nottinghamshire's roads has reduced 55.5% since the 2005-2009 average baseline.
- In the 12 months to January 2018, the Force surveyed a total of 826 domestic abuse survivors, 92.4% of those surveyed were fairly, very or completely satisfied with the service they received from the Force.

PERFORMANCE (continued)

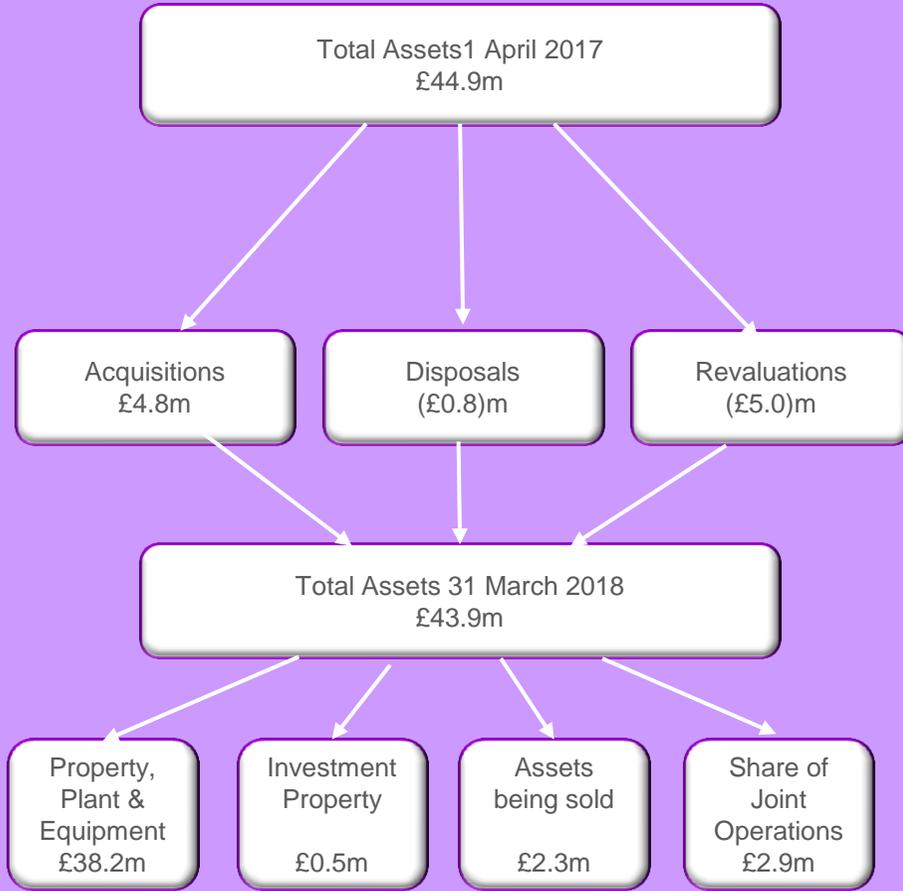
Achievements 2017-18

- Whilst recorded crime has increased by 18.4% during the year, risk of crime (personal, excluding computer misuse and fraud) is at an all-time low at the end of March 2018.
- An increasing organisational focus on responding to issues of greatest threat, risk and harm has led to significant increases in the number of vulnerable people identified and protected in 2017-18. This included victims of historic sexual offences, missing and absent person incidents and child protection-related crimes.
- The Force has also seen marked improvements in compliance with crime recording standards during the year. This has resulted in a more accurate profile of local victimisation rates and more victims being identified and supported.
- The proportion of crimes resulting in a positive outcome such as a charge, summons, caution or out of court disposal in Nottinghamshire continues to exceed the England and Wales average.
- Continued improvements in the response to high risk crime, “hidden harm” and safeguarding in 2017-18, has led to greater reporting of domestic abuse, sexual abuse, child sexual exploitation and modern slavery over the past year. There has also been improvements in public awareness, agency recording and safeguarding practices.
- Our understanding of our communities and their experiences, perceptions and needs was significantly enhanced in 2017-18 by the introduction of the Commissioner’s Police and Crime Survey. This assists in building a complete picture of the prevalence and impact of crime, including crimes not reported to the police. This ensures we target our resources more effectively.
- In 2017, HMICFRS commended Nottinghamshire Police for the significant progress it has made over the year. The Force’s performance in keeping people safe, reducing crime and treating the public with fairness and respect was assessed as “good”.
- Nottinghamshire Youth Commission has delivered an extensive programme of youth engagement. This culminated in the delivery of a stop and search “Know Your Rights” road show and awareness raising film. The project received national recognition and went on to receive a national Crime Beat Award in 2018.

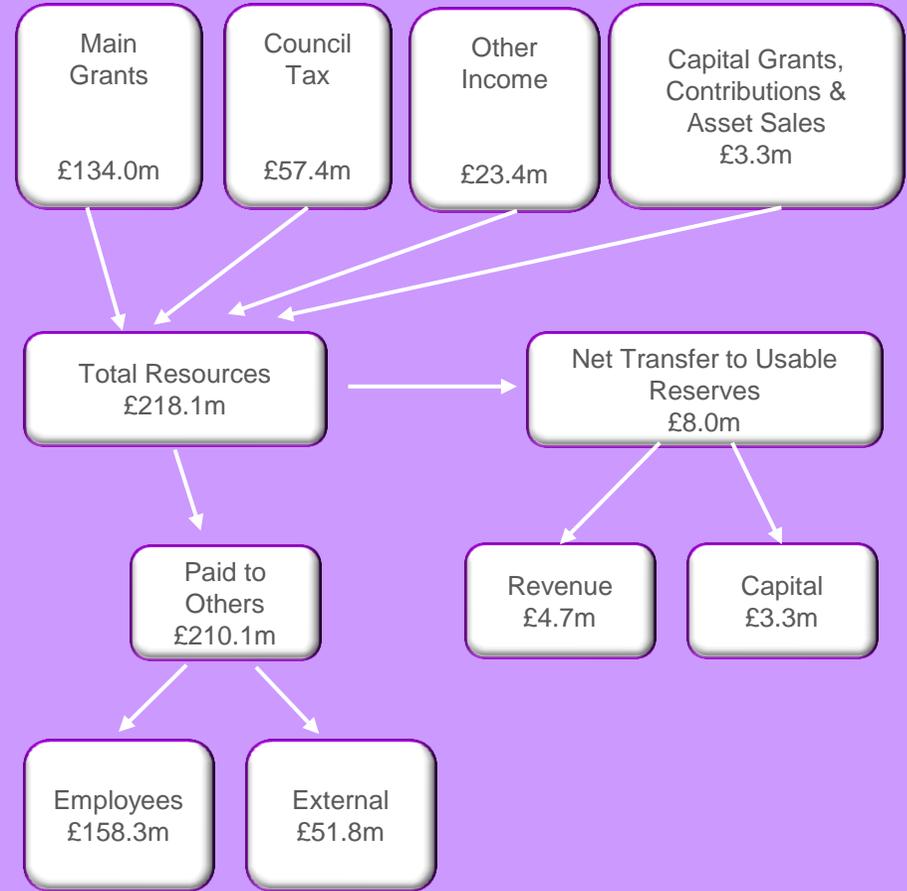
More information regarding performance can be found within the Annual Report published on the Commissioner’s website.

Capital Cash Flows

Nottinghamshire is responsible for managing non-current assets and assets being sold in excess of £43.9m



Revenue Cash Flows



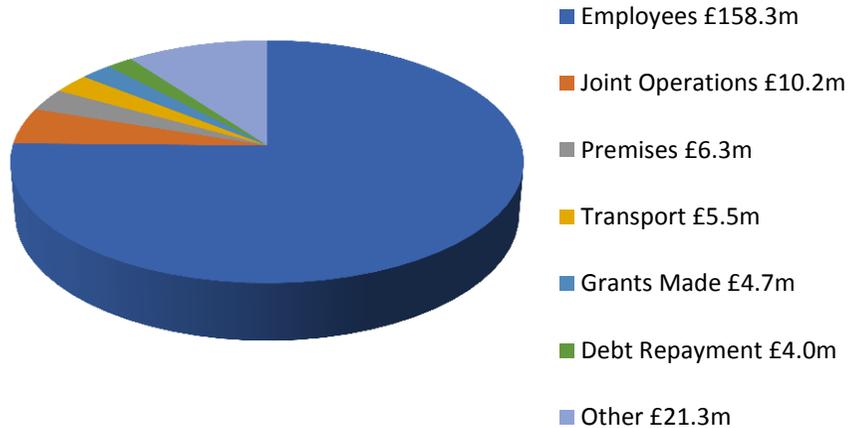
Active Treasury Management of these cash flows involved £3,834.6m of transactions in 2017-18

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

FINANCIAL PERFORMANCE (continued)

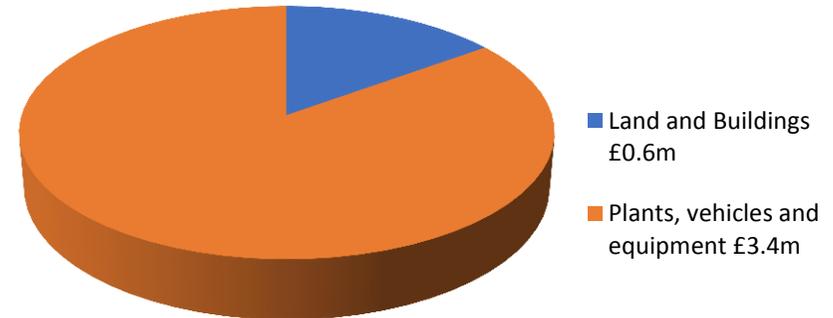
Revenue Expenditure

Revenue Expenditure



Capital Expenditure

Capital Expenditure



Financed by:	£m
Police and Crime Grant	124.3
Legacy Grant	9.7
Precept	57.3
Other Income	21.3
Net Contribution to Reserves	(2.3)
	<u>210.3</u>

Financed by:	£m
Voluntary Revenue Provision	0.2
Capital Grants	2.8
External Borrowing	1.0
	<u>4.0</u>

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

FINANCIAL PERFORMANCE (cont.)

Capital Expenditure

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

- New custody suite.
- Maintaining the existing estate.
- Updating and replacing IT.
- Exploring opportunities with the Fire Service and EMAS.

Provisions and Reserves

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

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

At 31 March 2018	£m
TOTAL PROVISION	4.4
TOTAL USABLE REVENUE RESERVES	23.9
TOTAL USABLE CAPITAL RESERVES	3.9

WHO WORKS FOR NOTTINGHAMSHIRE POLICE

Nottinghamshire Police (including the Office of the Police and Crime Commissioner) employs approximately 1,965 police officers, 193 PCSOs, 175 specials and 1,275 staff in full-time and part-time positions.

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

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

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

Overall Equality Characteristics

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

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

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

Ethnicity	Headcount	%
Asian/Asian British	97	2.7
Black/Black British	42	1.2
Mixed	44	1.2
White/White British	3,326	92.2
Other	3	0.1
Not known/provided	96	2.7

PRINCIPAL RISKS

A risk management strategy is in place to identify and evaluate risk. There are clearly defined steps to support better decision making through the understanding of risk. This is for both positive opportunities or threats and includes an assessment of the likely impact. The risk management processes are subject to regular review and updates. The key strategic risks are:

RISK	IMPACT	MITIGATION
Brexit	Detrimental impact of Brexit on public sector financing.	Monitor national activity of the Government – consider lobbying through representative bodies.
Funding Formula Review	Could result in either a positive or negative impact on the amount of police grant Nottinghamshire receives.	Proactive work by the Commissioner on the National Review Body.
Level of Reserves	Insufficient reserves to meet significant risks.	This has improved significantly with annual targets for replacement being exceeded each year. This now provides opportunity for investment in IT and property.
Changes to Crime Types	The need for officers to be trained in new areas of growing crime such as on-line crime. Whilst continuing to manage traditional crime such as burglary.	Recruitment and training of officers with these skills.

Explanation of Accounting Statements	The Core Statements	The Supplementary Financial Statements
<p>The Statement of Accounts sets out the Group income and expenditure for the year and its financial position at 31 March 2018. It comprises core and supplementary statements, together with disclosure notes. The format and content of the financial statements is prescribed by the CIPFA Code of Practice on Local Authority Accountancy in the United Kingdom 2017-18; which in turn is underpinned by International Financial Reporting Standards.</p> <p>A Glossary of terms can be found at the end of this publication.</p> <p>There has been a restatement of 2016-17 This was to correct an error in the allocation of the Pension Reserve between The PCC and the Chief Constable.</p>	<p>The Comprehensive Income and Expenditure Statement (CIES) records all income and expenditure for the year. The top half of the statement includes policing activity. The bottom half of the statement deals with corporate transactions and funding. It includes actuarial valuations in accordance with the code.</p> <p>The Movement in Reserves Statement (MIRS) is a summary of the changes to the reserves during the course of the year. Reserves are divided into “usable”, which can be invested in capital projects or service improvements, and “unusable”, which must be set aside for specific accounting purposes.</p> <p>The Balance Sheet is a “snapshot” of the assets, liabilities, cash balances and reserves at the year-end date.</p> <p>The Cash Flow Statement – shows the reasons for changes in cash balances during the year, whether the change is due to operating activities, new investment or financing activities (such as the repayment of borrowing and other long term liabilities).</p>	<ul style="list-style-type: none"> • The Annual Governance Statement sets out the governance arrangements in place and the key internal controls. • The Pension Fund Account provides detail about transactions in relation to the Pension Fund Account for police officers. Details relating to the Local Government Pension Scheme for staff (including PCSO’s) are provided in the notes to the accounts. • The Notes to the Accounts – these provide more detail about the accounting policies and individual transactions.



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INDEPENDENT AUDITORS REPORT CONTINUED

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INDEPENDENT AUDITORS REPORT CONTINUED

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STATEMENT OF RESPONSIBILITIES

The Responsibilities of the Commissioner

The Commissioner is required to:

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

The Responsibilities of the Chief Finance Officer

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

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

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

The Section 151 Officer has also:

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

Certification

I certify that in my opinion this Statement of Accounts present a true and fair view of the financial position of the Chief Constable as at 31 March 2018 and its income and expenditure for the year ended 31 March 2018.

C Radford CPFA
Chief Finance Officer
Nottinghamshire Police and Crime
Commissioner
24 July 2018

The Statement of Accounts was approved by the Joint Audit and Scrutiny Panel on 24th July 2018

P Tipping
Nottinghamshire Police & Crime
Commissioner
24th July 2018

INTRODUCTION

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

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

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

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

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

KEY ELEMENTS OF THE COMMISSIONER’S GOVERNANCE FRAMEWORK

Police & Crime Plan

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

Scrutiny & Review

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

Police & Crime Panel

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

Decision making

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

Effective Management Team

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

HOW WE COMPLY WITH THE CIPFA SOLACE FRAMEWORK

The Commissioner has approved and adopted:

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

Set out below is how the Commissioner has complied with the seven principles set out in the CIPFA/SoLACE Framework during 2017-18.

PRINCIPLE A

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

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

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

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

PRINCIPLE B

Ensuring openness and comprehensive stakeholder engagement

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

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

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

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

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

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

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

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

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

PRINCIPLE E**Developing capacity and capability**

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

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

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

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

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

PRINCIPLE F

Managing risks and performance

Performance is a key driver for the Force. This year there has been a national focus on ensuring compliance with the National Crime Recording Standard. This resulted in a reported crime increase during the year (18.4% for Nottinghamshire's total crime for 2017-18). However, we were well ranked best for tackling most serious crime.

The Force continues to experience a significant reduction in the number of people held in custody with mental health issues; ensuring these people are now directed to the correct help at first point of contact.

The Office of the Police & Crime Commissioner and the Force have a joint risk management strategy and monitor risks through the same system. The strategy has recently been reviewed and will be reported to the Joint Audit & Scrutiny Panel in May 2018. These strategic risks are monitored reported to every meeting of the Joint Audit and Scrutiny Panel.

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

There are joint policies in place for Risk Management; Anti-fraud, corruption and bribery and together with the financial regulations set out expected processes and internal controls.

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

Lessons are learnt across forces through this shared contract.

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

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

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

PRINCIPLE G

Implementing good practices in transparency, reporting and accountability

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

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

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

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

In 2017-18 Nottinghamshire OPCC was awarded the "Transparency Quality Mark" by CoPaCC for the third year running.

REVIEW OF EFFECTIVENESS

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

Assurance from Internal Audit

One of the key assurance statements that the Commissioner receives is the annual audit report and opinion of the Head of Internal Audit. During 2017-18, eleven areas including collaboration areas were reported on. Of which nine were deemed to be satisfactory (83% of local recommendations and 100% of regional recommendations). All key financial systems have been audited and considered satisfactory, during the year.

Of the remaining two areas reviewed, none were core financial systems and eight of fifteen recommendations were identified as Priority 1 (fundamental). These are detailed within the published annual report and will be monitored and reviewed during 2018-19. The internal auditors opinion for 2017-18 is that in the areas audited this was generally adequate and effective risk management, control and governance processes were in place to manage the achievement of the organisations objectives.

Assurance from External Audit

The External Auditor, KPMG, provides assurance on the accuracy of the year-end Statement of Accounts and the overall adequacy of arrangements for securing value for money.

The Annual Governance report (ISA 260) will be issued to the Audit and Scrutiny Panel with the final statements including this Annual Governance Statement.

Self-Assessment and Review of Key Performance Indicators

The Chief Executive and Chief Finance Officer of the OPCC have undertaken a review to confirm that the arrangements described above have been in place throughout the year. Assurance questionnaires have been completed and signed to provide confirmation that Codes of Conduct, Financial Regulations and other

corporate governance processes, have been operating as intended throughout the year so far as they are aware.

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

Governance Issues Identified	Performance Indicator
Formal Reports Issued by the s151 or Monitoring Officer	None issued
Outcomes from Monitoring Officer's Investigations	None issued
Proven frauds by members of staff or officers	One identified 2017-18 relating to external funds
Objections received from local electors	None
Ombudsman referrals upheld exceed national averages	None identified 2017-18
Limited assurance from Internal Audit Reports	Two out of eleven Internal Audit reports were issued with limited assurance

Follow-up of issues identified in 2016-17	
Issues identified:	Action taken:
Levels of reserves were considered to be low but compared with the previous year this was improving significantly	The repayment of reserves has continued at a pace faster than estimated. This is now a good position and will allow investment in assets going forward.
Collaboration – Governance arrangements	A Section 22 Agreement for Multi-Force Shared Service has been signed. The Chair of the Oversight Board has undertaken a review of governance and suggested changes in the year. Terms of Reference have been reviewed
Internal Audit – limited assurance on Key Financial Systems	<p>None of the Key Financial Systems were considered to have limited assurance.</p> <p>The two audits with limited assurance were Seized Property and the Road Safety Partnership. These will be followed-up in 2018-19.</p> <p>Of the five audits with limited assurance in 2016-17: two have been reviewed and found to be satisfactory (implementation of DMS and Procurement); two have been deferred to 2018-19 for follow-up (Data Protection Act Compliance and Risk Management) and one regional audit has been followed-up by Derbyshire during the year and found to be low risk. This report has now been provided to the Audit & Scrutiny Panel (EM Legal Services).</p>
Economic Outlook	<p>The settlement for 2018-19 and 2019-20 provides opportunity to delivery balanced budgets for the medium term. However, a funding formula review will take place probably post the next CSR and this provides some uncertainty.</p> <p>The public finances continue to be monitored in light of Brexit and the potential impact on police funding.</p>

CONCLUSION

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

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

SIGNED

Paddy Tipping
Nottinghamshire Police and Crime Commissioner
24th July 2018

Kevin Dennis
Chief Executive
24th July 2018

Charlotte Radford CPFA
Chief Finance Officer
24th July 2018



CORE FINANCIAL STATEMENTS



COMPREHENSIVE INCOME & EXPENDITURE STATEMENT (CIES)

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

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

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

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

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

- Depreciation of Non-Current Assets.
- Revaluation and Impairment losses on assets used where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.
- Revaluation Gains reversing previous losses charged to the CIES.
- Amortisation of Intangible Assets.

The Group is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution, from revenue towards the reduction in its overall borrowing requirement in accordance with statutory guidance, the Minimum Revenue Provision (MRP). The MRP is chargeable to the council tax payer and is the way that purchasing capital assets is made - approximately over the useful life of the asset.

Whilst all the expenditure is paid for by the Commissioner including employee pay, the recognition in the accounts is based on economic benefit of resources consumed.

The reconciliation to the amount received from main grants and taxation is explained by the Expenditure and Funding Analysis and the Movement in Reserves Statement.

2016-17					PCC & GROUP CIES		2017-18				
PCC Exp' £'000	PCC Income £'000	PCC Net £'000	CC Net £'000	Group Total £'000		Note	PCC Exp' £'000	PCC Income £'000	PCC Net £'000	CC Net £'000	Group Total £'000
228,295	0	228,295	(228,295)	0	Funding to Chief Constable		227,536	0	227,536	(227,536)	0
5,472	(1,461)	4,011	199,619	203,630	Service cost		5,254	(1,641)	3,613	211,172	214,785
233,767	(1,461)	232,306	(28,676)	203,630	Cost of Services		232,790	(1,641)	231,149	(16,364)	214,785
20	(1,344)	(1,324)	0	(1,324)	Other Operating Expenditure	2.6	930	(1,053)	(123)	0	(123)
1,970	(648)	1,322	44,544	45,866	Financing and Investment	2.4	1,910	(194)	1,716	72,469	74,185
0	(229,314)	(229,314)	0	(229,314)	Taxation and Non Specific Grant Income	2.5	0	(238,715)	(238,715)	0	(238,715)
235,757	(232,767)	2,990	15,868	18,858	(Surplus) or Deficit on Provision of Services	2.1 & 2.8	235,630	(241,603)	(5,973)	56,105	50,132
		264	0	264	(Surplus) or deficit on revaluation of Property, Plant and Equipment				(19)	0	(19)
		871	521,784	522,655	Re-measurement of the net defined benefit liability / asset				(250)	(165,866)	(166,116)
		1,135	521,784	522,919	Other Comprehensive (Income) and Expenditure				(269)	(165,866)	(166,135)
		4,125	537,652	541,777	Total Comprehensive (Income) and Expenditure				(6,242)	(109,761)	(116,003)

2016-17			GROUP CIES		2017-18		
Expenditure £'000	Income (Note 2.3) £'000	Net £'000		Note	Expenditure £'000	Income (Note 2.3) £'000	Net £'000
226,637	(23,007)	203,630	Group Cost of Services		237,397	(22,612)	214,785
20	(1,344)	(1,324)	Other Operating Expenditure	2.6	930	(1,053)	(123)
86,033	(40,167)	45,866	Financing and Investment	2.4	79,944	(5,759)	74,185
0	(229,314)	(229,314)	Taxation and Non Specific Grant Income	2.5	0	(238,715)	(238,715)
312,690	(293,832)	18,858	(Surplus) or Deficit on Provision of Services	2.1 & 2.8	318,271	(268,139)	50,132
		264	(Surplus) or Deficit on revaluation of Property, Plant and Equipment				(19)
		522,655	Re-measurement of the net defined liability/asset				(166,116)
		522,919	Other Comprehensive (Income) and Expenditure				(166,135)
		541,777	Total Comprehensive (Income) and Expenditure				(116,003)

MOVEMENT IN RESERVES STATEMENT

The Movement in Reserves Statement shows the movement from the start of the year to the end on the different reserves held. Usable Reserves are set aside for future policy purposes or to cover contingencies. The Unusable Reserves manage the movements as a result of

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

Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement.

Expenditure to be financed from a reserve is charged to the appropriate service and hence included within the 'Provision of Services' in the CIES. The reserve is then appropriated back in the Movement in Reserves Statement to avoid impacting on council tax.

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

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

Group Movement in Reserves	General Fund Balance	Earmarked General Fund Reserves (Note 3.1)	Capital Receipts Reserve (Note 3.2)	Capital Grants Unapplied Account (Note 3.2)	Total Usable Reserves	Unusable Reserves (Note 3.3 & 3.4)	Group Total Reserves
2016-17	£000	£000,	£000	£000	£000	£000	£000
Balance at 31 March 2016	(7,075)	(8,223)	(548)	(330)	(16,176)	2,198,631	2,182,455
Movement in reserves during 2016-17							
(Surplus) or deficit on the provision of services	18,858	0	0	0	18,858	0	18,858
Other Comprehensive (Income) / Expenditure	0	0	0	0	0	522,919	522,919
Total Comprehensive Income and Expenditure	18,858	0	0	0	18,858	522,919	541,777
Adjustments between accounting basis and funding basis under regulations (Note 3.5)	(22,418)	0	(2,745)	330	(24,833)	24,833	0
Net (Increase) or Decrease before Transfers to Earmarked Reserves	(3,560)	0	(2,745)	330	(5,975)	547,752	541,777
Transfers to / (from) Earmarked Reserves	3,560	(3,560)	0	0	0	0	0
(Increase) or Decrease in 2016-17	0	(3,560)	(2,745)	330	(5,975)	547,752	541,777
Balance at 31 March 2017	(7,075)	(11,783)	(3,293)	0	(22,151)	2,746,383	2,724,232

PCC Movement in Reserves	General Fund Balance	Earmarked General Fund Reserves (Note 3.1)	Capital Receipts Reserve (Note 3.2)	Capital Grants Unapplied Account (Note 3.2)	Total Usable Reserves	Unusable Reserves (Note 3.3 & 3.4)	Group Total Reserves
2016-17	£000	£000,	£000	£000	£000	£000	£000
Balance at 31 March 2016	(7,075)	(8,223)	(548)	(330)	(16,176)	17,552	1,376
Movement in reserves during 2016-17							
(Surplus) or deficit on the provision of services	2,990	0	0	0	2,990	0	2,990
Other Comprehensive (Income) / Expenditure	0	0	0	0	0	1,136	1,136
Total Comprehensive Income and Expenditure	2,990	0	0	0	2,990	1,136	4,126
Adjustments between accounting basis and funding basis under regulations (Note 3.5)	(6,550)	0	(2,745)	330	(8,965)	8,965	0
Net (Increase) or Decrease before Transfers to Earmarked Reserves	(3,560)	0	(2,745)	330	(5,975)	10,101	4,126
Transfers to / (from) Earmarked Reserves	3,560	(3,560)	0	0	0	0	0
(Increase) or Decrease in 2016-17	0	(3,560)	(2,745)	330	(5,975)	10,101	4,126
Balance at 31 March 2017	(7,075)	(11,783)	(3,293)	0	(22,151)	27,653	5,502
Pension Reserve Restatement						(17,411)	(17,411)
Restated Balance						10,242	(11,909)

BALANCE SHEET

The Balance Sheet shows the value of assets and liabilities. The net assets (assets less liabilities) are matched by the reserves held. Reserves are both usable, which may

be used to provide services and unusable reserves which fulfil specific accounting purposes. 2016-17 has been restated for the PCC due to an error on the allocation of

pension reserve between the PCC and the Chief Constable Entity. The Group was unaffected.

2016-17			PCC & Group Balance Sheet	Note	2017-18	
PCC	PCC (restated)	Group			PCC	Group
£000	£000	£000			£000	£000
41,210	41,210	41,210	Property, Plant and Equipment	4.2	41,072	41,072
415	415	415	Investment Property	4.4	534	534
451	451	451	Intangible Assets	4.5	376	376
45	45	45	Long-Term Debtors		0	0
42,121	42,121	42,121	Long Term Assets		41,982	41,982
2,786	2,786	2,786	Assets Held for Sale	4.7	2,364	2,364
270	270	270	Inventories		167	167
32,184	32,184	32,184	Short-Term Debtors	4.8	32,460	32,460
2,018	2,018	2,018	Cash and Cash Equivalents	5.1	10,832	10,832
37,258	37,258	37,258	Current Assets		45,823	45,823
(7,273)	(7,273)	(7,273)	Short-Term Borrowing	4.9	(8,249)	(8,249)
(19,886)	(19,886)	(23,228)	Short-Term Creditors	4.10	(24,444)	(27,759)
(3,281)	(3,281)	(3,281)	Provisions	4.11	(4,385)	(4,385)
(30,440)	(30,440)	(33,782)	Current Liabilities		(37,149)	(40,464)
(33,605)	(33,605)	(33,605)	Long-Term Borrowing	4.12	(28,920)	(28,920)
(20,836)	(3,425)	(2,736,224)	Other Long-Term Liabilities		(3,654)	(2,626,720)
(54,441)	(37,030)	(2,769,829)	Long Term Liabilities		(32,574)	(2,655,640)
(5,502)	(11,909)	(2,724,232)	Net Assets		18,153	(2,608,229)
(22,151)	(22,151)	(22,151)	Usable Reserves	3.1 & 3.2	(27,815)	(27,815)
27,653	10,242	2,746,383	Unusable Reserves	3.3	9,663	2,636,044
5,502	(11,909)	2,724,232	Total Reserves		(18,153)	2,608,229

CASH FLOW STATEMENT

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

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

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

2016-17			Cash Flow Statement	Note	2017-18		
Commissioner	Chief Constable	Group			Commissioner	Chief Constable	Group
£000	£000	£000			£000	£000	£000
2,990	15,868	18,858	Net (surplus) or deficit on the provision of services		(5,973)	56,105	50,132
(7,619)	(15,868)	(23,487)	Adjustment to (surplus) or deficit on the provision of services for non cash movements	5.2	(10,928)	(56,105)	(67,033)
4,960	0	4,960	Adjustment for items included in the net (surplus) or deficit on the provision of services that are investing or financing activities	5.2	3,795	0	3,795
331	0	331	Net cash flows from operating activities		(13,106)	0	(13,106)
2,738	0	2,738	Net cash flows from investing activities	5.3	586	0	586
4,108	0	4,108	Net cash flows from financing activities	5.3	3,709	0	3,709
7,177	0	7,177	Net (increase) or decrease in cash and cash equivalents		(8,811)	0	(8,811)
(9,198)	0	(9,198)	Cash and cash equivalents at the beginning of the reporting period		(2,021)	0	(2,021)
(2,021)	0	(2,021)	Cash and cash equivalents at the end of the reporting period	5.1	(10,832)	0	(10,832)



NOTES TO THE ACCOUNTS



GENERAL ACCOUNTING POLICIES

1. General Principles

The Statement of Accounts summarises transactions for the 2017-18 financial year and its position as at 31 March 2018. Annual Statement of Accounts are required to be published under the Accounts and Audit Regulations 2015, in accordance with proper accounting practices. These practices primarily comprise of the Code and the Best Value Accounting Code of Practice 2017-18, supported by International Financial Reporting Standards (IFRS). The Accounts have been prepared on a going concern basis using the historic cost convention, modified by the revaluation of certain categories of non-current assets and financial instruments. Under The Act 2011 the Commissioner and Chief Constable are separate 'corporation sole' bodies. Both are required to prepare a separate Statement of Accounts. The Financial Statements included here represent the Commissioner and the Commissioner as a group with the Chief Constable (The Group). The figures in these accounts are rounded appropriately and this may cause apparent minor mathematical errors.

2. Exceptional Items

When items of income and expenditure are material, their nature and amount are disclosed separately, either on the face of the CIES or in the Notes to the Accounts, depending on how significant the items are to an understanding of the Group financial performance.

3. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for in the current year and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Group financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative figures for the prior period as if the new policy had always been applied. Material errors discovered in prior year figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period. There was an error in the allocation of the Pension Reserve between the Chief Constable and the Commissioners accounts. The value of this is £17.411m. This is a material amount and the prior year's accounts have been restated. Overall the Group position was not affected. There have been no changes in Accounting Policies requiring restatement.

Section 1 Judgements and Major Accounting Events

1.1 Critical Judgements in Applying Accounting Policies

In applying the accounting policies, certain judgements about complex transactions or those involving uncertainty about future events have been made. The main critical judgement made in the Statement of Accounts is that there is a high degree of uncertainty about future levels of funding for the Police Service. However, it is considered that this uncertainty is not yet sufficient to provide an indication that assets might be impaired as a result of a need to close facilities.

1.2 Material items of Income and Expense

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

1.3 Going Concern

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

1.4 Accounting Standards Issued but not Adopted

The standards that maybe relevant for additional disclosures that are introduced in the 2018-19 Code are:

- IFRS 9 Financial Instruments.
- IFRS 15 Revenue from Customer Contracts.
- Amendments to IAS 12 Income Taxes.
- Amendments to IAS 7 Statement of Cash Flows

The 2018-19 Code confirms that transitional arrangements have been adopted for IFRS 9 and IFRS 15 and Appendix C confirms that there is no requirement to provide financial information relating to the impact of these standards in the 2017-18 accounts.

IAS12 – is not applicable to the Group or Chief Constable.

Amendments to IAS7 – is a disclosure initiative and does not impact on the figures in the accounts for 2017-18.

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

1.5 Future Assumptions and Other Major Sources of Estimation Uncertainty

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

The largest area of estimation included within the Accounts is in staff related costs. These include calculations for overtime, bonuses, accumulated absences, early retirement costs, pension costs and other one-off payments.

The professional judgement of the Transport Manager is relied upon to provide vehicle valuations added to the Balance Sheet. These estimations are required due to the unavailability of the purchase information from the PFI supplier.

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

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

An item in these accounts which has a significant risk of material adjustment in the forthcoming financial year is the Insurance Claim Provision. A time lag may occur between insurable liability events and the date claims are received. No allowance is made for this value unless specific incidents have occurred which make it appropriate to do so. One potential use of the General Reserve is to cover for emerging trends of liability claims or an exceptional value of incurred but not reported claims. Estimates of the value of claims change as information regarding the circumstances evolve. The provision of £3.2m is based on estimates provided by Insurance Companies and by the Regional Legal Services Team. An increase / decrease in the value of claims of 10% will impact the provision by (+/-) £0.3m.

1.6 Events after the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date on which the Statement of Accounts are authorised for issue. Two types of events can be identified:

Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events.

Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts are not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

There are no such events to report here.

Section 2 Notes to Comprehensive Income & Expenditure Statement

2.1 Expenditure Funding Analysis

This note demonstrates the link between the accounting figures included in the CIES and the amounts raised by grant and taxation used in the management accounting decision making.

2016-17			Commissioner & Group Expenditure Funding Analysis	2017-18		
Net Expenditure Chargeable to the General Fund	Adjustments (Note 2.2)	Net Expenditure in the CIES		Net Expenditure Chargeable to the General Fund	Adjustments (Note 2.2)	Net Expenditure in the CIES
£000	£000	£000	£000	£000	£000	
228,295	(28,676)	199,619	Policing	227,536	(16,364)	211,172
(6,973)	10,984	4,011	Commissioner	4,049	(436)	3,613
221,322	(17,692)	203,630	Net Cost of Services	231,585	(16,800)	214,784
	44,542	44,542	Other (Income) and Expenditure Policing	0	72,469	72,469
(224,881)	(4,433)	(229,314)	Commissioner	(236,615)	(507)	(237,122)
(3,559)	22,417	18,858	(Surplus) or Deficit on Provision of Service	(5,030)	55,162	50,132
(15,299)			Opening General Fund Balance	(18,858)		
0			Adjustment to opening balance	(40)		
0			Opening adjusted General Fund Balance	(18,898)		
(3,559)			Plus / less (Surplus) or Deficit on the General Fund Balance for the Year (Statutory basis)	(5,030)		
(18,858)			Closing General Fund Balance	(23,928)		

2.2 Adjustments to the Expenditure Funding Analysis

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

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

Income

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

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

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

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

2.3 Income Credited to Services

2016-17 £000		2017-18 £000
(1,461)	Relating to the Commissioner - Other Income	(1,641)
(5,370)	Partnership and Joint Controlled Operations	(5,883)
(1,858)	PFI Grant	(1,858)
(3,857)	Recharge of Officers	(3,002)
(10,461)	Other Income	(10,228)
(23,007)	Total for the Group	(22,612)

2.4 Financing and Investment Income and Expenditure

2016-17 £000		2017-18 £000
1,799	Interest payable and similar charges	1,753
(384)	Net interest on the net defined benefit liability (asset)	67
(93)	Interest receivable and similar income	(104)
1,322	Relating to the Commissioner	1,716
44,544	Other net interest on the defined benefit liability (asset)	72,469
45,866	Total for the Group	74,185

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

2016-17 £000		2017-18 £000
(54,888)	Council Tax Income	(57,273)
(135,780)	Non-ringfenced Government Grants	(134,018)
(36,276)	HO Police Pension Grant	(41,650)
(2,370)	Capital Grants and Contributions	(5,774)
(229,314)	Total for the Commissioner and Group	(238,715)

2.6 Other Operating Expenditure – Commissioner and Group

2016-17 £000		2017-18 £000
(1,344)	(Gains)/losses on the Disposal on Non-Current Assets	(123)
20	Other	0
(1,324)	Total for the Commissioner and Group	(123)

2.7 Impairment Losses

The Estates Manager report no instances of impairment.

2.8 Expenditure Analysed by Nature

2016-17			Nature of Expenditure or Income	2017-18		
Chief Constable	PCC	Group		Chief Constable	PCC	Group
£000	£000	£000		£000	£000	£000
172,027	585	172,612	Expenditure on services - employees	191,945	668	192,613
49,138	4,887	54,025	Expenditure on services - other	40,198	4,585	44,783
(21,546)	(1,461)	(23,007)	Income from services	(20,971)	(1,641)	(22,612)
0	(54,888)	(54,888)	Income from local taxation	0	(57,273)	(57,273)
0	(174,426)	(174,426)	Government grants and contributions	0	(181,441)	(181,441)
0	14,571	14,571	Depreciation, amortisation and impairment	0	0	0
44,544	(13,249)	31,295	Other Financing	72,469	1,716	74,185
0	(1,324)	(1,324)	(Gain) or loss on disposal of non-current assets	0	(123)	(123)
(228,295)	228,295	0	Intra Group Funding	(227,536)	227,536	0
15,868	2,990	18,858	(Surplus) or Deficit for Year	56,105	(5,973)	50,132

2.9 Benefits Payable during Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. This includes wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars). An accrual is made for the estimated cost of holiday entitlements or any form of leave, e.g. time off in lieu earned by employees, but not taken before the year-end, which employees

can carry forward into the next financial year (Accumulated Absences Account).

The accrual is made at the estimated salary rates applicable for the following accounting year, being when the employee takes the benefit. The accrual is charged to the CIES, but then reversed out through the Movement in Reserves Statement.

2.10 Termination Benefits

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

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

Section Notes to the Movement in Reserves Statement

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

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

	Balance at 31 March 2016	Transfers In 2016-17	Transfers Out 2016-17	Balance at 31 March 2017	Opening Balance Adj	Transfers In 2017-18	Transfers Out 2017-18	Balance at 31 March 2018
	£000	£000	£000	£000	£000	£000	£000	£000
Police Property Act	(130)	(53)	0	(183)	0	(13)	0	(196)
Drug Fund	(74)	(2)	0	(76)	0	(2)	51	(27)
PFI Life Cycle Costs	(332)	0	359	27	0	(37)	0	(10)
Revenue Grants	(2,513)	(604)	370	(2,747)	0	(411)	309	(2,849)
Medium Term Financial Plan	(1,067)	(2,208)	0	(3,275)	139	0	1,136	(2,000)
Tax Base Reserve	(223)	(1,025)	1	(1,247)	0	0	200	(1,047)
Animal Welfare	(19)	0	0	(19)	0	0	0	(19)
PCC	(595)	(57)	30	(622)	0	(111)	0	(733)
Grants and Commissioning	(1,899)	(645)	45	(2,499)	0	(1,080)	138	(3,441)
PCC Night Time Levy	(161)	(135)	12	(284)	0	0	103	(181)
Estimation Reserve	0	(13)	0	(13)	0	0	13	0
Target Hardening	0	0	0	0	0	(73)	0	(73)
Allard Reserve	0	0	0	0	0	(1,200)	0	(1,200)
Asset Replacement	0	0	0	0	0	(2,731)	0	(2,731)
IT Investment	0	0	0	0	0	(1,100)	0	(1,100)
Joint Operations	(1,210)	0	365	(845)	(139)	(262)	0	(1,246)
Total Earmarked Reserves	(8,223)	(4,742)	1,182	(11,783)	0	(7,020)	1,950	(16,853)
General Fund	(7,075)	0	0	(7,075)	0	0	0	(7,075)
Total General Fund Balance	(15,298)	(4,742)	1,182	(18,858)	0	(7,020)	1,950	(23,928)

3.2 Usable Reserves – Commissioner and Group

31 March 2017 £000	Capital Receipts Reserve	31 March 2018 £000
(548)	Balance 1 April	(3,293)
(2,745)	Capital Receipts in Year	(594)
(3,293)	Balance 31 March	(3,887)

31 March 2017 £000	Capital Grants Unapplied	31 March 2018 £000
(330)	Balance 1 April	0
(2,370)	Capital Grants Recognised in Year	(2,794)
2,700	Capital Grants and Contributions Applied	2,794
0	Balance 31 March	0

3.3 Unusable Reserves

31 March 2017				31 March 2018	
PCC	PCC(Restated)	Group		PCC	Group
£000	£000	£000		£000	£000
18,897	1,486	2,734,285	Pensions	1,427	2,624,493
183	183	3,525	Accumulated Absences	197	3,512
(1,255)	(1,255)	(1,255)	Revaluation Reserve	(1,137)	(1,137)
10,847	10,847	10,847	Capital Adjustment	10,080	10,080
(974)	(974)	(974)	Collection Fund	(891)	(891)
(45)	(45)	(45)	Deferred Receipt	(13)	(13)
27,653	10,242	2,746,383	Total	9,663	2,636,044

3.4 Unusable Reserves Movements

The table analyses the unusable reserves movements in the MIRS.

31 March 2017			Movement in Unusable Reserves	31 March 2018	
PCC £000	PCC (Restated) £000	Group £000		PCC £000	Group £000
17,545	134	2,198,631	Balance at start of Year	10,242	2,746,383
7	7	0	Adjustment	0	0
1,136	1,136	522,919	Comprehensive Income & Expenditure	(310)	55,796
8,965	8,965	24,833	Adjustments between accounting basis and funding basis under regulations	(269)	(166,135)
27,653	10,242	2,746,383	Balance at Year End	9,663	2,636,044

3.5 Adjustments between Accounting Basis and Funding Basis under Regulations

2017-18	General Fund Balance Commissioner	General Fund Balance Group	Capital Receipts Reserve Group	Capital Grants Unapplied Group	Movement in Unusable Reserves Commissioner	Movement in Unusable Reserves Group
	£000	£000	£000	£000	£000	£000
Pension cost (transferred to / (from) the Pensions Reserve)	(191)	(56,324)	0	0	191	56,324
Council tax (transfers to / (from) the Collection Fund)	(83)	(83)	0	0	83	83
Receipt of deferred debtor	(32)	(32)	0	0	32	32
Holiday pay (adjustments to the Accumulated Absences Reserve)	(13)	13	0	0	13	(13)
Revaluation Reserve	(137)	(137)	0	0	137	137
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(1,618)	(1,618)	0	(2,794)	4,412	4,412
Total Adjustments to Revenue Resources	(2,076)	(58,151)	0	(2,794)	4,870	60,975
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	0	0	(594)	0	594	594
Statutory Provision for the repayment of debt	2,675	2,675	0	0	(2,675)	(2,675)
Capital expenditure financed from revenue balances	344	344	0	0	(344)	(344)
Total adjustments between Revenue and Capital Resources	3,019	3,019	(594)	0	(2,425)	(2,425)
Application of capital grant to finance capital expenditure	0	0	0	2,794	(2,794)	(2,794)
Other adjustments	0	0	0	0	0	0
Total adjustments	1,070	(55,162)	(594)	0	(351)	55,756

2016-17	General Fund Balance Commissioner £000	General Fund Balance Group £000	Capital Receipts Reserve Group £000	Capital Grants Unapplied Group £000	Movement in Unusable Reserves Commissioner £000	Movement in Unusable Reserves Group £000
Pension cost (transferred to / (from) the Pensions Reserve)	363	(15,904)	0	0	(363)	15,904
Council tax (transfers to / (from) the Collection Fund)	(583)	(583)	0	0	583	583
Holiday pay (adjustments to the Accumulated Absences reserve)	2	401	0	0	(2)	(401)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(13,168)	(13,168)	0	(2,369)	15,537	15,537
Total Adjustments to Revenue Resources	(13,386)	(29,254)	0	(2,369)	15,755	31,623
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	2,745	2,745	(2,745)	0	0	0
Statutory Provision for the repayment of debt (MRP)	3,329	3,329	0	0	(3,329)	(3,329)
Capital expenditure financed from revenue balances	363	363	0	0	(363)	(363)
Total adjustments between Revenue and Capital Resources	6,437	6,437	(2,745)	0	(3,692)	(3,692)
Application of capital grant & receipts to finance capital expenditure	0	0	0	2,700	(2,700)	(2,700)
Other adjustments	398	398	0	0	(398)	(398)
Total adjustments	(6,551)	(22,419)	(2,745)	331	8,965	24,833

Section 4 Notes to the Balance Sheet

4.1 Property, Plant and Equipment

Assets with physical substance and are held for operational or administrative purposes with an expected life of over a year are classified as property, plant and equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis, provided that the cost of the item can be measured reliably and it is probable it can generate future economic benefits or service potential. Expenditure that maintains, but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred, to the CIES.

Revenue expenditure funded from capital under statute (REFCUS) represents expenditure that may be capitalised under statutory provisions, but does not result in the creation of tangible assets.

De-minimis levels are applied to allow sensible administration arrangements without materially affecting the figures presented. The de-minimis levels applied for all property, plant and equipment is £0.020m.

Component Accounting

Components with appropriate depreciation are included where this is significant as determined by the following test: Only assets with a carrying value above £0.600m are considered and then components are included if the item forms at least 5% of the asset value.

Measurement

Assets are initially measured at cost, comprising the purchase price plus costs in bringing the asset to the location and to be fit for purpose. The value of assets acquired other than by purchase is deemed to be its fair value. PFI and finance lease assets are capitalised at minimum lease payments over the term of the agreement.

Assets are then carried in the Balance Sheet using the following measurement bases in accordance with IAS 16:

- Fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV) Operational buildings have been valued on this basis.
- If there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value. Bridewell custody suite is valued on this basis.

- For non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value. Vehicles, equipment and furniture is on this basis.
- Non-operational buildings including assets for sale and investment properties have been valued on the basis of Open Market Value.
- Assets under construction are included at actual cost.

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

Increases in valuations have been matched by credits to the Revaluation Reserve since 1 April 2007, the date of its formal implementation. Gains prior to that date are consolidated into the Capital Adjustment Account. Where decreases in value are identified, they are accounted for as follows:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down in the CIES once the Revaluation Reserve is fully used.

Impairment

Assets are assessed annually for potential impairment. When material an impairment loss is recognised for the deficit, as follows:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down in the CIES.
- Where an impairment loss is reversed subsequently by a revaluation gain, the reversal is credited to the CIES, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

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

Asset Type	Depreciation Method	Period of Years
Land	Nil	Nil as unlikely to reduce in value
Property	Straight Line	10-50 years as estimated by the valuer
Vehicles	Straight Line	1-20 years
Plant & Equipment	Straight Line	1-20 years
Finance Leases	Straight Line	Over the life of the finance lease

A full years charge is made in the year of acquisition, with no charge made in the year of disposal. Depreciation is charged to the CIES. Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and

depreciation that would have been chargeable based on their historical cost. This is transferred each year from the Revaluation Reserve to the Capital Adjustment Account. Where an item of property, plant and equipment has major components whose cost and life span is significantly different from the rest, the components are depreciated separately (subject to meeting de-minimis levels).

Assets held for Sale

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

Disposal

The asset is re-valued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the 'Other Operating Expenditure' line in the CIES. Gains in fair value are recognised only up to the amount of any previous losses recognised in the 'Surplus or Deficit on Provision of Services'.

If assets no longer meet the criteria of Assets Held for Sale, they are reclassified back to non-current assets and re-valued appropriately.

When an asset is disposed of, or decommissioned for less than £0.010m the receipt is credited to the CIES and the carrying amount of the asset is the loss on disposal.

Amounts received for a disposal in excess of £0.010m are categorised as capital receipts, and credited to the Capital Receipts Reserve for application to future capital investment. Revaluation Reserve balances relating to disposed assets are transferred to the Capital Adjustment Account.

At 31 March 2018, the Commissioner has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2018-19, and the future years are budgeted to cost £3.2m (£0.6m 2016-17).

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

4.2 Property, Plant and Equipment Movements to 31 March 2017	Land and Buildings	Vehicles, Plant, Furniture & Equipment	Assets Under Construction	Total Property, Plant and Equipment
	£000	£000	£000	£000
Cost or Valuation				
at 1 April 2016	44,657	29,026	47	73,730
Adjustments to cost/value & depreciation/impairment	(2,753)	0	0	(2,753)
Additions	2,302	5,006	378	7,686
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(264)	0	0	(264)
Revaluation increases/(decreases) recognised in the (Surplus)/Deficit on the Provision of Services	(8,907)	0	0	(8,907)
De-recognition – disposals	(20)	(790)	0	(810)
Reclassifications and transfers	(3,242)	0	(118)	(3,360)
at 31 March 2017	31,773	33,242	307	65,322
Depreciation & Impairment				
at 1 April 2016	(7,499)	(14,845)	0	(22,344)
Adjustments to cost/value & depreciation/impairment	2,818	0	0	2,818
Depreciation charge	(807)	(4,755)	0	(5,562)
De-recognition – disposals	15	621	0	636
Reclassifications and transfers	0	0	0	0
Eliminated on reclassification to Held for Sale	340	0	0	340
at 31 March 2017	(5,133)	(18,979)	0	(24,112)
Net Book Value				
at 31 March 2017	26,640	14,263	307	41,210
at 31 March 2016	37,159	14,181	47	51,387

4.3 Property, Plant and Equipment Revaluations

Land and buildings are revalued on a five year rolling programme to ensure that their carrying amount is not materially different from their fair value. Land and Building values are based on valuations by Andrew Martin BSc MRICS, (Director) and Roger Smalley BSc MRICS, (Associate Director) of the independent valuers Lambert Smith Hampton.

The resulting revaluations were considered by the internal valuer and it was not considered appropriate to commission any further valuations, because there were no trends emerging that would materially affect the valuations.

Revaluations	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment	Total
	£000	£000	£000
Carried at historical cost	10,635	34,378	45,013
Valued at current value as at:			
• 31/03/2018	4,445	0	4,445
• 31/03/2017	8,535	0	8,535
• 31/03/2016	565	0	565
• 31/03/2015	2,373	0	2,373
• 31/03/2014	4,064	0	4,064
Total Cost or Valuation	30,617	34,378	64,995
Share of Joint Operation Property			3,960
Total Gross Value			68,955

4.4 Investment Properties

Investment properties are used to earn rentals or for capital appreciation, and not used in any way to deliver services or being held for sale. The carrying value is annually revalued under IFRS13 to current fair value. This is currently £0.535m (£0.451m 2016-17) Rentals received in relation to investment properties are credited to the CIES.

Income is received on investment properties (telecoms masts) from Cell C.M., who also undertakes the maintenance and repair of the telecoms masts. These costs are not identified separately in the Statement of Accounts and are included within the management charge. Investment income net of this management charge was £0.080m in 2017-18 (£0.171m in 2016-17).

4.5 Intangible Assets

Intangible assets do not have physical substance, but it is expected that future economic benefits or service potential will occur. Software licences are intangible assets, and are included at historic cost amortised over seven years, as there is no alternate method to ascertain a fair value.

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

31 March 2017 Other Assets £000	Intangible Assets	31 March 2018 Other Assets £000
3,418 (2,964)	Balance at start of year: Gross carrying amounts Accumulated amortisation	3,584 (3,133)
454	Net carrying amount at start of year	451
166 (169)	Additions: Purchases Amortisation for the period	88 (163)
451	Net carrying amount at end of year	376
3,584 (3,133)	Comprising: Gross carrying amounts Accumulated amortisation	3,672 (3,296)
451		376

4.6 Capital Expenditure and Capital Financing

The total amount of capital expenditure, including PFI and finance leases and sources of finance are shown in the table below, it shows cumulative capital expenditure which is to be financed in future years by charges to revenue. The Capital Financing Requirement is determined by these factors.

This table only shows the position of the Commissioner excluding the Joint Organisations. At the 31 March 2018 the Commissioner had entered into a number of capital contracts which would continue to incur expenditure in future years. These totalled £3.2m. The contracts covered building alterations. (£0.6m 31 March 2017).

31 March 2017 £000	Capital Expenditure and Capital Financing	31 March 2018 £000
57,727	Opening Capital Financing Requirement	59,137
	Capital Investment:	
7,132	Property Plant and Equipment	4,037
0	Intangible Assets	0
7,132	Total Capital Spending	4,037
	Sources of Finance:	
0	Capital receipts	0
(2,700)	Government Grants and other contributions	(2,794)
	Sums set aside from revenue:	
(3,022)	Minimum revenue provision	(2,675)
(5,722)	Total Sources of Finance	(5,469)
59,137	Closing Capital Financing Requirement	57,705

4.7 Assets Held for Sale

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

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

31 March 2017 £000	Current Assets	31 March 2018 £000
993	Balance outstanding at start of year	2,786
3,020	Newly classified as held for sale	172
(1,227)	Assets sold	(594)
2,786	Balance Outstanding year end	2,364

4.8 Debtors Commissioner and Group

A bad debt provision of £0.030m is provided against specific debts considered to be unlikely to be collected (£0.030m at 31 March 2017). A provision of **£3.184m** is held against Council Tax arrears of **£4.953m** at 31 March 2018. This level of provision has

been assessed by the Council Tax Billing Authorities (Provision of £2.996m against arrears of £4.684m at 31 March 2017). Debtors relate to the Commissioner only.

31 March 2017 £000	Debtors	31 March 2018 £000
20,202	Central Government Bodies	18,107
1,316	Other Local Authorities	5,080
10,666	Other Entities and Individuals	9,273
32,184	Total Debtors	32,460

4.9 Short Term Borrowing Commissioner and Group

31 March 2017 £000	Short Term Borrowing	31 March 2018 £000
(3,500)	Market Loans	(3,500)
(3,773)	PWLB	(749)
0	Market Loans Torbay	(4,000)
(7,273)		(8,249)

4.10 Creditors Commissioner and Group

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

Once judgement is made monies are either, paid over to the State, repaid to the individual or made available for the Commissioner to use on specific purposes. At 31 March 2018 cash totalling £0.797m was held in the Commissioner's bank account (£1.032m at 31 March 2016).

31 March 2017		Creditors	31 March 2018	
PCC £000	Group £000		PCC £000	Group £000
(3,358)	(3,358)	Central Government Bodies	(4,876)	(4,876)
(5,499)	£5,499)	Other Local Authorities	(6,812)	(6,812)
(11,029)	(14,371)	Other Entities and Individuals	(12,898)	(16,213)
(19,886)	(23,228)	Total Creditors	(24,586)	(27,759)

4.11 Provisions

Provisions are made where an event has taken place that gives a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and also that a reliable estimate can be made of the amount of the obligation. This is charged to the CIES on becoming aware of the obligation. They are measured as the best estimate at the balance sheet date, taking into account relevant risks and uncertainties.

Settlement of the obligation is charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed and further transactions to or from the CIES are made appropriately. Liability claims are generally paid out within one to three years. It is expected that the majority will be utilised within a year and hence the provision is all short term. Provisions relate to the Commissioner only.

2017-18	Insurance £000	Dilapidation £000	Legal Expenses £000	Medical Retirement £000	Redundancy £000	Pay Award £000	Total £000
Opening Balance	(2,898)	(268)	(115)	0	0	0	(3,281)
Increase in provision during year	(1,342)	(158)	0	0	(51)	(735)	(2,286)
Utilised during year	1,051	126	0	0	0	5	1,182
Closing Balance	(3,189)	(300)	(115)	0	(51)	(730)	(4,385)
2016-17							
Opening Balance	(2,263)	(281)	(36)	(454)	(558)	0	(3,592)
Increase in provision during year	(1,327)	(89)	(115)	0	0	0	(1,531)
Utilised during year	692	102	36	454	558	0	1,842
Closing Balance	(2,898)	(268)	(115)	0	0	0	(3,281)

4.12 Long Term Debt

31 March 2017 £000	Long Term Borrowing	31 March 2018 £000
(4,000)	Market Loans Torbay	0
(29,605)	PWLB	(28,921)
(33,605)	Total Long Term Borrowing	(28,921)

4.13 Leases

Leases are classified according to the conditions of IAS 17. Lease payments are made for land, buildings, vehicles and equipment. Leases are classified as finance leases if the terms of the lease transfer (substantially) the risks and rewards incidental to ownership from the lessor to the lessee. Leases that do not meet the definition of finance leases are accounted for as operating leases.

Where a lease covers both land and buildings, those elements are considered separately for classification. Major contracts are reviewed for the possibility of embedded leases within them. Assets held under a finance lease are recognised on the Balance Sheet at fair value (or the present value of the minimum lease payments, if lower). There is a matching liability for the obligation to pay the lessor. Initial direct costs are added to the carrying amount of the asset. Operating leases are charged to the CIES. These payments in 2017-18 were £1.231m (£1.034m in 2016-17).

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

These include vehicles acquired under the PFI scheme, IAS17 and IFRIC4 classifies this arrangement as a finance lease. This contract for the provision of an agreed number of vehicles runs until 2026-27. The estimated capital value of this scheme is £14.8m. The amount paid was £3.3m (£3.2m in 2016-17). Future payments are linked to inflation increases. Grant of £1.3m was received (£1.3m in 2016-17).

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

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

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

Minimum Lease Payments			Finance Lease Liabilities	
31 March 2017 £000	31 March 2018 £000		31 March 2017 £000	31 March 2018 £000
193	143	Not later than one year	212	158
343	251	Later than one year and not later than five years	361	262
536	394	Total	573	420

Authority as Lessee – Operating Leases

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

31 March 2017 £000		31 March 2017 £000
1,012	Not later than one year	1,160
1,853	Later than one year and not later than five years	1,845
202	Later than five years	435
3,067	Total	3,440

4.14 Service Concession Arrangements – Private Finance Initiative Agreements

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

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

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

The second contractor Miven, provided and maintains the Riverside building on a 25 year contract until 2026-27. The capital value of this scheme is 2.145. £1.056m was paid in 2017-18 (£0.997m in 2016-17).

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

In 2017-18 the PFI agreement has been reworked using the Code's recommended accounting methodology. This has resulted in a restatement of the opening balance sheet liability from £1.762m to £2.339m, an increase of £0.577m. This is below the level of materiality and therefore no adjustments have been made to prior year balances.

This is a non-cash adjustment on the balance sheet which does not impact the day to day operations of the Force. The cash amounts that have been charged to the income & expenditure account remain unchanged.

Future payments are linked to the retail price index but are otherwise fixed, except reductions for poor contractor performance. Specific government grant of £0.590m was received (£0.590m in 2016-17).

The annual amounts payable to Miven comprise:

- Fair value of the services received during the year – debited to the relevant service in the CIES.
- Finance cost – an interest charge on the outstanding Balance Sheet liability, has been debited to the Financing and Investment Income and Expenditure line in the CIES for the PFI building.
- The repayment of the capital liability on the balance sheet.
- Contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the 'Financing and Investment Income and Expenditure' line in the CIES.

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

Reimbursement of Capital Expenditure 2016-17 £000	Payment for Services 2016-17 £000	Riverside Premises PFI	Reimbursement of Capital Expenditure 2017-18 £000	Payment for Services 2017-18 £000
543	502	Payable within one year	203	842
2,172	2,007	Payable within two to five years	907	3,271
2,623	2,422	Payable within six to ten years	1,035	2,967
5,338	4,931	Total	2,145	7,080

Section 5 Notes to the Cash Flow Statement

5.1 Cash and Equivalents

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

31 March 2017 £000	Cash and Equivalents comprise	31 March 2018 £000
2,150	Money Market Funds	9,800
(132)	Cash and Bank	1,032
2,018	Total	10,832

5.2 Cash Flow from Operating Activities – Group Cash Flows

31 March 2017 £000	The cash flows for operating activities include the following items	31 March 2018 £000
(93)	Interest Received	(104)
1,864	Interest Paid	1,351
1,771	Total	1,247

31 March 2017 £000	The cash flows for operating activities include the following items	31 March 2018 £000
(5,564)	Depreciation	(5,609)
(8,844)	Impairment and downward valuations	214
(169)	Amortisation	0
3,464	(Increase)/decrease in creditors	(4,532)
4,535	Increase/(decrease) in debtors	276
39	(Increase)/decrease in inventories	(103)
(15,904)	Movement in pension liability	(56,612)
(1,401)	Carrying amount of non-current assets	(1,526)
357	Other non-cash movements charged to the (surplus) or deficit on provision of services	859
(23,487)	Total	(67,033)

31 March 2017 £000	The (surplus) or deficit on the provision of services has been adjusted for the following investing and financing activities	31 March 2018 £000
2,745	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	594
2,215	Any other items for which the cash effects are investing or financing cash flows	3,201
4,960	Total	3,795

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

No short term investments are held

31 March 2017 £000	Cash Flow from Investing and Financing Activities	31 March 2018 £000
7,852	Purchase of property, plant and equipment, investment property and intangible assets	4,381
(2,744)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(594)
(2,370)	Other receipts from investing activities	(3,201)
2,738	Net cash flows from investing activities	586
(6,000)	Cash receipts of short-term and long-term borrowing	(11,500)
10,108	Repayments of short-term and long-term borrowing	15,209
4,108	Net cash flows from financing activities	3,709

Section 6 Remuneration Notes

6.1 Members Remuneration

Members of the Audit and Scrutiny Panel were paid £0.005m (£0.005m 2016-17).

6.2 Officers Remuneration over £50,000

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

None are within the PCC. It includes five above the rank of Superintendent (eight in 2016-17).

Remuneration over £50,000	2016-17	2017-18
£50,001 to £55,000	136	161
£55,001 to £60,000	84	89
£60,001 to £65,000	22	27
£65,001 to £70,000	10	8
£70,001 to £75,000	7	10
£75,001 to £80,000	5	6
£80,001 to £85,000	6	6
£85,001 to £90,000	6	1
£90,001 to £95,000	0	1
Total	276	309

6.1 Senior Officer Payments

Officers Remuneration 2017-18		Salary, Fees & Allowances (Note 1) £	Bonuses £	Expenses Allowances (Note 2) £	Compensation for Loss of Office £	Pension Contribution £	Total £
Police & Crime Commissioner – P Tipping		75,017	0	1,864	0	10,052	86,933
Chief Finance Officer to the Police & Crime Commissioner – C Radford		86,934	0	1,577	0	11,567	100,078
Chief Executive to the Police & Crime Commissioner – K Dennis		95,480	0	429	0	12,794	108,703
TOTAL COMMISSIONER		257,431	0	3,870	0	34,413	295,714
Chief Constable – C Guildford		156,436	0	12,464	0	36,004	204,904
Deputy Chief Constable – R Barber	3	122,743	0	6,788	0	28,391	157,922
Assistant Chief Constable – S Cooper	4	92,359	0	6,117	0	22,004	120,480
Assistant Chief Constable – S Prior		103,916	0	3,225	0	25,148	132,289
Assistant Chief Officer – Finance and Resources	5	95,731	0	5,435	0	17,249	118,415
Director of Human Resources	5	94,955	0	5,494	0	17,363	117,812
Director of Information Services & IT	5,6,7	49,485	0	6,618	0	6,275	62,377
TOTAL CHIEF CONSTABLE		715,625	0	46,141	0	152,434	914,199
TOTAL FOR GROUP		973,056	0	50,011	0	186,847	1,209,913

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

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

Note 3: Deputy Chief Constable was appointed 17 April 2017

Note 4: Assistant Chief Constable was appointed 5 April 2017

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

Note 6: Includes Market Rate Premium

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

Officers Remuneration 2016-17	Salary, Fees & Allowances (Note 1 previous page)	Bonuses	Expenses Allowances (Note 2 previous page)	Compensation for Loss of Office	Pension Contribution	Total
	£	£	£	£	£	£
Police & Crime Commissioner – P Tipping	75,000	0	1,409	0	8,100	84,509
Deputy Police & Crime Commissioner – C Cutland (Retired 30 April 2016)	3,030	0	139	0	327	3,496
Chief Finance Officer to the Police & Crime Commissioner – C Radford	74,137	0	2,858	0	8,007	85,002
Chief Executive to the Police & Crime Commissioner – K Dennis	95,086	0	1,588	0	10,269	106,943
Chief Executive to the Police & Crime Commissioner – C Radford (Temp cover 21 November 2016 – 2 January 2017)	11,248	0	767	0	1,215	13,230
TOTAL COMMISSIONER	258,501	0	6,761	0	27,918	293,180
Chief Constable – C Eyre (Retired 22 July 2016)	46,373	0	0	0	10,956	57,329
Deputy Chief Constable – S Fish (Retired 31 March 2017)	113,166	0	8,285	0	27,181	148,632
Chief Constable – C Guildford (Appointed 1 February 2017)	25,338	0	11,707	0	5,966	43,011
Deputy Chief Constable – S Fish	29,207	0	4,206	0	6,985	40,398
Deputy Chief Constable – S Torr	98,133	0	2,666	0	23,805	124,604
Assistant Chief Constable – S Torr	21,113	0	889	0	5,006	27,008
This is the total earned by the following employees. The costs are apportioned between Nottinghamshire, Northamptonshire and Leicestershire Police						
Assistant Chief Officer – Finance & Resources	95,731	0	5,435	0	17,249	118,415
Director of Human Resources	94,955	0	5,494	0	17,363	117,812
Director of Information Services & IT (includes market premium)	110,027	0	500	0	13,300	123,827
TOTAL CHIEF CONSTABLE	707,054	0	44,030	0	142,086	893,170
TOTAL FOR GROUP	965,555	0	50,791	0	170,004	1,186,350

6.4 Exit Packages

Contracts were terminated for 9 employees in the group during the year (25 in 2016-17), incurring costs of £0.209m (£0.327m in 2016-17). This included redundancy payments of £0.134m and pension strain costs of £0.075m. Other departures agreed cover voluntary redundancies and compromise agreements. In 2017-18. There were no exit payments within the PCC. The Group made no material payments in relation to injury awards during the year.

6.5 Auditor remuneration

KPMG LLP are the external auditor to the Commissioner and Group the fees in the year were £0.050m of which £0.035m related to the Commissioner and no other services were purchased. This was the same fee as in 2016-17.

Exit Packages								
Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band (£)	
	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18
£0-£20,000	4	5	17	1	21	6	192,000	67,000
£20,001 - £40,000	1	2	2	0	3	2	85,000	67,000
£40,001 - £60,000	0	0	1	0	1	0	50,000	0
£60,001 - £80,000	0	1	0	0	0	1	0	75,000
£80,001 - £100,000	0	0	0	0	0	0	0	0
£100,001 - £150,000	0	0	0	0	0	0	0	0
Total	5	8	20	1	25	9	327,000	209,000

Section 7 Financial Instruments

Financial instruments are recognised on the Balance Sheet when the Commissioner enters a contract. They are initially measured at fair value and carried at their amortised charged to the CIES is the amount payable per the loan agreement. Financial assets held by the Group comprise loans and receivables. These have determinable payments but are not quoted in an active market. The financial liabilities of the Group consist of short-term cost. This generally will equate to the principal outstanding plus accrued interest. Impairment may be appropriate if it becomes likely that the contract may not be fulfilled.

7.1 Risks Arising from Financial Instruments

The Commissioners activities expose it to a variety of financial risks:

- Credit risk – the possibility that the amounts due may not be received.
- Liquidity risk – the possibility that insufficient funds are available to meet expenditure commitments.
- Market risk – the possibility that loss arises as a result of changes to interest rates and stock market movements.

The Treasury Management Strategy (incorporating the Annual Investment Strategy) focuses on mitigating the risk of the unpredictability of financial markets, It includes policies on the risks above.

Credit Risk

Credit risk arises from investments and customer debt. The risk is minimised through the Annual Investment Strategy. This requires that deposits are only made with financial institutions meeting identified minimum credit criteria, as laid down by market leading rating services.

Maximum investment limits and durations are also specified to reduce credit risk. The maximum exposure to credit risk for deposits during the year was £63.7m. This was placed within the criteria of the strategy with high quality counterparties. There was no evidence at year end of potential counterparty default.

Customers owed £2.24m at year end (£2.17m in 2017-18). An allowance of £0.03m is set aside for debts to mitigate the effect of default (£0.03m in 2017-18).

Liquidity Risk

Cash flow management ensures that cash is available as needed. For unexpected events, there is ready access to borrowings from the money markets and the PWLB. There is no significant risk of being unable

to raise the required finance. If a significant proportion of borrowing needed replacing at a time of unfavourable interest rates, this could be costly. The Treasury Management Strategy. limits the proportion of borrowing maturity in specific periods to minimise the risk All trade and other payables are due within one year.

Interest Rate Risk

There is a risk from exposure to interest rate movements on borrowings and investments. Borrowings are not carried out at fair value, so nominal gains and losses on fixed rate borrowings do not impact on the CIES. A rise in interest rates would have the following effects:

- Borrowing at variable rates - the interest charged to the CIES will rise
- Borrowings at fixed rates - the fair value of the liabilities borrowings will fall
- Investments at variable rates - the interest credited to the CIES will rise
- Investments at fixed rates - the fair value of the assets will fall

The Treasury Management Strategy sets a maximum of 50% of debt to be variable rate loans to mitigate this. Only £3.5m is held as variable which is 9% There was no temporary borrowing at 31 March 2018.

Price Risk

Investments are not held as equity shares, and therefore there is no exposure to losses arising from movements in the prices of the shares.

Foreign Exchange Risk

Investments are not held in foreign currencies and therefore there is no exposure to loss arising from movements in exchange rates.

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

Liquidity Risk	31 March 2017	31 March 2018
	£000	£000
Less than one year	(7,273)	(8,249)
Between one and two years	(4,685)	(471)
Between two and five years	(5,962)	(5,677)
More Than 5 Years	(3,317)	(3,259)
More Than 10 years	(19,642)	(19,513)
	(40,879)	(37,169)

7.2 Financial Instruments – Fair Value

Financial liabilities and financial assets represented by loans and receivables, and long term debtors and creditors are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- Interest rates paid during 2017-18 ranged between 1.3% and 8% for PWLB loans and 3.73% on the market loan .The average Interest rates received was 0.31%. No early repayment or impairment is recognised.

- For instruments maturing in the next year, the carrying amount is assumed to be fair value.
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair value of the loans is £43.1m which is £5.98m higher than the carrying amount because there are a number of fixed rate loans with the PWLB with an interest rate payable, higher than the prevailing rates at the Balance Sheet date.

This shows a notional future loss as there is a commitment to pay the PWLB a rate above current market rates. The fair value of assets is the year end carrying value, being either variable rate instruments or short term.

No new long term borrowings took place in 2017-18.

7.3 Financial Instruments Outstanding

The Market Loan of £3.5m was taken out with Danske Bank in May 2006 for 60 years. Since May 2011 it has featured a break clause every 6 months (Lenders Option, Borrowers Option LOBO).

This option has not yet been used. The CIPFA Treasury Management Code categorises this as a short term liability.

Longer term borrowing was with the PWLB (£29.6m with the PWLB and £4.0m with Torbay BC 31 March 2017).

	Long-term 31 March 2017 £000	Long-term 31 March 2018 £000	Current 31 March 2017 £000	Current 31 March 2018 £000
Debtors				
Loans and receivables	0	0	34,202	43,487
Other	45	0	2,786	2,364
Total included in Debtors	45	0	36,988	45,851
Borrowings				
Financial liabilities at amortised cost	(33,605)	(28,920)	(7,273)	(8,249)
Total included in Borrowings	(33,605)	(28,920)	(7,273)	(8,249)
Other Long Term Liabilities				
PFI and finance lease liabilities	(1,938)	(2,227)	0	0
Total other long term liabilities	(1,938)	(2,227)	0	0
Creditors				
Financial liabilities carried at contract amount			(19,724)	(24,319)
Total Creditors	0	0	(19,724)	(24,319)
Financial Liabilities at amortised cost				
Interest expense			1,276	1,351
Financial Assets: Loans and receivables				
Interest income			(93)	(104)
Net expense in (Surplus) or Deficit on the Provision of Services			1,183	1,247

Section 8 Other Notes

8.1 Contingent Assets

Contingent assets arise where an event has taken place that gives the potential for an asset, whose existence will only be confirmed by the occurrence or otherwise of uncertain future events, not wholly in the control of the Group. They are not recognised in the Balance Sheet, The Commissioner had no contingent assets as at 31 March 2018.

8.2 Contingent Liabilities

A contingent liability arises where a past event gives a possible obligation which depends on the outcome of uncertain future events not wholly in the control of the Group. Contingent liabilities also arise in circumstances where a provision or reserve would otherwise be made, but there is not the level of certainty on either likelihood or value. Contingent liabilities are not recognised in the Balance Sheet .

Nottinghamshire, the Home Office and other Chief Constables currently has 23 claims lodged against them with the Central London Employment Tribunal. These are in respect of alleged unlawful discrimination arising from the Transitional Provisions in the Police Pension Regulations 2015 Similar claims have also been made in relation to the changes to the Judiciary and Fire fighters Pension regulations. In both of these cases the respondents were successful and then appealed during 2017-18. Subsequently the respondents are appealing against the Appeal Tribunal Judgements. In the case of the Fire fighters the claimants are also appealing against aspects of the judgement.

The outcome of these further appeals may influence the outcome of the Police claims.

The Police hearing has been stayed, and the Home Office has requested that the stay is extended pending further appeals. If the Police claims were successful it is unclear what remedy would be applied, whether this would require further legislation and who it would impact. As the Judiciary and Firefighter claims are subject to further appeal and the Police claims are yet to be heard, plus uncertainty regarding remedy and quantum it is not possible to provide an estimate of the potential financial impact. It is judged that there is no liability at the Balance Sheet date.

The potential for claims for insufficient overtime being paid for some officers following successful claims in Devon and Cornwall Police, has crystallised and an estimate has been reserved for (Allard Reserve).

There has been a significant Employment Tribunal challenge against the unlawful use of the A19 Regulation, which was successfully appealed. There has an unsuccessful counter appeal against this judgement. Permission to appeal was refused and therefore this contingency has been removed.

The risk associated with potential challenges to the operations of undercover police officers is likely to be an insurable risk. It is still not yet known whether this will impact on Nottinghamshire yet.

There are no potential environmental or Information Commissioner cases pending.

8.3 Related Parties

Disclosures are required for material transactions with related parties, bodies or individuals that have the potential to control or influence the Group or vice versa. This allows transparency to the extent that the Group might have been constrained in its ability to operate independently, or might have limited another party's ability to bargain freely.

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

The CIPFA Code requires members to complete a declaration of personal interests under section 81(1) of the Local Government Act 2000 and the Local Authorities (Model Code of Conduct) Order 2007. Audit and Scrutiny Panel members are required to complete a register of interest form. Senior employees can influence decisions and they also complete a declaration of personal interests. Joint Operations are areas where significant influence can be exerted by all parties.



**SUPPLEMENTARY ACCOUNTS
AND
EXPLANATORY NOTES**

PENSION FUND ACCOUNTS AND EXPLANATORY NOTES

8.4

2016-17 £000	Pension Fund	2017-18 £000
	Contributions Receivable	
(7,066)	Employers Contributions 1987 Scheme	(5,777)
(213)	Employers Contributions 2006 Scheme	(208)
(9,563)	Employers Contributions 2015 Scheme	(10,348)
(2,080)	Additional Contributions for early retirements - all schemes	(1,411)
(4,181)	Members contributions 1987 Scheme	(3,414)
(100)	Members contributions 2006 Scheme	(101)
(5,277)	Members contributions 2015 Scheme	(5,710)
(435)	Transfer in 1987 Scheme	0
(11)	Transfer in 2006 Scheme	0
	Transfer in 2015 Scheme	(310)
	Benefits Payable	
51,167	Pensions 1987 Scheme	53,187
7	Pensions 2006 Scheme	18
	Pensions 2015 Scheme	143
13,898	Commutations and lump sum retirement benefits 1987 Scheme	15,517
129	GAD V Milne payments	15
	Payments to / on account of leavers	
0	Refund of contributions 2006 Scheme	2
0	Refund of contributions 2015 Scheme	4
0	Transfers out 1987 Scheme	0
0	Transfers out 2006 Scheme	43
0	Transfers out 2015 Scheme	0
36,275	Sub-total before transfer from the Commissioner of amount equal to the deficit	41,650
(36,275)	Transfer of Government Grant from the Commissioner to meet the deficit	(41,650)
0	Balance at 31 March	0

This fund account relates solely to the Police Officer Pension Scheme

Post-Employment Benefits

Employees are members of two separate defined benefits pension schemes providing retirement lump sums and pensions, earned whilst employed by the Group. The Pension Reserve absorbs the timing differences between the difference in accounting and funding for post-employment benefits in accordance with statutory provisions. The debit balance on the Pension Reserve represents a substantial shortfall in the benefits earned by past and current employees and the resources set aside to meet them. The statutory arrangements ensure that funding will meet payments. Actuarial gains and losses are charged to the Pension Reserve.

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

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

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

The Local Government Pensions Scheme

The Local Government Pensions Scheme (LGPS) for staff is administered by Nottinghamshire County Council. This is a funded scheme, meaning that the Group and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets. This scheme is a multi-employer scheme and the underlying assets and liabilities cannot be directly identified with individual employers. Therefore assets and liabilities are incorporated within these accounts on an apportioned basis. The assets are included at fair value. The liabilities are included at current prices using the appropriate discount rate. The discount rate is the annualised yield at the 22 year point on the Merrill Lynch AA-rated corporate bond yield curve which meets the requirements of IAS19.

The Police Pension Scheme

The Police Pension Scheme for police officers is an unfunded scheme, meaning that there are no investment assets built up to meet the pension liabilities and cash has to be generated to meet actual pension payments as they eventually fall due. Under the Police Pension Fund Regulations 2007, the Group must transfer amounts to reduce the balance on the Pension Fund to zero.

This is reimbursed from Central Government by way of Pension Top-up grant of up to 100%, subject to parliamentary scrutiny and approval. More details are included in the Pension Fund Statement. If however, the pension fund is in surplus for the year, the surplus is required to be transferred from the pension fund to the Commissioner who then must repay the amount to central government. This means that the true liability relating to police pensions rests with the Home Office. The element relating to The Group's assets and liabilities is included within these accounts. Since 1 April 2015 pensions have been based on a career average value.

Discretionary Benefits

The Group also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements due to medical reasons or injury. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme. Assets are not built up within the scheme to meet these pension liabilities.

Accounting Treatment

The Group Balance Sheet recognises the net pension liability and reserve. The actuarial valuation of the Staff LGPS Fund was carried out as at 31 March 2016 and set contributions for the period from 1 April 2018 to 31 March 2020. This scheme includes both staff working for the Chief Constable entity and the Commissioner. It was not practical or economical to obtain separate actuary reports for the two entities. As a reasonable estimate the relevant information was calculated on a pro rata basis to scheme participants in the year.

Police officer pension schemes are unfunded defined benefit final salary schemes. Contributions from officers are paid into the fund and pension payments are met from the fund. Any surplus or deficit is either paid to or recovered from Central Government. Employee's and employer's contribution levels are based on percentages of pensionable pay set nationally by the Home Office and subject to triennial revaluation by the Government Actuary's Department. The figures for are based on a detailed valuation based on information as at 31 March 2016.

The figures for the LGPS are calculated by Barnett Waddingham (Actuaries), based on membership data as at 31 March 2016 for members receiving funded benefits and as at 31 March 2014 for any members receiving unfunded benefits. This has then been rolled forward to reflect the position as at 2018.. The fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end.

Liabilities have been assessed on an actual basis using the projected unit credit method, an estimate of future pension payments. This depends on assumptions about mortality rates, salary levels etc.

2016-17		Pension Scheme Comprehensive Income and Expenditure Statement	2017-18	
LGPS £000	Police £000		LGPS £000	Police £000
7,542	27,080	Current service cost	12,814	37,330
0	0	Admin Expense	82	0
0	50	Past service cost	58	1,660
678	0	(Gain) / loss from curtailments	0	0
(30,060)	74,220	Net interest expense / (income)	4,206	68,330
(21,840)	101,350	Total charged to (Surplus) and Deficit on Provision of Services	17,160	107,320
		Other post-employment benefits charged to the Comprehensive Income and Expenditure Statement		
		Re-measurement of the net defined benefit liability comprising:		
3,314	0	Return on plan assets (excluding the amount included in the net interest expense)	0	0
(6,533)	(5,330)	Actuarial (gains) and losses – experience	0	(142,220)
3,824	(42,720)	Actuarial (gains) and losses arising on changes in demographic assumptions	0	(83,260)
80,690	489,410	Actuarial (gains) and losses arising on changes in financial assumptions	(15,696)	75,060
59,455	542,710	Total charged to the Comprehensive Income and Expenditure Statement	1,464	(43,100)

2016-17		Movement in Reserves Statement	2017-18	
LGPS £000	Police £000		LGPS £000	Police £000
21,840	(101,350)	Reversal of net charges made to the (Surplus) or Deficit on the Provision of Services	(17,160)	(107,320)
		Actual amount charged against the general fund balance for pensions in the year:		
5,576	0	Employers' contributions payable to scheme	5,187	0
0	58,030	Retirement benefits payable to pensioners	0	62,970

2016-17		Pensions Assets and Liabilities Recognised in the Balance Sheet	2017-18	
LGPS £000	Police £000		LGPS £000	Police £000
(354,700)	(2,590,570)	Present value of the defined obligation	(356,627)	(2,484,500)
210,984	0	Fair value of plan assets	216,634	0
(143,716)	(2,590,570)	Value of Assets / (Liabilities)	(139,993)	(2,484,500)
(143,716)	(2,590,570)	Net (liability) / asset arising from the defined benefit obligation	(139,993)	(2,484,500)

2016-17		Movement in the Value of Scheme Assets	2017-18	
LGPS £000	Police Officer Pension Scheme £000		LGPS £000	Police Officer Pension Scheme £000
174,146	0	Opening fair value of scheme assets	210,984	0
40,009	0	Interest income	5,655	0
		Re-measurement gain / (loss):		
(3,314)	0	The return on plan assets, excluding the amount included in the net interest expense	0	0
5,576	58,030	Contributions from employer	5,187	62,970
2,059	9,980	Contributions from employees into the scheme	2,119	9,530
(7,492)	(68,010)	Benefits / transfers paid	(7,229)	(72,500)
		Admin Expense	(82)	0
210,984	0	Closing value of scheme assets	216,634	0

2016-17		Movements in the Fair Value of Scheme Liabilities	2017-18	
LGPS £000	Police Officer Pension Scheme £000		LGPS £000	Police Officer Pension Scheme £000
(263,983)	(2,105,890)	Opening balance at 1 April	(354,700)	(2,590,570)
(7,542)	(27,080)	Current service cost	(12,814)	(37,330)
(9,949)	(74,220)	Interest cost	(9,861)	(68,330)
(2,059)	(9,980)	Contributions from scheme participants	(2,119)	(9,530)
		Re-measurement gains and losses:		
6,533	5,330	- Actuarial gains / (losses) - experience	0	142,220
(3,824)	42,720	- Actuarial gains / (losses) from changes in demographic assumptions	0	83,260
(80,690)	(489,410)	- Actuarial gains / (losses) from changes in financial assumptions	15,696	(75,060)
0	(50)	Past service cost	(58)	(1,660)
(678)	0	Gains / (losses) on curtailments	0	0
7,492	68,010	Benefits / transfers paid	7,229	72,500
(354,700)	(2,590,570)	Balance as at 31 March	(356,627)	(2,484,500)

The liabilities show the underlying commitments that the Group will eventually have for retirement benefits. The total liability of £2,624m has a substantial impact on the net worth of the Balance Sheet. Statutory accounting arrangements to fund the deficit neutralise the effect on taxpayers. Finance is only required when the pensions are actually paid.

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

The total contributions expected to be made to the Staff Pension Scheme and the Police Officer Pension Scheme in the year ending 31 March 2019 are £5.1m and £16.8m respectively.

The expected return on scheme assets is determined by considering the expected returns available on the assets with the current investment policy:

- Expected yields on fixed interest investments are based on gross.
- Redemption yields as at the Balance Sheet date.

Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The actual return on scheme assets in the year was £5.6m (2016-17, £40.0m). The pension liability is sensitive to changes and the actuaries give an indication of this.

For the LGPS an increase of 0.1% on the present value of liabilities decreases the pension liability by £8.0m and a decrease by the same amount increases the pension liability by £8.1m.

For the police officers scheme an extra 0.5% on the discounting rate used increases the liability by £257m with a 0.5% decrease in the rate decreasing the liability by the same amount.

Pension Assumptions	LGPS		Police	
	2016-17	2017-18	2016-17	2017-18
Mortality assumptions				
Longevity at 65 retiring today				
Men	22.5 yrs	22.6 yrs	23.2 yrs	22.6 yrs
Women	25.5 yrs	25.6 yrs	25.2 yrs	24.6 yrs
Longevity at 65 retiring in 20 years				
Men	24.7 yrs	24.8 yrs	25.2 yrs	24.5 yrs
Women	27.8 yrs	27.9 yrs	27.3 yrs	26.1 yrs
Rate of inflation				
CPI Increases	2.70%	2.30%	2.35%	2.30%
Rate of increase in salaries	4.20%	3.80%	4.35%	4.30%
Rate of increase in pensions	2.70%	2.30%	2.35%	2.30%
Rate for discounting scheme liabilities	2.80%	2.60%	2.65%	2.55%

Value of LGPS Assets at Bid Value	31 March 2017 £000's	31 March 2017 %	31 March 2018 £000's	31 March 2018 %
Equity Investments	147,562	70	142,444	66
Gilts	6,450	3	4,963	2
Other Bonds	12,729	6	25,306	12
Property	23,458	11	27,213	13
Cash	10,615	5	4,280	2
Inflation-linked pooled fund	5,267	3	5,360	2
Infrastructure	4,903	2	7,068	3
	210,984	100	216,634	100

JOINT OPERATIONS

8.5 Joint Operations

Joint operations (JO's) are treated in accordance with IAS 31 - Interests in Joint Ventures. They are governed by legally binding Section 22 Agreements and incorporated into the accounts on agreed proportions. The Group participates in 12 collaborative arrangements with other PCC's covered by formal legal documents. The police officers involved are seconded from the individual forces and costs are borne in agreed proportions. These agreements meet the definition of JO's in that decisions on relevant activities require the unanimous consent of the parties sharing control. The relevant proportions of these assets are incorporated throughout these Accounts.

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

The proportion relating to Nottinghamshire has generally gone down due to the periodical measurement in accordance with an agreed formula.

There are six JO's between Nottinghamshire, Derbyshire, Leicestershire, Lincolnshire and Northamptonshire and Nottinghamshire's proportion is 27.3% (27.6% 2016-17).

- The East Midlands Special Operations Unit (EMSOU).
- The East Midlands Special Operations Major Crime (EMSOMC).
- The East Midlands Technical Surveillance Unit (EMTSU)
- The East Midlands Occupational Health Unit (EMCHRS OHU).
- The East Midlands Forensic Support Services (EMFSS).
- The East Midlands Legal Service (EMLS).
- The Regional Emergency Services Network (ESN) 22.6%.

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

Nottinghamshire's proportion is 34.9% (36.29% 2016-17)

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

The other collaborations are:

- The East Midlands Commercial Services Unit (EMSCU), is a two way shared service with Northamptonshire. The share of costs for Nottinghamshire this year is 50% (50% 2016-17).
- The East Midlands Learning & Development (EMCHRS L&D) is a four way shared service with Leicestershire, Derbyshire, and Northamptonshire. Nottinghamshire's proportion is 31.42% (31.7% 2016-17).
- The shared service for transactional HR and finance - MFSS with Cheshire and Northamptonshire and Civil Nuclear Police has expanded to include Avon & Somerset for a small part of the year. The share of costs for Nottinghamshire this year is 29.81% (32.64% 2016-17).

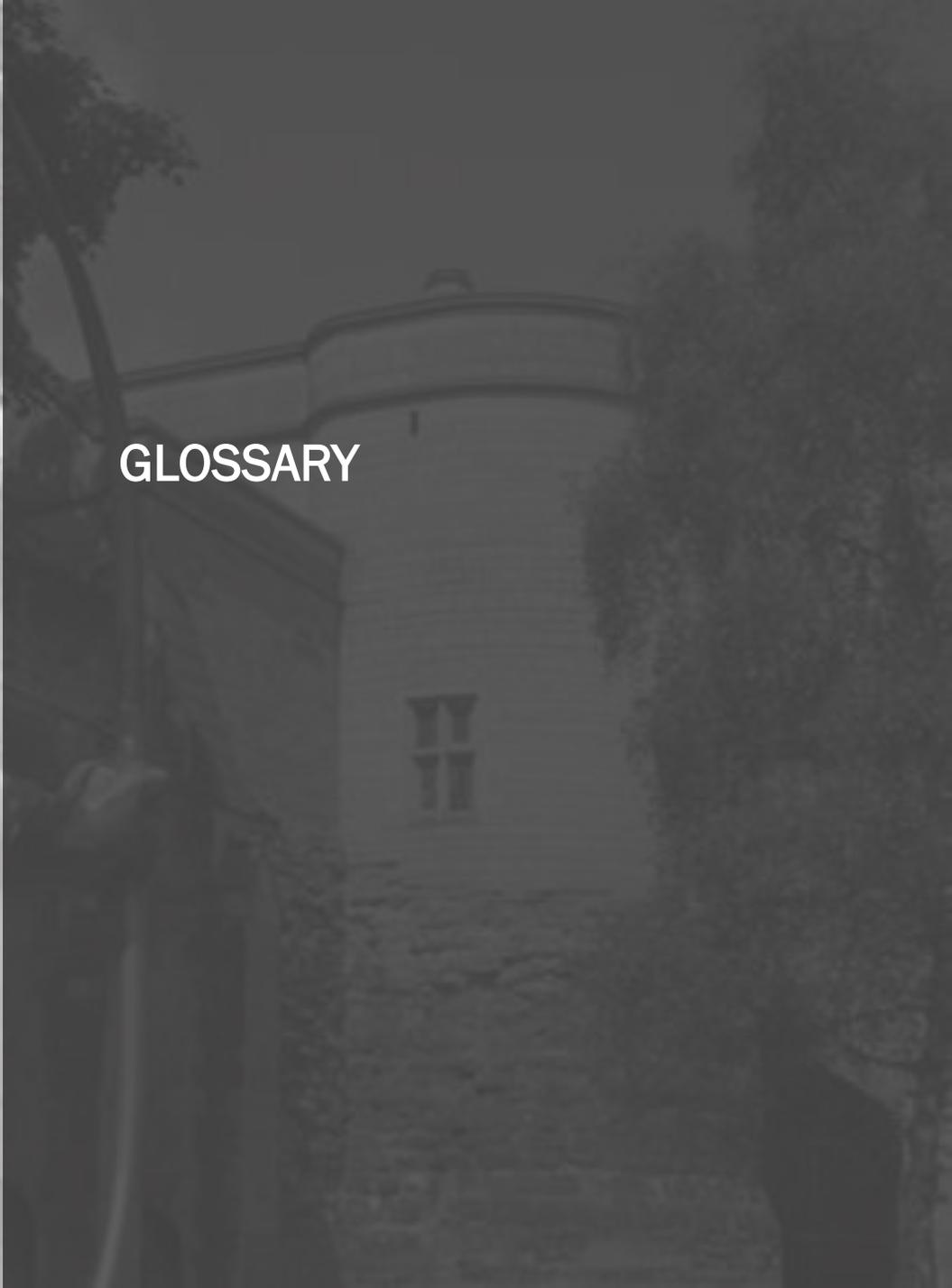
2016-17			Joint Operations Comprehensive Income and Expenditure Statement	2017-18		
Expenditure £000	Income £000	Net £000		Expenditure £000	Income £000	Net £000
12,823	0	12,823	Cost of Police Services	14,586	0	14,586
12,823	0	12,823	Cost of Services	14,586	0	14,586
28	(639)	(611)	Other Operating Expenditure / Income	174	(866)	(692)
	(1,593)	(1,593)	External Grants and Contributions	0	(2,573)	(2,573)
0	(10,883)	(10,883)	Contributions From Partners	0	(11,955)	(11,955)
12,851	(13,115)	(264)	(Surplus) or Deficit on Provision of Services	14,760	(15,394)	(634)
	0		Other CIES			(12)
	(264)		Total CIES			(646)

Joint Operations Movement in Reserves	General			Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
	Fund Balance £000	Earmarked Reserves £000	Capital Grants Unapplied £000			
Balance at 31 March 2017	(75)	(1,023)	0	(1,098)	(2,473)	(3,571)
Movement in reserves during 2017-18						
(Surplus) / deficit on the provision of services	(634)	0	0	(634)	0	(634)
Other CIES	(12)	0	0	(12)	0	(12)
Total CIES	(646)	0	0	0	0	(646)
Adjustments between accounting basis and funding basis under regulations	423	0	0	0	(423)	0
Net(Increase) or Decrease before Transfers to Earmarked Reserves	(223)	0	0	(223)	0	0
Transfers to / (from) Earmarked Reserves	223	(223)	0	0	0	0
(Increase) or Decrease in 2017-18	0	(223)	0	(223)	(423)	(646)
Balance at 31 March 2018	(75)	(1,246)	0	(1,321)	(2,896)	(4,217)

31 March 2017 £000	Joint Operations Balance Sheet	31 March 2018 £000
2,373	Property, Plant and Equipment	2,917
142	Intangible Assets	182
2,515	Long Term Assets	3,099
123	Assets Held for Sale	0
634	Short Term Debtors	1,262
470	Cash and Cash Equivalents	1,541
1,227	Current Assets	2,803
(171)	Short-Term Creditors	(1,685)
(171)	Current Liabilities	(1,685)
0	Long Term Liabilities	0
3,571	Net Assets	4,217
(1,098)	Usable Reserves	(1,321)
(2,473)	Unusable Reserves	(2,896)
(3,571)	Total Reserves	(4,217)



GLOSSARY



GLOSSARY

ACCOUNTING PERIOD	ACCOUNTING POLICIES	ACCRUALS
The period of time covered by the accounts, normally a period of twelve months commencing on 1 April. The end of the accounting period is the Balance Sheet date.	These are a set of rules and codes of practice used when preparing the Accounts.	Sums included in the final accounts to recognise revenue and capital income and expenditure earned or incurred in the financial year, but for which actual payment had not been received or made as at 31 March.
ACT	ACTUARIAL GAINS AND LOSSES	ASSET
The Police Reform and Social Responsibilities Act 2011.	<p>For a defined benefit pension scheme, the changes in actuarial surpluses or deficits that arise because:</p> <p>Events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses); or the actuarial assumptions have changed.</p>	<p>An item having value to the Authority in monetary terms. Assets are categorised as either current or non-current.</p> <ul style="list-style-type: none"> • A current asset will be consumed or cease to have material value within the next financial year (e.g. cash and stock). • A non-current asset provides benefits to the Authority and to the services it provides for a period of more than one year and may be tangible e.g. a police station, or intangible, e.g. computer software licences.
AUDIT OF ACCOUNTS	BALANCE SHEET	BORROWING
An independent examination of the Authority's financial affairs	A statement of the recorded assets, liabilities and other balances at the end of the accounting period.	Using cash provided by another party to pay for expenditure, on the basis of an agreement to repay the cash at a future point, usually incurring additional interest charges over and above the original amount.

BUDGET	CAPITAL EXPENDITURE	CAPITAL FINANCING
<p>The forecast of net revenue and capital expenditure over the accounting period.</p>	<p>Expenditure on the acquisition of a fixed asset, which will be used in providing services beyond the current accounting period, or expenditure which adds to and not merely maintains the value of an existing fixed asset.</p>	<p>Funds raised to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, leasing, direct revenue financing, usable capital receipts, capital grants, capital contributions, revenue reserves and earmarked reserves.</p>
CAPITAL PROGRAMME	CAPITAL RECEIPT	CIPFA
<p>The capital schemes the Authority intends to carry out over a specific period of time.</p>	<p>The proceeds from the disposal of land or other fixed assets. Proportions of capital receipts can be used to finance new capital expenditure, within rules set down by the government but they cannot be used to finance revenue expenditure.</p>	<p>The Chartered Institute of Public Finance and Accountancy.</p>
CODE	COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT	CONSISTENCY
<p>The CIPFA Code of Practice on Local Authority Accounting governs the content of these accounts.</p>	<p>The account of the Authority that reports the net cost for the year of the functions for which it is responsible and demonstrates how that cost has been financed from precepts, grants and other income.</p>	<p>The concept that the accounting treatment of like items, within an accounting period and from one period to the next, are the same.</p>

CONTINGENT ASSET	CONTINGENT LIABILITY	CREDITOR
<p>A contingent asset is a possible asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Authority's accounts.</p>	<p>A contingent liability is either:</p> <ul style="list-style-type: none"> • A possible obligation arising from past events whose existence will be confirmed only by the occurrence of uncertain future events not wholly within the Authority's control; or • A present obligation arising from past events where it is not probable that a transfer of economic benefits will be required, or the amount of the obligation cannot be measured with sufficient reliability. 	<p>Amount owed by the Authority for work done, goods received or services rendered within the accounting period, but for which payment has not been made by the end of that accounting period.</p>
CURRENT SERVICE COST (PENSIONS)	DEBTOR	DEFINED BENEFIT PENSION SCHEME
<p>The increase in the present value of a defined benefits pension scheme's liabilities, expected to arise from employee service in the current period.</p>	<p>Amount owed to the Authority for works done, goods received or services rendered within the accounting period, but for which payment has not been received by the end of the accounting period.</p>	<p>Pension schemes in which benefits received by the participants are independent of the contributions paid and are not directly related to the investments of the scheme.</p>
DEPRECIATION	DISCRETIONARY BENEFITS (PENSIONS)	EVENTS AFTER BALANCE SHEET DATE
<p>The measure of the cost of wearing out, consumption or other reduction in the useful economic life of the Authority's fixed assets during the accounting period, whether from use, the passage of time or obsolescence through technical or other changes.</p>	<p>Retirement benefits, which the employer has not legal, contractual or constructive obligation to award and are awarded under the Authority's discretionary powers such as the Local Government (Discretionary Payments) Regulations 1996.</p>	<p>Events after the Balance Sheet date are those events, favourable or unfavourable, that occur between the Balance Sheet date and the date when the Statement of Accounts is authorised for issue.</p>

EXPECTED RETURN ON PENSION ASSETS	FAIR VALUE	FINANCE LEASE
For a funded defined benefit scheme, this is the average rate of return, including both income and changes in fair value but net of scheme expenses, which is expected over the remaining life of the related obligation on the actual assets held by the scheme.	The fair value of an asset is the price at which it could be exchanged in an arm's length transaction.	A lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lease.
GOING CONCERN	IFRS	GROUP
The concept that the Statement of Accounts is prepared on the assumption that the Authority will continue in operational existence for the foreseeable future.	International Financial Reporting Standards are developed by the International Accounting Standards Board (IASB) and regulate the preparation and presentation of Financial Statements. Any material departures from these Standards would be disclosed in the notes to the Accounts.	Nottinghamshire Office of the Police and Crime Commissioner and its Group.
IMPAIRMENT	INTANGIBLE ASSTS	INTEREST COSTS (PENSION)
A reduction in the value of a fixed asset to below its recoverable amount, the higher of the asset's fair value less costs to sell and its value in use.	An intangible (non-physical) item may be defined as an asset when access to the future economic benefits it represents is controlled by the reporting entity. This Authority's intangible assets comprise computer software licences.	For a defined benefit scheme, the expected increase during the period of the present value of the scheme liabilities because the benefits are one period closer to settlement.

LIABILITY	MATERIALITY	MINIMUM REVENUE PROVISION (MRP)
<p>A liability is where the Authority owes payment to an individual or another organisation:</p> <ul style="list-style-type: none"> • A current liability is an amount which will become payable or could be called in within the next accounting period, e.g. creditors or cash overdrawn. • A deferred liability is an amount which by arrangement is payable beyond the next year at some point in the future or to be paid off by an annual sum over a period of time. 	<p>The concept that the Statement of Accounts should include all amounts which, if omitted, or mis-stated, could be expected to lead to a distortion of the financial statements and ultimately mislead a user of the accounts.</p>	<p>The minimum amount which must be charged to the revenue account each year in order to provide for the repayment of loans and other amounts borrowed by the Authority.</p>
NET BOOK VALUE	NON-DISTRIBUTED COSTS	NON-OPERATIONAL ASSETS
<p>The amount at which fixed assets are included in the balance sheet, i.e. their historical costs or current value less the cumulative amounts provided for depreciation.</p>	<p>These are overheads for which no user now benefits and as such are not apportioned to services.</p>	<p>Fixed assets held by the Authority but not directly occupied, used or consumed in the delivery of services. Examples are investment properties, assets under construction or assets surplus to requirements pending sale or redevelopment.</p>
OPERATING LEASE	OPERATIONAL ASSETS	PAST COSTS (PENSIONS)
<p>A lease where the ownership of the fixed asset remains with the lessor.</p>	<p>Fixed assets held and occupied, used or consumed by the Authority in the pursuit of its strategy and in the direct delivery of those services for which it has either a statutory or discretionary responsibility.</p>	<p>For a defined benefit pension scheme, the increase in the present value of the scheme liabilities related to the employee service in prior periods arising in the current period as a result of the introduction of, or improvement to retirement benefits.</p>

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

**REVENUE EXPENDITURE
CAPITALISED UNDER STATUTE
(REFCUS)**

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

TEMPORARY BORROWING

Money borrowed for a period of less than one year.

USEFUL ECONOMIC LIFE (UEL)

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

For Information	
Public	Public
Report to:	Joint Audit and Scrutiny Panel (JASP)
Date of Meeting:	24th July 2018
Report of:	Chief Constable
Report Author:	Detective Chief Inspector Young
E-mail:	
Other Contacts:	
Agenda Item:	8

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

Tackling Fraud – Nottinghamshire Police

1. Purpose of the Report

1.1 The purpose of this report is to provide an overview of Nottinghamshire Police's:

- Current investigative response to fraud, including strategic principles
- Identification and management of vulnerability
- Collaborative and preventative working arrangements

2. Recommendations

2.1 It is recommended that the meeting notes the content of this report.

3. Reasons for Recommendations

3.1 To ensure that members are aware and updated on the Force's strategy in relation to tackling fraud.

4. Summary of Key Points

4.1 Contextual Summary

4.1.1 Nationally, fraud offences make up around half of all reported crimes and this statistic is replicated within Nottinghamshire. It is also significantly under-reported as a crime category leading to a high probability of unaccounted for demand and an associated victim base that have not engaged meaningfully with the authorities. Within Nottinghamshire Police, fraud offences are the responsibility of a dedicated unit managed under Organised Crime and regarded as a specialist function. This includes capability for the management and investigation of specialist offences, such as election fraud or bribery and corruption. Advances in technology and the level of sophistication in criminal modus operandi have contributed to the rise and complexity surrounding fraud investigations. There is a clear and defined link between technology and fraud (cyber-enabled offending) that has caused a necessary mind-set shift from

pursue based activities to ones that are focussed on prevention and protection.

4.1.2 Fraud affects all parts of society whether as individuals or as part of the business community. Some victims may be more susceptible, for example the casual approach of the young in sharing online personal data or the vulnerability of elderly people who are more easily exploited through 'grooming' style techniques. Similarly, businesses that are unable or reluctant to invest in protective technologies and training face a greater risk of exposure to fraud with an increasing consequence of fatal economic damage to their business.

4.2 **Resource & Investigative Structure**

4.2.1 The Fraud Unit operates within the Organised Crime Department, under the Crime & Operational Support Command.

4.3 **Acceptance Criteria**

4.3.1 The aim of Nottinghamshire Police is to deliver a proportionate investigative response to all reported fraud offences and to prioritise those cases that impact most heavily on the vulnerability of the victim and the threat, risk or harm to citizens of Nottinghamshire.

4.3.2 To support this principle, fraud investigators are empowered to apply criteria for the purpose of determining the type of response that each reported crime will warrant, appropriately prioritising those where vulnerability and risk are most apparent. This takes the form of a structured guidance document (Acceptance Criteria) that informs the decision making process. All fraud offences are managed through the unit, ensuring that the criteria are applied consistently and fairly.

4.4 **Sources of Referral**

4.4.1 **National Fraud Investigation Bureau Disseminations**

These are cases that have been referred to Action Fraud, assessed as containing viable investigative leads by the National Fraud Investigation Bureau (NFIB) and distributed to Police Forces via a dedicated email address. Upon receipt, they are registered on NICHE and auto-allocated to the Fraud Unit.

Determination for allocation is governed by NFIB criteria, as shown below:

1. The police force covering the location of the fraudulent operation e.g. suspects address/company office

2. The police force with the greatest number of individual usages on a card or account
3. The police area where the first offence was committed
4. The police force where the victim resides
5. If impossible to determine from 1 to 4 above, the NFIB will determine.

Individual disseminations can include multiple victims and suspects. The dissemination is sent under a single reference number, but may include numerous victim reports.

As the disseminations are frequently sent on the basis of the suspect location, it is common for each force to investigate allegations where they have victims located in other force areas, and with no victims located within the investigating force area.

4.4.2 NFIB Referrals Featuring Vulnerability

If the NFIB disseminate an investigation to an area that does not include the home address of a vulnerable victim, they may generate a control room incident requesting that the home force for the victim attend and conduct a safeguarding assessment.

4.4.3 Calls for Service

These are cases that are reported to Nottinghamshire Police directly and require a local attendance in accordance with force attendance grading criteria. Additionally, all Calls for Service will also require onward referral to Action Fraud.

The flow chart at **Appendix A** details the considerations applied by Control Room staff when determining whether a reported incident of fraud requires attendance by a Nottinghamshire Police resource. Where the flow chart indicates that attendance is not required, the Control Room should advise the caller to report the allegation to Action Fraud via the online portal or by telephone. Under these circumstances, a Nottinghamshire Police incident would not be created.

Any referral to Action Fraud creates an National Fraud Reporting Centre (NFRC) reference which is a crime number. These are held by the City of London Police, not the Home Force and are completely compliant with crime recording protocols.

4.4.4 SAR Referrals

Suspicious Activity Reports (SAR) are generated through the financial services industry and reach Police Forces in report form. They are confidential disclosures between the Financial Services Industry and Law Enforcement and therefore not disclosable to involved parties, whether as victims or suspects.

Nottinghamshire Police expect to receive in excess of 300 reports each month and these are managed by the Financial Investigation Unit that is co-located with Fraud. A process is in place that reviews each report, with appropriate action taken where suspicion of criminality or vulnerability is identified. Examples of suspicious activities

could include foreign money transfers or large cash withdrawals that could be indicative of organised crime or some form of exploitation. Some such cases will be referred to the Fraud Unit for consideration of further investigation or safeguarding measures.

Nottinghamshire Police has received 2728 SAR reports in the first half of 2018 and employs three Financial Intelligence Officers within the Financial Investigation Unit to proactively examine all SARs.

Nottinghamshire are one of only a handful of forces to do this, recognising that in this way we can truly identify and deal with vulnerable victims, identify investigative opportunities and develop intelligence that supports current operations.

SARs are the only mechanism by which financial institutions are able to share intelligence with law enforcement and have proved to be of particular value in identifying victims of investment fraud, romance fraud, advance fee fraud and recovery fraud; many of whom are categorised as, yet often fail to see themselves as vulnerable victims.

In addition to SARs, the FIOs also receive Defence Against Money Laundering (DAML) requests from financial institutions seeking consent to conduct onward transactions where concerns have been identified. The NCA send SARs directly to the Force where they have identified vulnerability or criminality.

Nottinghamshire Police FIOs have identified 65 vulnerable victims over and above those disseminated by the NCA. As noted, these victims do not typically identify as victims of fraud and therefore will not report themselves to the police.

Whilst each force develops its own policy in relation to how SAR intelligence is used, Nottinghamshire police are recognised as good practice and currently chair the East Midlands Regional Financial Investigation Working Group. In this capacity, Nottinghamshire has secured a seat on the National Financial Investigations Working Group and as such we are able to promote best practice in proactively supporting vulnerable victims of financial crime and using financial intelligence to its fullest potential.

4.5 **Prevention and Collaboration**

Established practices exist within Nottinghamshire Police that focus specifically on preventative strategies that aim to:

- Prevent re-victimisation
- Intervene where vulnerability is identified
- Communicate protective messaging

4.5.1 Banking Protocol

The Banking Protocol is a partnership between financial institutions, the police and other agencies. The primary objectives of the Protocol are:

- The identification of individuals who are coerced/deceived into attending their local bank to withdraw or transfer funds to pass on to criminals
- The prevention of that fraud taking place
- The provision of victim support to reduce the individual's future susceptibility to fraud
- Where possible, arrest of the suspect

In practice, these incidents relate to occasions where employees at financial institutions believe that a customer, present at the branch may be subject to a fraud. Other factors include the presence of a suspect in the vicinity and the necessity to safeguard their customer's funds by preventing cash withdrawal or transfers. If these concerns are met, the member of staff will contact the police via 999 quoting '**Banking Protocol.**' which will prompt the immediate despatch of officers to the location. Successful interventions have resulted in the arrest of numerous suspects for rogue trader type offences, identified victims of fraud and prevented the loss of over £280k.

In the last 12 months there have been six arrests and £282,210 prevented losses from attempted fraud in Notts as a result of 94 protocol activations. The Banking Protocol shows how close cooperation between the industry and law enforcement helps protect victims, crack down on fraudsters and provides a joined-up approach, which in itself is crucial to stay one step ahead of fraudsters. Excellent working relations with local banks have enabled Nottinghamshire Police to very quickly intervene and prevent vulnerable people from being financially exploited.

4.5.2 Op Signature

Nottinghamshire have sought and applied best practice (developed by Sussex Police) through implementation of a process whereby individuals at risk of financial abuse are identified and supported through the delivery of 'Protect' advice and other measures that are commensurate to their assessed level of financial vulnerability (**see Appendix B & C for examples**). These assessments are undertaken in relation to Calls for Service, Banking Protocol incidents, NFIB disseminations, Suspicious Activity Reports, referrals from partner agencies and monthly Action Fraud Victim Data. All assessments are completed by utilising a number of financial vulnerability considerations, which include age, mental capacity, disability, the impact of the fraud both financially/emotionally, any future risk to the victim and other safeguarding issues. To manage demand effectively, a tiered response is applied:

- High risk – Personal visit from a Fraud Protect Officer
- Medium Risk – Protection advice letter/email
- Low Risk – No further action

Fraud Protect visits will be conducted by a combination of two Fraud Protect Assistants and a cadre of trained PCSOs across the NPTs. They will be centrally tasked by the Op Signature team with outcomes recorded on NICHE. The number of visits the victim receives is case-dependent and will continue until the risk of financial vulnerability has been mitigated.

This process is designed to complement the Force's existing work around overall vulnerability, with safeguarding considerations built into the initial fraud Protect visit actions and assessment. Public Protection Notices are submitted where appropriate.

Whilst Op Signature is clearly in its infancy, analysis of the initial and available data is demonstrating that circa 60 high and medium cases are identified per month, and by way of example, losses to victims have totalled in excess of £1Million (£1,042,187.00).

4.5.3 Multi-Agency Approach

Opportunities are taken to identify vulnerability and spread safety/prevention messages by working collaboratively with other agencies and charitable organisations. The following initiatives involve partnership working:

- Delivery of awareness training to care home operators and staff in relation to financial vulnerability and abuse. The training has already resulted in a marked increase in co-operation and reporting from care homes, reaching over 200 delegates.
- Nottinghamshire Fire and Rescue Service (NFRS) – agreement to work with the Fraud Protect Team from July 2018. The aspiration is that NFRS will train their crews to identify financial vulnerability/abuse. They will have access to the Operation Signature team for the purpose of making referrals and have additionally agreed to train Fraud/Cyber Champions within their own teams to deliver Protect messages.
- Get Safe On-line provide materials for social media, campaigns and leafleting whilst supporting bespoke events.
- Working with educational establishments throughout Nottinghamshire to deliver Protect messages to students. In 2017 the Protect Officer attended 'Fresher' events.
- County & City Trading Standards - Working together to avoid duplication of action and refer to each other where appropriate.
- Nottinghamshire Police issue alerts via social media utilising Facebook, Twitter and Neighbourhood Alerts.

4.5.4 Further collaboration opportunities, currently under development

- A meeting was scheduled for 10th July to progress engagement with the Action Fraud National Economic Crime Victim Care Unit.
- Catch22 - Agreement reached to jointly provide consistent advice to service users
- Chamber of Commerce & Federation of Small Businesses - Links to Nottinghamshire businesses via this relationship with an agreement from the Protect team to complete presentations and support events.
- Although there is no current referral process in place due to capacity, agreement had previously been reached with Age UK and the Rural Community Action Network that they would assist in delivering Protect advice.

4.6 Conclusion

4.6.1 This report demonstrates that fraud is multi-faceted, technical and requires collaborative effort to achieve the right outcomes on behalf of the most vulnerable victims. Our approach to tackling fraud will be considered as part of the Force Annual Departmental Assessment.

4.6.2 The clear focus has become on how fraud can be prevented and victim's protected as a result of the volume of offences and also as a result of jurisdictional limitations, such as offenders operating from abroad.

4.6.3 Investment in specialist training that keeps pace with technical developments in offending are key to providing an effective response to pursue serious offenders, whilst more generalised training is required to enhance the skillset of frontline officers who can more widely support preventative and protective messaging and identify vulnerability at first point of contact. Adapting to changes in offending, reporting and vulnerability are essential to maintaining and developing the service provided.

5. Financial Implications and Budget Provision

5.1 There are no financial implications arising from this report.

6. Human Resources Implications

6.1 There are no HR implications arising from this report.

7. Equality Implications

7.1 There are no equality implications arising from this report.

8. Risk Management

8.1 Any risks are highlighted within the body of the report.

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

9.1 The Force's approach to tackling fraud is intrinsically linked with the Police and Crime Plan priorities, specifically 'Protecting People from Harm' and 'Helping and Supporting Victims.'

10. Changes in Legislation or other Legal Considerations

10.1 There are no changes in legislation in relation to this report.

11. Details of outcome of consultation

11.1 There has been no additional consultation in relation to this report.

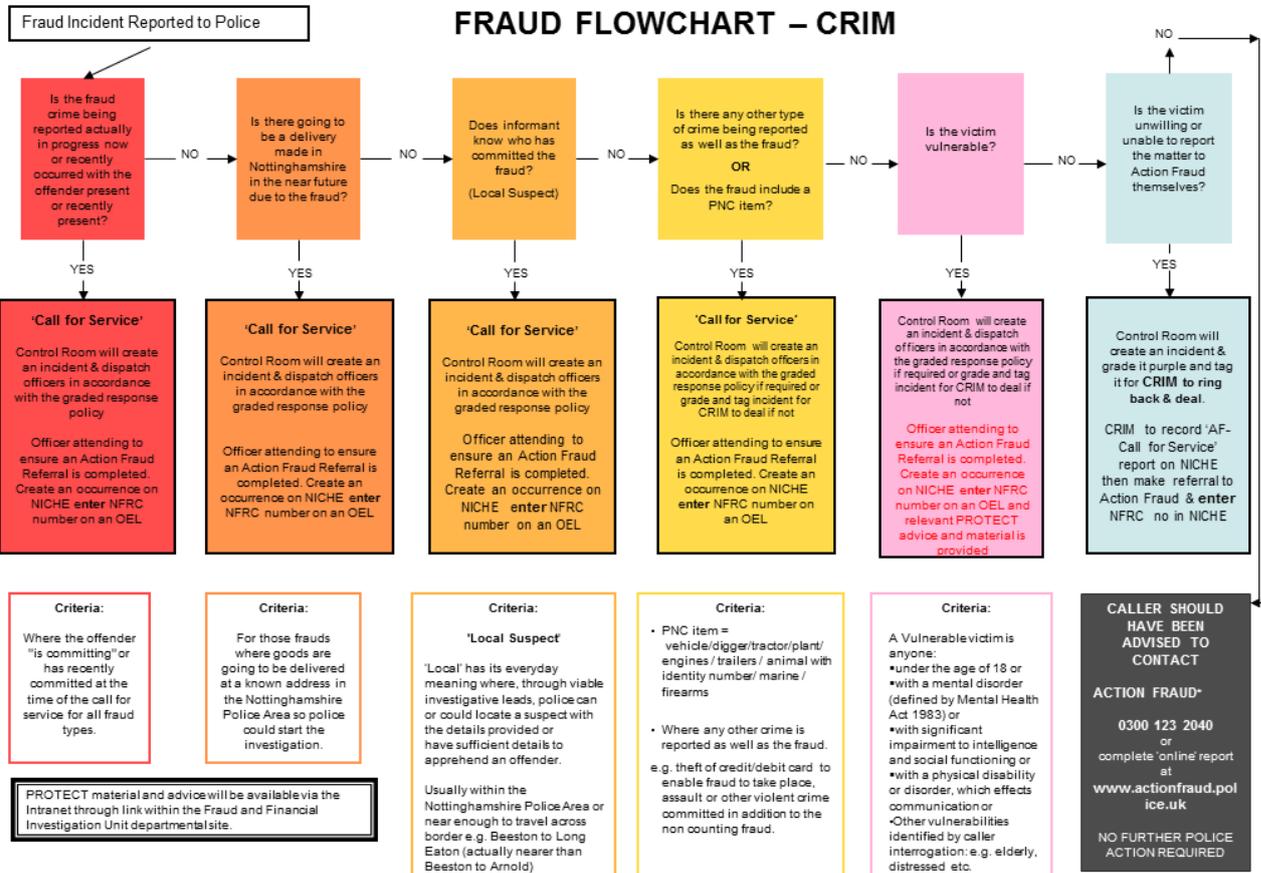
12. Appendices

12.1 Appendix A – Fraud flowchart CRIM.

12.2 Appendix B – BAN Romance Fraud.

12.3 Appendix C – Advice doc.

Appendix A



Appendix B

BAN Romance Fraud:

Beware of:

- **Anyone asking personal details:** On you/your background & nothing on themselves
- **The Sob Story:** Someone telling you how much they want to visit, but need a loan to pay for: Tickets/Visas or for medical expenses for desperately ill family members/children, discharge fees from their current job or for essential goods. There's also the too good to be true business deal to be aware of, if only they had some extra up-front money to pay into this!
- **Repayment:** Any reference to Gold/ Gems/Diamonds as a repayment, allowing you to check a pretend bank balance online to show you a fake bank balance. Don't become a money mule- The fraudster could send you a cheque and request you to transfer the funds over to them. However by doing this you could be committing a criminal offence of money laundering
- **Vague communication:** Around personal interests, they may repeat things or seem disconnected, dodge questions or make excuses for not meeting or speaking on the telephone.
- **Don't let time cloud your judgment:** Fraudsters use time to play their fake stories on you, make you believe the relationship is real, gain trust and all with one goal in mind, to financially exploit you, even if this is 1-2 years down the line.
- **Declarations of love:** This can be within a matter of weeks, days or hours, so be cautious! You need to know someone to come to love them. Instant messages of love could be someone trying to get right into your life for all the wrong reasons.
- **Opening email attachments:** **Don't** - Especially from someone you have only just met
- **Video Call:** Excuses to why the person can't do a video calls. With internet cafés and technology that surrounds the world; there's never an excuse to prevent face to face communication where ever you are.
- **Profiles:**
 1. **Profile Name:** Different user name to that of the person you are speaking with. For example: User name – 'Davidin2u' and first message received states 'Hello how are you, my name is Kelvin
 2. **Profiles that tug on heart strings:** Living on an oil rig, are in the military or left military work or widowed. Other indicators: They make reference to gold or gems to sell as repayment and/or have odd spelling and grammar
 3. **Profile Location:** Discrepancies - Location states is in Malaysia but their profile states they're looking for a relation in Germany

Always:

- **Use only reputable dating sites and their own messaging service:** Ensure sites used are part of the [Online Dating Association](#) (ODA). Fraudsters want to quickly switch to social media or to texting to avoid the sites own scam protection from detecting their grooming tactics and to hide their requests for money.
- **Keep safe:** Do not share pictures or information about yourself or others that can give someone a hold over you. Your private life should stay private until you know that person, have met face to face and can start to trust them. Often victims can be socially engineered through social media accounts like Facebook, to protect yourself, ensure you have all applicable security settings set to private preventing strangers from finding out everything about you, your interests, your history, conversations, friends and groups you have.
- **Speak openly about your dating:** Use trusted friends or family (don't let embarrassment scare you). If you're involved emotionally it's hard staying objective. Alert them if a contact starts

to feel strange, especially if the subject of money gets raised. If their advice is to back off, LISTEN! They have no emotional involvement and can provide the correct level of judgement with your best interests at heart.

- **Account Security:** Be careful when accessing your account. Public or shared computers can be used to view or record your password or personal information. Keep your internet security software up to date.
- **Stop communicating if pressured over anything:** For personal or financial information or who seems to be trying to trick you into providing it or tell you to keep your relationship a secret. Never agree to this. This is a ploy to stop you telling your family and friends who have the opportunity to see this for what it really is.
- **Profiles:**
 1. **User Names:** Choose a username that doesn't let everyone know who you are by not including your surname or anything that can identify you (eg. Place of work, family names or address).
 2. **Remember:** Overtly sexual, provocative or controversial usernames could attract the wrong kind of attention.
 3. **Keep Contact Details Private:** Stay in control when it comes to how and when you share information. Don't include your contact information such as your email address, home address, or phone number in your profile or initial communications. Take things slowly and share more information when you feel comfortable doing so (especially after regular face to face contact). It is impossible to get back information once you have given it away and this can be used against you later on.

Never:

- **Give Away Personal Information:** Revealing your full name, date of birth and home address. Giving this away may lead to your identity being stolen. If not advertised the Fraudster will try using other conversational tactics to try obtaining this information from you (eg. Whens your birthday? How old are you? This will give them your full date of birth)
- **Send or Agree to Receive Money** – The Fraudster will try anything in attempt to get your bank details. Never do this no matter how much you trust them or believe their story, don't forget if they're genuine they wouldn't ask you for any money. If you do send money, they'll continue to come back for more until you have nothing left.
- **Assume Fraudsters are Illiterate:** You are unlikely to see through the scam in an instant as you'd predict. Fraud/Scamming is a pretty sick line of business but it is a business for them. They practice tugging at heartstrings, show tenderness and love, but can generally be needy and tell victims what they want to hear and can relate to.
- **Leave the dating site:** Never move off the dating site to communicate as this prevents the site from protecting you and identifying fraud.

Appendix C

Advice (Recommended where applicable) - Part 1



PREVENT: No matter how realistic the story is or who they claim to be representing (even police), don't engage in conversations, or respond directly to an email or text. Contact the organisation using a number you know to be genuine, like the number from a bill or off the back of your bank card as this ensures the line is disconnected first. Never agree to send/receive money or give away your bank details/pin number to anyone who has contacted you.

Avoid giving away too many personal details online. Revealing your full name, date of birth and home address may lead to your identity being stolen.



Never give personal details to people who have contacted you or engage in any conversation with them. The below support will assist you in blocking and preventing unwanted calls:

- Change Telephone Numbers:** Contact phone provider and request them to change your telephone number.
- Stop International Calls:** You can limit calls calling you to UK calls only. If international numbers aren't required you can contact your network provider to stop these numbers from calling you.
- Telephone Preference Service (TPS):** Free opt-out service for individuals who do not want to receive unsolicited calls. Tel: **0845 070 0707** or visit: **www.tpsonline.org.uk**.
- True Caller:** For mobile phones you can download the **True Caller** app from any smart phone app store. Register your details and this will significantly reduce these cold callers coming through.
- Call Blocker phones:** BT4000 Advanced Nuisance Call Blocker (details provided on attached sheet) is an example of what nuisance call blocking aids are available on the market.
- Network Provider:** BT, Sky & TalkTalk provide free services to reduce unwanted calls (this is separate to the TPS service).
- Citizens Advice/Trading Standards:** If none of the call reducing options work Tel: **0345 404 0506** or call the police on **101** at any time. Trading Standards respond immediately where any Rogue Trader is present and give advice/support to all affected by rogue traders.



The below support will assist you with: Arranging mail re-direction if required by next of kin/family member, prevent and stop scam mail. Going forward do not to open any more scam mail and if you have an outdoor letter box please consider an indoor one to prevent theft of your mail/details:

- Mailing Preference Service (MPS):** Free register for individuals who do not want to receive unsolicited contacts by post. Tel: **0845 703 4599** (MPS registration line) or visit: www.mpsonline.org.uk.
- Royal Mail:** Can report scam mail by posting directly to **FREEPOST SCAM MAIL** and/or Tel: **0345 611 3413** or Email: scam.mail@royalmail.com.
- Think Jessica:** Protects elderly & vulnerable people from scams both postal & telephone. Can arrange for trading standards to pay a visit. Email: advice@thinkjessica.com or visit <http://www.thinkjessica.com>.

Advice (Recommended where applicable) - Part 2



Don't buy from the door step, genuine companies or charities will not knock on your door. Display a no cold calling sticker outside your door and always report suspicious activity immediately.

- Citizens Advice/Trading Standards:** Call when anyone has tried to sell to you on your door step immediately. Tel **0345 404 0506** or police on **101** at any time. Trading Standards respond immediately where any Rogue Trader is present and give advice/support to all affected by rogue traders.
- Checktrade:** For trading standards approved local traders and services. Tel: **0333 0146 190** or visit: www.checktrade.com. There are other trader lists that are available, and operate within the area, but trading standards in Nottinghamshire only check the traders on this list.



Tech support won't call you. Don't ever allow remote control to your computer or device as fraudsters use this tactic to gain access to your bank accounts and transfer themselves all of your money.

- Email:** Be careful with any unexpected emails, practically where the senders unknown. Don't open any attachments or click on any links sent.
- Change E-mail account if required:** To do this, generate a new account with your chosen provider. We recommend updating sites with new information for promotional offers, transaction invoicing and delivery information etc.

- Software:** Ensure all Antivirus/firewall, Malware protection; device APP updates and IOS software are all regularly updated. This will allow all the latest bug fixes to be installed and malicious software to be removed.
- Passwords:** Don't use generic passwords. Try and mix letters, numbers and symbols into your password and have more than one word within this. Using phrases can help and avoid any family or pets names. Visit: <https://howsecureismypassword.net/> to test how secure your password is.
- Device & Web:** Closing unused page/internet tabs and turning off computers when not in use as this leaves your device more vulnerable. Check in your URL (address tab) to ensure the padlock display is visible: 

General Fraud Prevention Advice: 

The below sites will give really valuable prevention advice:

- Get Safe Online:** <https://www.getsafeonline.org>
- Scam Smart:** <https://www.fca.org.uk/scamsmart>
- Action fraud:** Fraud and Cybercrime reporting centre. Please don't re-report this incident as already reported. Action Fraud provides fraud prevention advice and alerts on emerging tactics used by criminals. Visit: <https://www.actionfraud.police.uk/> for further fraud protection advice.

Advice (Recommended where applicable) - Part 3



Financial Considerations: 

- A power of attorney to next of kin:** Age UK can assist with this or visit: <https://www.gov.uk/power-of-attorney>
- Contact your bank/CreditCard company:** If account details have been used or compromised.
- Contact local Western Union/MoneyGram:** Let them know about the fraud and request they block future transactions (the bank may be able to do this).
- Credit Reference Agency:** A credit score is a tool used by lenders to help determine whether you qualify for a particular credit card, loan, mortgage or service. You can regularly monitor your credit file activity or report any fraud to a credit reference agency. You can do this using any of the 3 agencies:

Experian, Equifax, CallCredit.

With any 3 of the agencies you can ask for a 'Notice of Creation'. This will put a password on your credit file over all 3 credit reference agencies. This prevents anyone from accessing your credit report as you will need your password to access it.

- **Call Credit:** Offer a free service. Visit: <http://www.callcredit.co.uk/default.aspx> or Tel: **0330 024 7574**. With these you can add a 'Notice of Creation' by emailing consumer@callcreditgroup.com and providing them with your full name, address and date of birth
- **Experian:** Tel: 0344 481 0800 or visit: <http://www.experian.co.uk/>
- **Equifax:** Visit: <https://www.equifax.co.uk/>

- CIFAS:** Please call **CIFAS** directly and request they add you to their CIFAS database, this will cost £20.00. Please see the below information to help you:
CIFAS - Is a non-profit membership association, a dedicated Fraud Prevention Service within the UK to prevent against fraud through credit and is used by all banks, loan/finance companies, retail credit, insurance, with savings and investments, telecommunications, factoring, and share dealing.

Members share information about identified frauds in the fight to prevent further fraud. CIFAS is unique and is the world's first not for profit fraud prevention data sharing scheme.

If you have been the victim of identity theft or a scam, please report this to your financial services provider. Call **0330 100 0180** to be added to **CIFAS**.

Following specification by the Home Office under the Serious Crime Act 2007, public authorities are able to join CIFAS and share information reciprocally to prevent fraud. For more information visit <http://www.cifas.org.uk>

- ID Material Compromised:**
- **Passport:** Passport photo or copy of passport sent – Tel: **0300 222 0000**
 - **Driving licence:** If this is compromised recommend contacting insurance company to advise should they be receive any claims of the victim crashing in to them
 - **National Insurance number:** Contact the Inland Revenue to advise of the compromise. Tel: **0300 200 3500** (Mon - Fri: 8am to 8pm and Sat: 8am to 4pm)

Advice (Recommended where applicable) - Part 4



Financial Advice/Support Services:

- Money Advice Service:** Provides information and guidance on money management. Tel: 0300 500 5000 or www.moneyadvice.service.org.uk
- Citizens Advice:** Free legal advice in some parts of England. Free general support, advice and guidance. Call **0344 411 1444** or visit www.citizensadvice.org.uk
- Welfare Rights:** Provides free advice and help with claiming correct or emergency benefits, tax credits and advice on managing debt. Visit: www.nottinghamcity.gov.uk/welfare/rights

Wellbeing and Care Support:

- Age UK:** Advice and information, smoke alarms or improved security for people in later life, Tel: **0800 169 65 65** 8am to 7pm every day. Visit www.ageuk.org.uk
- Fire Service:** If fire alarm assistance is needed you can do a fire-service referral: <https://www.notts-fire.gov.uk/home-safety-check>. If anyone was to take this action on your behalf consent will need to be given.
- Catch 22 - Nottinghamshire Victim Care:** When affected by fraud/crime - Visit: www.nottsvictimcare.org.uk or Tel: **0800 304 7575** or **0115 934 2605** (Mon –Fri - 8am-8pm and Saturdays 9am-5pm) or email: admin@nottsvictimcare.org.uk
- The Silver Line:** Open all day every day they are a free and confidential helpline who offer advice and friendship through their helpline and services. Tel 0800 4708090 or visit www.thesilverline.org.uk
- Samaritans:** Whatever you're going through, call free 24 hours a day by calling from any phone on **116 123**.
You can call 24 hours a day. If you need a response immediately, it's best to call on the phone and is FREE to call.
- Metropolitan Connect Line Metropolitan Connect:** Provides free practical advice, connections to services and short term support (up to 3 months) to maintain independence. Tel: **0115 939 5406** or E-mail: connect@metropolitan.org.uk. See below for further detail on these services:
 1. **Improved physical, emotional or mental health and wellbeing** - Rediscovering skills and interests, exercise groups, preventing falls, keeping active, finding carers, help to manage long term health conditions including dementia
 2. **Maintaining independence** - Support to find local services, opportunities and resources to help improve self-confidence and give people more control
 3. **Managing money** - Support to budget effectively and manage income and expenditure
 4. **A safe and secure home** - Advice and support on anything from repairs and gardening to home security; aids and adaptations to looking at the options for moving home
 5. **Getting involved in the local community** - Support finding local activities, clubs, groups and leisure facilities
 6. **Befriending and social activities** - Getting in touch with old friends and meeting new ones

Advice (Recommended where applicable) - Part 5



- How to delete personal information from 192.com and other areas online:**  
-   

By scraping through public databases like the electoral roll, websites such as 192.com are able to collate your address, home phone number and more details all in one place. For a small fee, anyone can then discover a large amount of information about you that you may have considered relatively private.

So, if you'd rather people didn't know how much you paid for your current property or other personal details, read on to find out what 192.com knows about you and how to delete your information from the internet.

What does 192.com know about me?

Anyone can register for an account with 192.com and by doing so you'll be able to obtain several key details about a person's identity. By paying extra for one of the site's 'Background Reports' it claims to be able to provide (among other things) your:

- **Full Address**
- **Age Guide**
- **Telephone Numbers**
- **Alive or Dead Status**
- **Neighbours**
- **Company Financials 2002-2013**
- **County Court Judgments**

How to remove your personal details from the web in three key steps:

1. Make your phone number ex-directory:

To avoid having your phone number listed on websites, you need to contact your phone company to have yourself made ex-directory. This also means your number and address won't appear in local telephone directories. For BT call free by calling: 0800 800 150 (between 8.30am and 5pm, Monday to Friday).

2. Get taken off the electoral register:

The electoral register is where sites like 192.com garner the majority of your personal details. To erase yourself from its published incarnation, you'll have to contact your local council or tick the relevant box on the annual voter registration form. This will also stop directory services accessing the information in future.

3. Submit a takedown request to 192.com:

Information already collected and published by 192.com will remain live until you request it be taken down. In the case of 192.com, you need to fill out its record removal form (<http://statics.192.com/rel-4b1442/downloads/C01.pdf>) by printing it and then emailing or posting it back to the company on:

Email:

feedback@192.com

Address:

Customer Services, 192.com, Unit 8-10 Quayside Lodge, William Morris Way, London, SW6 2UZ

C01: Record Removal Form



To remove your details please complete the form and return by either:

Email: feedback@192.com

Post: The C01 Requests Administrator,
192.com Ltd, Unit 8 Quayside Lodge,
William Morris Way, London, SW6 2UZ

192.com is the UK's leading people finding website.
The personally identifiable information found on 192.com has been
obtained from various public sources including the edited Electoral
Register and the Telephone Directory

On receipt of this form we have 21 days to remove your record
under the Data Protection Act 1998.
However we do aim to remove all records within 7 days.

Details to be removed

We can only remove your record if the information given on this form matches the details we have on 192.com

PRIMARY ADDRESS

SURNAME:

FULL ADDRESS:

POSTCODE:

PREVIOUS OR ALTERNATIVE ADDRESSES

FULL ADDRESS:

POSTCODE:

FULL ADDRESS:

POSTCODE:

SIGNED:

DATE: ___/___/___

192.com and search engines

When we remove a record from 192.com this does not automatically remove the link as shown on Google and other search engines. Once your record is removed, if anyone clicks on the link on Google the page they are taken to will not show your record.

Unwanted marketing calls and posts

192.com is not used for direct marketing and removing yourself from 192.com will not stop you from receiving unwanted marketing calls or post.
To stop receiving unwanted direct marketing please visit www.tpsonline.org.uk or www.mpsonline.org.uk

For Information / Consideration	
Public/Non Public*	Public
Report to:	Joint Audit and Scrutiny Panel
Date of Meeting:	July 2018
Report of:	Chief Finance Officer
Report Author:	Charlotte Radford
Other Contacts:	Brian Welch
Agenda Item:	9

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 2019-19 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 2018-19



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

Internal Audit Progress Report 2017/18 & 2018/19

June 2018

Presented to the Joint Audit & Scrutiny Panel meeting of: 24th July 2018

Contents

- 01 Introduction
- 02 Summary and conclusions from Internal Audit work to date
- 03 Performance 2017/18

Appendices

- A1 Summary of Reports 2017/18
- A2 Summary of Reports 2018/19
- A3 Internal Audit Plan 2017/18
- A4 Internal Audit Plan 2018/19
- A5 Definition of Assurances and Priorities
- A6 Contact Details
- A7 Statement of Responsibility

01 Introduction

- 1.1 The purpose of this report is to update the Joint Audit & Scrutiny Panel (JASP) as to the progress in respect of the Operational Plan for the year ended 31st March 2018, together with progress on delivering the 2018/19 Internal Audit Plan which was considered and approved by the JASP at its meeting on 30th May 2018.
- 1.2 The Police and Crime Commissioner and Chief Constable are responsible for ensuring that the organisations have proper internal control and management systems in place. In order to do this, they must obtain assurance on the effectiveness of those systems throughout the year, and are required to make a statement on the effectiveness of internal control within their annual report and financial statements.
- 1.3 Internal audit provides the Police and Crime Commissioner and Chief Constable with an independent and objective opinion on governance, risk management and internal control and their effectiveness in achieving the organisation's agreed objectives. Internal audit also has an independent and objective advisory role to help line managers improve governance, risk management and internal control. The work of internal audit, culminating in our annual opinion, forms a part of the OPCC and Force's overall assurance framework and assists in preparing an informed statement on internal control.
- 1.4 Responsibility for a sound system of internal control rests with the Police and Crime Commissioner and Chief Constable and work performed by internal audit should not be relied upon to identify all weaknesses which exist or all improvements which may be made. Effective implementation of our recommendations makes an important contribution to the maintenance of reliable systems of internal control and governance.
- 1.5 Internal audit should not be relied upon to identify fraud or irregularity, although our procedures are designed so that any material irregularity has a reasonable probability of discovery. Even sound systems of internal control will not necessarily be an effective safeguard against collusive fraud.
- 1.6 Our work is delivered in accordance with the Public Sector Internal Audit Standards (PSIAS).

02 Summary of internal audit work to date

- 2.1 Since the last progress report to the JASP we have issued two final reports in respect of Counter Fraud Arrangements, one in respect of a review of policies and the other summarising the result of a fraud survey. Whilst we have issued in draft the follow-up report in respect of DMS, this remains in draft awaiting management's response. Further details are provided in Appendix 1.

Nottinghamshire 2017/18 Audits	Report Status	Assurance Opinion	Priority 1 (Fundamental)	Priority 2 (Significant)	Priority 3 (Housekeeping)	Total
Seized Property	Final	Limited	5	4	1	10
Workforce Planning	Final	Satisfactory	-	4	4	8
Estates Management	Final	Satisfactory	-	-	3	3
Fleet Management	Final	Satisfactory	-	5	1	6
PEEL Review Action Plan	Final	N/A	-	-	-	-
Road Safety Partnership	Final	Limited	3	2		5
Procurement Follow-up	Final	Satisfactory	-	4	2	6
Core Financial Systems	Final	Satisfactory	-	6	4	10
Counter Fraud Review	Final	N/A	-	-	-	-
DMS Follow-up	Draft					
Total			8	25	15	48

- 2.2 Work in respect of the 2018/19 is currently being planned in, with the first Nottinghamshire-specific audit, MFSS Contract Management, having recently been completed and the draft report issued. There has been the need to delay a couple of audits from the timings initially indicated in the audit plan, however we are in the process of agreeing new start dates. Further details are provided in Appendix 3.

2.3 With regards the audits carried out in respect of collaboration arrangements, we have recently issued the final report in respect of the Proceeds of Crime Act (POCA) and will review the arrangements in place across the region to manage cash and property seizures. A summary of this report is provided in Appendix 1.

Collaboration Audits 2017/18	Status	Assurance Opinion	Priority 1 (Fundamental)	Priority 2 (Significant)	Priority 3 (Housekeeping)	Total
EMCHRS Learning & Development ¹	Final	Satisfactory		2	3	5
EMSOU Forensic Services ¹	Final	Significant			3	3
EMCHRS Occupational Health ¹	Final	Substantial			3	3
Criminal Justice (EMCJS) ¹	Final	Satisfactory		1	2	3
POCA ¹	Final	Satisfactory			4	4
Total			-	3	15	18

¹Denotes those collaborative arrangements which Nottinghamshire are a part of.

2.4 The first piece of work under the heading of 'Collaboration' has recently been completed and the final memo issued. This was in respect of a review of Regional Collaboration Assurance Statements. Further details of this are provided in Appendix 2.

03 Performance 2017/18

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

No	Indicator	Criteria	Performance
1	Annual report provided to the JASP	As agreed with the Client Officer	Achieved
2	Annual Operational and Strategic Plans to the JASP	As agreed with the Client Officer	Achieved
3	Progress report to the JASP	7 working days prior to meeting.	Achieved
4	Issue of draft report	Within 10 working days of completion of final exit meeting.	100% (10/10)
5	Issue of final report	Within 5 working days of agreement of responses.	100% (9/9)
6	Follow-up of priority one recommendations	90% within four months. 100% within six months.	N/A
7	Follow-up of other recommendations	100% within 12 months of date of final report.	N/A
8	Audit Brief to auditee	At least 10 working days prior to commencement of fieldwork.	100% (10/10)
9	Customer satisfaction (measured by survey)	85% average satisfactory or above	100% (2/2)

Appendix A1 – Summary of Reports 2017/18

Below we provide brief outlines of the work carried out, a summary of our key findings raised and the assurance opinions given in respect of the final reports issued since the last progress report in respect of the 2017/18 Internal Audit Plan:

Counter Fraud

Under the heading 'Counter Fraud' we undertook two exercises, with two separate reports. These were in respect of the following:

- Fraud Awareness Survey
- Counter Fraud Policy Review

Fraud Awareness Survey

One key principal of any organisation should be the creation and maintenance of an anti-fraud culture. In connection with this, it was agreed with the OPCC Chief Finance Officer and the ACO Finance & Resources that a survey should be produced that would allow the Office of the Police and Crime Commissioner for Nottinghamshire and Nottinghamshire Police to gain an understanding of current fraud and bribery knowledge across employees.

Surveys are one of a range of tools that we use to measure staff awareness and identify fraud risks for proactive work. Surveys also help us to measure awareness of the materials used to help prevent fraud, bribery and corruption, including for example the Anti-Fraud, Bribery and Corruption Policy. The questions contained within the survey were agreed with the Chief Officers to ensure relevance.

As agreed with the Chief Officers, the survey was issued to all staff electronically in October 2017 and concluded in November 2017. The survey incorporated direct questions including; 'where would you find the Fraud Policy?', questions which related to the agreement of staff to a particular subject including; 'Nottinghamshire Police takes a strong stance against instances of fraud and corruption' and questions which invited a free response such as: 'What areas of Nottinghamshire Police do you consider to be most vulnerable to fraud?'.

We received a total of 112 surveys: 72 completed and submitted surveys and a further 40 partially completed surveys. Both complete and incomplete responses were included in the results. It is acknowledged that the results of the survey are based on a relatively small proportion of the force and, as a consequence, should only be used as an indication of trends.

The Fraud Awareness Survey suggests that there is a good basic knowledge of fraud and bribery arrangements amongst respondents. Overall, of those who responded, the majority have a reasonable understanding of what fraud and corruption is, the actions to take, and the importance of raising suspicions.

Counter Fraud Policy Review

As part of Counter Fraud Review terms of reference, an assessment of the Office of the Police and Crime Commissioner for Nottinghamshire and Nottinghamshire Police's Counter Fraud Policies and procedures was undertaken. The purpose of this work was to assess the content of the Policies from a counter fraud and bribery perspective, focusing on the extent to which the Policies include relevant information in line with good practice and legislative requirements, and suggesting improvements where appropriate.

Assessing the adequacy of the policies/guidance in place, in relation to counter fraud and bribery, is key in checking that the framework in which staff operate is in line with OPCCN and Nottinghamshire Police's objectives. In addition, updating the policies and communicating this to staff, where appropriate, helps in reinforcing OPCCN and Nottinghamshire Police's approach to tackling fraud, bribery and corruption; and enables the organisation to take successful sanction and redress against individuals should fraud, bribery or other impropriety occur.

The review covered the following policies and procedures:

- Business Interests and Additional Employment for Police Officers and Police Staff Procedure;
- Code of Conduct;
- Counter Corruption Strategy and Plan;
- Evaluation Code of Conduct;
- Gifts, Gratuities and Hospitality Procedure;
- Information Security Policy;
- Prevention of Fraud and Corruption in the Procurement Process; and
- Professional Standards Reporting (Whistleblowing) Procedure.

The report set out findings and recommendations from the work and raised a number of recommendations where we believe policies and procedures could be improved upon to better encompass best practice relating to the counter fraud.

Regional Approach to Proceeds of Crime Act (POCA)

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

The Proceeds of Crime Act 2002 (POCA) is a wide ranging Act aiming to take the profit out of criminality. A part of the Act gives power to the police and other public bodies to confiscate assets and cash from individuals who are convicted of offences or, on the balance of probability, have benefited from their illegal activities. The Home Office operates the Asset Recovery Incentivisation Scheme (ARIS) where a proportion of the recovered assets is returned to the agency(ies) that recovered it.

Under ARIS guidance, POCA funding received from the Home Office should be used by police forces to drive up performance on asset recovery and, where appropriate, to fund local crime fighting priorities for the benefit of the community. There are two routes for securing POCA monies under the ARIS scheme, Confiscation Orders and Cash Forfeitures.

Internal Audit carried out visits to each of the five police forces across the East Midlands, as well as the regional unit, EMSOU, to compare and contrast the manner of approach that is adopted to managing and maximising POCA opportunities.

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

- Policies and procedures are in place for maximising POCA receipts via cash forfeiture and confiscation orders.
- Effective communications and training arrangements are in place in respect of the cash forfeitures and confiscation orders.
- Each forces' application of the above procedures leads to them maximising opportunities for POCA performance.
- POCA receipts are used in accordance with the Act.
- Monies received under confiscation orders and / or cash forfeiture, together with its subsequent use, are fully accounted for.
- Management information is complete and timely and supports the objective of driving up POCA performance.

There is a generally sound system of internal control across the region that supports the management of POCA arrangements, however we have identified some areas where the control environment could be improved into to maximise the application of the legislation across the region.

Due to the complexity of individual cases, and the length of time that a criminal prosecution can take, it is often difficult for the Forces to see a relation between high performance and high ARIS returns. These can be dependent on a number of factors, including the assets available when an investigation has started, the court's decision and successful cases that result in monies being returned to the victims rather than to the Forces under ARIS.

Overall, the review of the POCA approach across the region found that there are areas of commonality and examples of best practice in place for the management of the POCA receipts. A summary of the approaches seen across the region was provided in the report. Additionally, there were areas of improvement that should be considered and these were raised in the report as Priority 3 recommendations. These related to the following:

- The Forces should consider adopting a clear POCA Strategy that outlines the approach they will take to maximising POCA receipts via cash forfeiture and confiscation orders.
- The Forces should consider a structured approach to awareness of POCA through targeted communications and training schedules.
- Each Force should consider their approach to maximizing POCA opportunities and explore whether it could adopt any of the approaches seen across the region. These include:
 - Mandatory referrals to the Financial Investigation Unit when property stores are releasing cash;
 - A daily report received by the FI's providing details of all charges, crimes recorded, property logged and postal requisitions within the last 24 hours; and
 - An accredited Financial Investigator reviews the Suspicious Activity Reports received to ensure potential opportunities are not missed.

- The Forces and Region should review the performance information they utilise to manage the POCA process. Consideration should be given to the following:
 - The number and value of the compensation orders obtained should be clearer; this can be overlooked as the Force receive no monies under ARIS for this work but it is a clear success story for the victims of the crime;
 - For the number and value of cash forfeitures and compensation orders, a monthly or quarterly trend rather than comparison to 12 months ago;
 - Number and value of ongoing cases that the Financial Investigation team are working on would provide an overview of pipeline/future potential returns;
 - Cases can be pursued that may not be significant in value, however they are significant in the disruption of criminal activity or crime groups and, where possible, it would be beneficial to highlight success stories in this area of Financial Investigation.

Appendix A2 – Summary of Reports 2018/19

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 2018/19 Internal Audit Plan:

Review of Collaboration Assurance Statements

As part of resources set aside to review collaboration arrangements across the region, it was agreed that internal audit would undertake a desktop review of the Collaboration Assurance Statements provided by the regional units. The regional units covered in the review were:

- Collaborative Human Resource Service – Learning & Development (EMCHRS L&D)
- Collaborative Human Resource Service – Occupational Health (EMCHRS OHU)
- Criminal Justice Service (EMCJS)
- Operational Support Services (EMOpSS)
- Legal Services (EMPLS)
- Special Operations Unit (EMSOU)

As part of the work, we have undertaken a desktop review of each of the self-assessments in order to determine their completeness and compare them to our own understanding of their control environment gained from carrying out audits of the units. It is acknowledged that audit coverage in some of the units goes back some 18 months, whilst the scope of the audits did not cover all aspects referred to in the self-assessments returns.

The aim of the review was to provide a commentary on each of the self-assessments that can be taken into account by each of the OPCC's and Forces when compiling their own Annual Governance Statements.

In 2015 Baker Tilly (now RSM) were tasked with supporting the development of Collaboration Assurance Statements for each of the collaboration units across the East Midlands Policing region. Based on this initial project, each unit has now been tasked with maintaining the resultant Statements on an annual basis.

The Statements are divided into the following areas of responsibility:

1. Progress of collaboration business plan.
2. Ownership of actions.
3. Management of collaboration business risk.
4. Integrity of decision making.
5. Robustness of collaboration units.
6. The integrity and reliability of information, accounts and data.
7. Best use of assets, including people, equipment and buildings.
8. The collaboration contributes to the delivery of each member's police and crime plan.

The eight areas of responsibility are broken down into examples of where the unit is able to demonstrate compliance, with the unit being required to confirm whether it fully, partially or does not meet the required element of best practice. Each unit is then required to provide narrative in terms of the assurance it is able to call upon, split into the 'Three Lines of Defence'. The unit is required to set out any actions required to remedy any areas of activity where they cannot or can only partly confirm compliance with best practice. Finally, the unit is required to identify any expected significant changes in their assessments in the next six months.

Conclusion

On the whole, the Collaboration Assurance Statements submitted by each of the regional units were generally consistent with our understanding of each unit's control environment. As with any self-assessment process, the Statements were completed with varying levels of detail and, in some cases, they could have benefited from further explanations covering certain areas of responsibility.

It was noted that the template currently being used for the Assurance Statements remains in the Baker Tilly branded format. As Baker Tilly no longer exist, and it could be mistakenly assumed by someone reading the Statements that Baker Tilly have endorsed the information they contain, it is recommended that the templates are amended to that specific to the regional collaboration units.

In terms of the Statements themselves, a common area for attention is that of the third line of defence and how the units secure independent assurance that risks are being managed and controls are being consistently applied. Across the board there is a need for greater consideration be given to this element of the assessment, with a number of units not even referring to internal audit activity in their area.

Whilst the assessments require each unit to consider 'actions required', the opportunity to do this was largely not taken. Additionally, where 'partial' confirmation was given in respect of an area of responsibility, in many cases there was little narrative to outline what the unit would do to address the gap in assurance.

As the Statements cover eight separate areas of responsibility, the Statement Overview is an important part of the assessment in giving the reader a one-page understanding of the regional collaboration unit. Possibly due to the fact that a significant part of the Overview was to outline 'actions required', this was largely poorly completed and, in some instances, the area assessments were inconsistent with the individual area assessments.

Appendix A3 Internal Audit Plan 2017/18

Auditable Area	Planned Fieldwork Date	Draft Report Date	Final Report Date	Target JASP	Comments
Core Assurance					
Core Financial Systems	Oct 2017	Nov 2017	Jan 2018	Mar 2018	Final report issued.
Procurement Follow-up	Sept 2017	Sept 2017	Jan 2018	Mar 2018	Final report issued.
Strategic & Operational Risk					
Implementation of DMS	Mar 2018	May 2018		July 2018	Await management's response.
Counter Fraud Review	Oct 2017	Jan 2018	Mar 2018	July 2018	Final report issued.
Workforce Planning	May 2017	June 2017	Sept 2017	Sept 2017	Final report issued.
Seized & Found Property	May 2017	June 2017	Oct 2017	Sept 2017	Final report issued.
Information Technology Strategy	Oct 2017			N/A	Audit deferred to 2018/19.
Estates Management	July 2017	July 2017	Aug 2017	Sept 2017	Final report issued.
Fleet Management	July 2017	July 2017	Aug 2017	Sept 2017	Final report issued.
Other					
PEEL Review Action Plan	July 2017	Aug 2017	Aug 2017	Sept 2017	Final report issued.
Road Safety Partnership	Sept 2017	Oct 2017	Jan 2018	Mar 2018	Final report issued.

Auditable Area	Planned Fieldwork Date	Draft Report Date	Final Report Date	Target JASP	Comments
Collaboration					
EMCHRS Learning & Development	Aug 2017	Aug 2017	Sept 2017	Dec 2017	Final report issued.
EMCHRS Occupational Health	Oct 2017	Nov 2017	Nov 2017	Dec 2017	Final report issued.
EMSOU Forensic Services	Sept 2017	Oct 2017	Oct 2017	Dec 2017	Final report issued.
Criminal Justice (EMCJS)	Dec 2017	Jan 2018	Jan 2018	Mar 2018	Final report issued.
POCA	Jan 2018	Apr 2018	June 2018	July 2018	Final report issued.

Appendix A4 Internal Audit Plan 2018/19

Auditable Area	Planned Fieldwork Date	Draft Report Date	Final Report Date	Target JASP	Comments
Core Assurance					
Core Financial Systems	Nov 2018			Mar 2019	
Code of Governance	Sept 2018			Nov 2018	Currently scoping the audit.
Strategic & Operational Risk					
Partnership Working	Mar 2019			June 2019	
Commissioning	Sept 2018			Nov 2018	
MFSS Contract Management	June 2018	June 2018		Nov 2018	Draft report issued.
IT Strategy	Nov 2018			Mar 2019	Deferred from Q1 to all IT Strategy to be finalised.
Seized Property	Oct 2018			Mar 2019	
GDPR	Nov 2018			Mar 2019	
Health & Safety	Sept 2018			Nov 2018	
Firearms Licensing	Mar 2019			June 2019	

Auditable Area	Planned Fieldwork Date	Draft Report Date	Final Report Date	Target JASP	Comments
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Auditable Area	Planned Fieldwork Date	Draft Report Date	Final Report Date	Target JASP	Comments
Collaboration					
Risk Management	Aug 2018			Nov 2018	ToR currently being agreed.
Strategic Financial Planning	July 2018			Nov 2018	ToR currently being agreed.
Business Planning	Sept 2018			Nov 2018	ToR currently being agreed.
Review of Collaboration Assurance Statements	May 2018	May 2018	June 2018	July 2018	Final memo issued.

Appendix A5 – Definition of Assurances and Priorities

Definitions of Assurance Levels		
Assurance Level	Adequacy of system design	Effectiveness of operating controls
Significant Assurance:	There is a sound system of internal control designed to achieve the Organisation's objectives.	The control processes tested are being consistently applied.
Satisfactory Assurance:	While there is a basically sound system of internal control, there are weaknesses, which put some of the Organisation's objectives at risk.	There is evidence that the level of non-compliance with some of the control processes may put some of the Organisation's objectives at risk.
Limited Assurance:	Weaknesses in the system of internal controls are such as to put the Organisation's objectives at risk.	The level of non-compliance puts the Organisation's objectives at risk.
No Assurance	Control processes are generally weak leaving the processes/systems open to significant error or abuse.	Significant non-compliance with basic control processes leaves the processes/systems open to error or abuse.

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

Appendix A6 - Contact Details

Contact Details

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A7 Statement of Responsibility

Status of our reports

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

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

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For Information	
Public/Non Public	Public
Report to:	Joint Audit and Scrutiny Panel (JASP)
Date of Meeting:	24th July 2018
Report of:	Amanda Froggatt, Strategic Support Officer
Report Author:	Amanda Froggatt, Strategic Support Officer
E-mail:	amanda.froggatt@nottinghamshire.pnn.police.uk
Other Contacts:	n/a
Agenda Item:	10

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 1, 2018/19.
- 1.2 To inform the Board of the schedule of planned audits and inspections.
- 1.3 To provide further information on the area identified for further scrutiny as requested at the last JASP. (Appendix 2 – Stolen Freedom; the Policing Response to Modern Slavery and Human Trafficking).

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 its target date. There are 116 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 67 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
June 2017	PEEL: Effectiveness – Re-visit	December 2017	N/A	Report received, actions being monitored on 4Action
September 2017	PEEL: Effectiveness	December 2017	GOOD	Report received, actions being monitored on 4Action
December 2017	Review of Recommendations	N/A	N/A	N/A
March 2018	Hate Crime Thematic Inspection	N/A	N/A	Inspection undertaken
March 2018	Review of Recommendations	N/A	N/A	N/A
April 2018	Unannounced Crime Data Integrity Inspection – Review of Recording of Crime	N/A	N/A	Inspection undertaken
May 2018	Unannounced Crime Data Integrity Inspection – Reality Testing	N/A	N/A	Inspection undertaken
June 2018	Crime File Review	N/A	N/A	Will be part of judgement for Integrated PEEL Inspection
June 2018	Review of Recommendations	N/A	N/A	N/A

Forthcoming HMICFRS Inspections

Date of Inspection	Inspection Area	Status
3 rd July	Neighbourhood Visits	N/A
18 th /19 th July	Serious and Organised Crime	N/A
W/C 10 th September	Integrated PEEL Inspection	N/A

Publications

Date of Publication	Inspection Area	Status
June 2018	State of Policing	N/A

4.5 Recent and Forthcoming Audits

Recent Audit Activity

Date of Audit	Auditable Area	Date Report Received	Final Grading	Status
October 2017	Core Financials	January 2018	Satisfactory Assurance	Actions being monitored on 4Action
October 2017	Collaborative Audit of Counter Fraud	January 2018	No grading	Actions being monitored on 4Action
May 2018	Implementation of Duty Management System – Follow Up	May 2018	Satisfactory Assurance	Out for management comment
June 2018	Contract Management of MFSS	-	-	Awaiting report

Forthcoming Audits

Date of Audit	Auditable Area	Status
July 2018	Safety Camera Project	-
July 2018	Risk Management	-
July 2018	Data Quality	-

Overview of all ongoing actions from Audits & Inspections

Appendix 1 provides an overview of all ongoing actions from Audits and Inspections. The panel are recommended to scrutinise this information and to feedback on any further information or updates in any particular areas. This information will then be brought back to the next Audit and Scrutiny Panel for discussion.

Area Identified for further scrutiny – Stolen Freedom; the Policing Response to Modern Slavery and Human Trafficking

5. Financial Implications and Budget Provision

5.1 If financial implications arise from recommendations raised from audits, inspections and reviews, these implications are considered accordingly. Where an action cannot be delivered within budget provision, approval will be sought through the appropriate means.

6. Human Resources Implications

6.1 There are no direct HR implications as a result of this report. HR implications resulting from specific actions will be managed on a case by case basis.

7. Equality Implications

7.1 There are no direct HR implications as a result of this report. HR implications resulting from specific actions will be managed on a case by case basis.

8. Risk Management

8.1 Some current actions involve the completion of formal reviews of specific business areas. It is possible that some or all of these reviews will identify and evaluate significant risks, which will then be incorporated into the Force's risk management process.

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

9.1 Any policy implications will be subject to current policy development process.

10. Changes in Legislation or other Legal Considerations

10.1 There are no direct legal implications as a result of this report.

11. Details of outcome of consultation

11.1 Following receipt of a final audit or inspection report a member of the Governance and Planning team consults with the appropriate Lead Officer and other stakeholders to plan appropriate actions in response to each relevant recommendation, or to agree a suitable closing comment where no action is deemed necessary.

11.2 All planned actions are added to the action planning system, 4Action, for management and review until completion.

12. Appendices

12.1 Appendix 1: Overview of all ongoing actions from Audits and Inspections

12.2 Appendix 2 – Stolen Freedom; the Policing Response to Modern Slavery and Human Trafficking

Appendix 1 - Overview of all ongoing actions from Audits and Inspections: June 2018

Audit/Inspection	Source Title	Date	Number of Actions	Number Open	Number Closed	Number on Target	Number At Risk	Number Overdue
Audit-Mazars	Procurement January 2016	January 2016	10	0	10	0	0	0
Audit-Mazars	Implementation of DMS June 2016	June 2016	6	3	3	2	1	0
Audit-Mazars	Data Protection Act Compliance Oct 2016	October 2016	14	2	12	0	2	0
Audit-Mazars	Procurement Follow up Nov 2016	November 2016	9	4	5	0	4	0
Audit-Mazars	Core Financials Systems Assurance Dec 2016	December 2016	9	1	8	0	1	0
Audit-Mazars	HR Recruitment and Selection	January 2017	4	3	1	2	1	0
Audit-Mazars	Data Quality 2016/17	May 2017	4	2	2	2	0	0
Audit-Mazars	Risk Management	May 2017	7	7	0	0	7	0
Audit-Mazars	Estates Management	August 2017	3	0	3	0	0	0
Audit-Mazars	Fleet Management	August 2017	6	4	2	1	3	0
Audit-Mazars	Workforce Planning	September 2017	8	2	6	0	2	0
Audit-Mazars	Social Value Impact	July 2016	4	2	2	0	2	0
Audit-Mazars	Seized & Found Property	May 2017	11	10	1	0	10	0
Audit-Mazars	Counter Fraud Proactive Report/Counter Fraud Policy Review	January 2018	25	24	1	0	24	0

Appendix 1 - Overview of all ongoing actions from Audits and Inspections: June 2018

Audit/Inspection	Source Title	Date	Number of Actions	Number Open	Number Closed	Number on Target	Number At Risk	Number Overdue
Audit-Mazars	Procurement Follow up Sept 2017	September 2017	3	1	2	1	0	0
Audit-Mazars	Core Financials Follow up July 2016	October 2016	12	1	11	1	0	0
Audit-Mazars	EMCHRS Learning & Development Collaboration	August 2017	5	1	4	0	1	0
Audit-Mazars	Joint Code of Corporate Governance	November 2015	2	1	1	0	1	0
Audit-Mazars	Safety Camera Partnership	September 2017	2	2	0	0	2	0
Audit-Mazars	Commissioning - Community Safety	May 2016	5	4	1	0	4	0
Inspection-HMIC	Nottinghamshire Police's approach to tackling Domestic Abuse (local report)	March 2014	13	1	12	0	1	0
Inspection-HMIC	Welfare of Vulnerable People in Custody	March 2015	8	1	7	0	1	0
Inspection-HMIC	Efficiency Nov 2016 'Hot De Brief' actions	November 2016	31	4	27	0	4	0
Inspection-HMIC	Legitimacy 2016	December 2016	10	1	9	1	0	0
Inspection-HMIC	Effectiveness 2016	March 2017	9	8	1	0	8	0
Inspection-HMIC	Efficiency, Legitimacy and Leadership Hot Debrief 2017	May 2017	9	4	5	0	4	0
Inspection-HMIC	Making it Fair: Disclosure of unused material in volume Crown Court Cases	July 2017	6	4	2	1	3	0
Inspection-HMIC	National Child Protection 2015	August 2015	8	1	7	0	1	0
Inspection-HMIC	Stolen freedom: the policing response to modern slavery and human trafficking	October 2017	7	4	3	0	4	0

Appendix 1 - Overview of all ongoing actions from Audits and Inspections: June 2018

Audit/Inspection	Source Title	Date	Number of Actions	Number Open	Number Closed	Number on Target	Number At Risk	Number Overdue
Inspection-HMIC	Planes, Drones & Helicopters	November 2017	19	0	19	0	0	0
Inspection-HMIC	PEEL Effectiveness 2017	September 2017	23	23	0	0	23	0
Inspection-HMIC	Living in fear - the Police and CPS response to harassment & stalking	July 2017	4	0	4	0	0	0
IPCC	Use of Force Report	September 2016	15	2	13	0	2	0
IPCO	IPCO Inspection	December 2017	2	1	1	1	0	0
KPMG	Statement of Accounts	September 2017	5	0	5	0	0	0

Appendix 2

Stolen Freedom – the Policing Response to Modern Slavery and Human Trafficking

In 2017 HMICFRS undertook to examine how police in England and Wales were tackling modern slavery and human trafficking crimes, including using their powers and provisions set out in the Modern Slavery Act 2015. Having interviewed national leads from different agencies, examined a wide range of documentation and data, and assessed operational practice in police forces, regional organised crime units (ROCU) and within the National Crime Agency (NCA), the outcome was the publication of 'Stolen Freedom – the Policing Response to Modern Slavery and Human Trafficking', and a series of recommendations outlined below.

This is Nottinghamshire Police's response to all the recommendations. In December 2017, HMICFRS visited the force and examined the force's approach to tackling slavery. HMICFRS agreed to close down six of the recommendations, noting the force was still progressing the recommendation relating to compliance with the National Referral Mechanism (NRM) process.

Recommendations

Within twelve months, forces should review their leadership and governance arrangements for modern slavery and human trafficking, to ensure that:

- **senior leaders prioritise the response to modern slavery and human trafficking;**
- **every incident of modern slavery identified to police is allocated appropriate resources with the skills, experience and capacity to investigate it effectively;**
- **forces develop effective partnership arrangements to co-ordinate activity in order to share information and safeguard victims; and**
- **performance and quality assurance measures are in place to allow senior leaders to assess the nature and quality of the service provided to victims**

The force's strategic lead is ACC Protective Services and the Superintendent (Director of Intelligence) is the tactical lead, who report into a regional strategic governance group headed up by DCC EMSOU. This group sets the regional strategy and 4 x P's plans that are adopted and managed by the 5 forces.

The force also reports into the Nottinghamshire Anti-Slavery Partnership who also have a strategy and, in turn, are accountable for delivery through the Safer Nottinghamshire Board.

The Modern Slavery (MS)/ Foreign National Offender (FNO) team comprise of a Police Sergeant and 4 officers who are experienced in dealing and developing intelligence and investigations of modern slavery. Members of the team have also attended the National Modern Slavery Advisor course and regularly provide direct advice and guidance to support front line officers. There is also an analyst that supports the Modern Slavery team on an ad-hoc basis.

All intelligence is allocated, reviewed and developed by the Modern Slavery team. The use of static surveillance has increased due to the nature of the jobs which is supported by the Intelligence Development Unit. Intelligence that develops into investigation stage is

submitted to 'Tasking' for appropriate resources to be allocated. The team also receives referrals from other agencies (National Referral Mechanism (NRM)) and Modern Slavery Helpline.

The majority of MS (Modern Slavery) investigations are triaged by the MS team. NRM forms are quality assured by the team and there is on-going training provided to all Custody staff from Detention Officer to Inspector to ensure Association Criminal Records Office (ACRO) checks are completed and Potential Victims are Trafficking (PVOT) are identified at an early stage.

The MS team have also completed a 'First Responder's Guide to MS' which has been circulated to all frontline officers and guidance has previously been published. A refresh of the Intranet is also underway.

All Police submitted NRM's with a footprint in Nottinghamshire are copied back into the International Liaison inbox from the National Crime Agency (NCA), the same applies for NRM's from other agencies if they are first responder. These NRM's are then forwarded to the team and crimed accordingly, triaged by the Detective Chief Inspector within Intelligence (DCI).

Future changes in NRM shouldn't have any major impact on this process, but will assure we are well trained by the regional SPOC (Harry Dick) once these changes are implemented. It will also ensure we are consistent with other forces too.

The vulnerability to crime statistics was in the criming of MS/1 referrals (MS/1 forms are referrals from Police/Agencies where the victim doesn't want any support or doesn't want their details recording formally). These were being sent to a different email address in Nottinghamshire Police, but these are now all sent into the International Liaison inbox too, and follow the same triage/scrutiny as the NRM forms.

NRM changes around length of time support is offered etc. are yet to be communicated widely, or finalised, but we will ensure we have a thorough understanding of this, and then ensure relevant points are communicated to all staff.

Contact details, support numbers, and NRM processes as well as crime recording requirements are all mentioned in the recently published and distributed Modern Slavery First Responder Guide.

There were due to be an additional 6 members of staff to join the team (mixture of Police Constables (PC's) and Detective Constables (DC's)) and the MS team would transfer under the management of the Public Protection department. Due to other force resourcing requests, the target date for this is now the end of 2018. Detective Superintendent Fuller will remain as the Force Tactical lead when it transfers to Public Protection.

All modern slavery investigations are now triaged by the team who will either have ownership of the investigation or provide tactical support to the front line officers attending the early stages of investigations. All NRM forms are quality assured by the team and training for frontline officers, Custody and Detention Officers is on-going.

Partnership arrangements remain strong and good practice has been shared from Regional, National meetings and conferences that managers and practitioners have attended.

Within six months, forces should have in place active information-sharing agreements with other agencies to facilitate speedy exchange of intelligence and in order to safeguard victims better and to identify suspects as early as possible

The force has active information sharing agreements with Trading Standards, Local Authority, Fire Service and NHS. These are supported through the Serious Organised Crime (SOC) Local Partnership Board.

Immediately, forces should ensure that all victims carrying out criminal acts under compulsion attributable to slavery or exploitation are afforded the protection of early and continuing consideration of the applicability of the section 45 defence

This relates to persons committing offences whilst being a Potential Victim of Trafficking (PVOT). The force is fully aware of the section 45 defence and factors it into investigations and intelligence development. This is also part of training and awareness for investigators.

This defence has been incorporated into the Year 2 probationer training; which has been taught to all cohorts in the last year or so.

It also forms a major part of the now completed training inputs into the Custody Suite staff on their training days. Following interview, there should be consideration given to the section 45 defence if the suspect outlines that they are being forced to commit a crime/working off a debt, with a specific focus on foreign national offenders, and their vulnerability.

Recent use of the defence-

August 2017, OP VASTIDITY;

Several Vietnamese nationals were recovered over a 3 day period from a huge industrial cannabis grow in Basford. Initially, the response was to arrest these persons for cultivation of cannabis; however, our team liaised with the investigation team, and prevented any further arrests for this, as they were clearly victims rather than offenders. The 3 initial arrests were released and supported into the NRM without a suspect interview, and were treated as witnesses/victims. Seven persons recovered in total, all placed into the NRM. Four Juveniles, three Adults.

Immediately, forces should take steps to ensure they are fully compliant with the NRM process as it evolves and are implementing the requirement placed upon them under the Modern Slavery Act 2015 to notify the Home Office of any individual suspected to be an adult victim of modern slavery or human trafficking

There has been extensive training around this and all NRM forms are quality assured by the modern slavery team as they are initially submitted to the Intelligence Management Unit.

We are aware of future developments of the NRM process and will be in a strong position to implement the new process.

All Police submitted NRM's with a footprint in Nottinghamshire are copied back into the International Liaison inbox from the NCA, the same applies for NRM's from other agencies if they are first responder. These NRM's are then forwarded to the team, crimed accordingly and triaged.

Future changes in the NRM shouldn't have any major impact on this process, but we'll ensure we are well trained by the regional spoc (Harry Dick) once the changes are implemented. We'll also ensure we are consistent with other forces too.

Immediately, forces should take steps to ensure they fully comply with national crime recording standard (NCRS) requirements for offences identified as modern slavery and human trafficking and that sufficient audit capacity is available to the force crime registrar to provide reassurance that each force is identifying and managing any gaps in its crime-recording accuracy for these types of offences

All incidents of Modern Slavery are recorded as per the national crime recording standard (NCRS).

Dip testing is also regularly undertaken by the Force Crime Registrar to ensure the force is fit for purpose.

A visit by HMICFRS (Crime Data Integrity Inspection) on 30th May 2018, acknowledged this was being adhered to and compliance was good. Officers and staff are aware of their obligation under National Crime Recording Standards. Crimes are also reviewed by Senior Managers to ensure compliance.

Immediately, forces should ensure that allegations or indications of modern slavery and human trafficking are thoroughly investigated and effectively supervised by teams and individuals with the skills and experience to undertake them (this should include the use where appropriate of joint intelligence teams and other means to obtain intelligence and evidence from agencies overseas)

All investigations, allegations and indications of Modern Slavery and Human Trafficking are thoroughly investigated. Ownership and resourcing of these allegations are also discussed within the Force Tasking process. In all cases, safeguarding is completed, victims are removed from the situation through the National Referral Mechanism (NRM), investigations triaged and full research is undertaken, including overseas checks.

All investigations which require a Professional Investigator and additional resources are submitted to Force Tasking for allocation. Dynamic investigations are also discussed through the force Daily Management Meeting process.

Since April 1st (this financial year) 54 crimes have been recorded. This has been a significant increase on last year of around +500% year to date. This figure incorporates 61 NRM's in that timescale. It should be noted not all NRM's attract a crime number if offences have occurred overseas.

In 2017/18 Nottinghamshire Police received 524 intelligence reports relating to modern slavery compared with 243 in 2016/17. There were also, 76 crimes recorded over the same time period compared with 13 in 2016/17. There were also 76 NRM's.

Immediately, forces should review their use of preventative powers under the Modern Slavery Act 2015 to ensure that opportunities to restrict the activities of those deemed to pose a clear threat to others in respect of modern slavery and human trafficking offences are exploited.

The force is fully aware of the new Pre and Post-Conviction Trafficking and Risk Orders (TRO) and constantly looks for good practice regionally and nationally to review the benchmarking. It has also been successful with two recent convictions. The force have had no pre-conviction orders to date, as the threshold level is much higher, but with our improving intelligence picture we foresee opportunities to secure these in the future, recognising that achieving a positive criminal justice outcome for these offences is very challenging.

For Information / Consideration	
Public/Non Public*	Public
Report to:	Joint Audit and Scrutiny Panel
Date of Meeting:	July 2018
Report of:	Chief Finance Officer
Report Author:	Charlotte Radford
Other Contacts:	Pamela Taylor
Agenda Item:	11

TREASURY MANAGEMENT YEAR END REPORT

1. Purpose of the Report

- 1.1 To provide members with details of compliance with the Treasury Management Strategy and prudential indicators for 2017-18.

2. Recommendations

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

3. Reasons for Recommendations

- 3.1 This complies with good governance.

4. Summary of Key Points

- 4.1 The attached report details the Treasury Management activity for 2017-18 and how this compares with the approved treasury and prudential code indicators for the year.
- 4.2 Treasury Management is a significant activity within the finance function of the OPCC. It ensures that there are sufficient funds available to meet day to day expenditure such as paying creditors and salaries. It is also responsible for investing income from grants and precept to meet future expenditure requirements.
- 4.3 The Treasury Management Strategy is approved annually by the Police & Crime Commissioner and sets out the parameters within which the activity performs. The essential element of this is to protect the assets of the OPCC, with the ability to generate additional income secondary to this.
- 4.4 A key element to the performance of this activity is the completion of the capital programme. Unfortunately, capital projects by their nature are large and take time to complete as various factors can affect them (e.g. other partners involved in the project, planning permission, availability of staff). Any delay in capital

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

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

5. Financial Implications and Budget Provision

- 5.1 None as a direct result of this report.

6. Human Resources Implications

- 6.1 None as a direct result of this report.

7. Equality Implications

- 7.1 None as a direct result of this report.

8. Risk Management

- 8.1 None as a direct result of this report.

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

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

10. Changes in Legislation or other Legal Considerations

- 10.1 None

11. Details of outcome of consultation

- 11.1 Not applicable

12. Appendices

- 12.1 Appendix A – Treasury Management Report 2017-18

The Nottinghamshire Office of the Police and Crime Commissioner



Annual Treasury Management

Review 2017-18

1. Introduction

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

During 2016-17 the minimum reporting requirements were that the Commissioner should receive the following reports:

- an Annual Treasury Strategy in advance of the year (February 2017)
- a Mid-year Treasury Update report (November 2017)
- an annual review following the end of the year describing the activity compared to the strategy (this report)

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

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

2. Events during the year

Revised CIPFA Codes

In December 2017, the Chartered Institute of Public Finance and Accountancy, (CIPFA), issued a revised Treasury Management Code and Cross Sectoral Guidance Notes, and a revised Prudential Code.

The main change focussed on the treatment of investments which are not treasury type investments such as purchasing property in order to generate income. It is intended that these investments and the risks associated are clearly highlighted. The commissioner has no intentions of this kind of investment.

Another requirement is that capital strategy is reported including a split between treasury and non-treasury investments. This requirement was announced too late for 2018-19 but will form part of the reporting cycle for 2019-20. The code also reduced the number of mandatory indicators required but these have been disclosed voluntarily and are indicated in the addendum.

Markets in Financial Instruments Directive II (MiFID II)

The EU set the date of 3 January 2018 for the introduction of regulations under MIFID II. These regulations govern the relationship that financial institutions conducting lending and borrowing transactions will have with local authorities from that date. This required Nottinghamshire to opt up to be a commercial client by demonstrating training and experience of appropriate staff regarding Treasury Management. It also required registering at the London Stock Exchange to be a verifiable financial counterparty.

2. The Economy and Interest Rates

Despite gloomy forecasts following the outcome of the EU referendum in June 2016 the UK economy performed to a G7 leading growth rate of 1.8% in 2016, actually joint equal with Germany, with the same increase 2017, which was comparatively weak compared to the US and some other European countries. This comparably weaker growth and little pressure for wage increases has slowed the planned interest rate rises, although this is viewed as a temporary delay, particularly if there is strong GDP growth coupled with wage rises.

PWLB borrowing rates increased correspondingly to the above developments with the shorter term rates increasing more sharply than longer term rates. This was assisted by UK gilts moving in a relatively narrow band, within 0.25% for much of the year.

The equity markets have been buoyant with the FTSE 100 hitting a new peak near to 7,800 in early January before moving back somewhat.

The inconclusive result of the general election on 8 June, had relatively little impact on financial markets. However, sterling did suffer a sharp devaluation against most other currencies, although it has recovered about half of that fall since then. Far, there has been little significant hold up to making progress. No doubt the currency devaluation was partly responsible for the strong growth in manufacturing exports. However, the manufacturing sector only accounts for around 11% of GDP so expansion in this sector has a limited impact on the growth in GDP overall.

Economic growth in the EU has been slow in comparison to the massive programme of quantitative easing and interest rate cuts. In the USA it has been volatile but generally performing well despite the reversing of interest rate cuts and quantitative easing. Asian economies have not performed well overall.

3. Overall Treasury Position as at 31 March 2018

At the beginning and the end of 2017-18 the Commissioner’s treasury position was as follows:

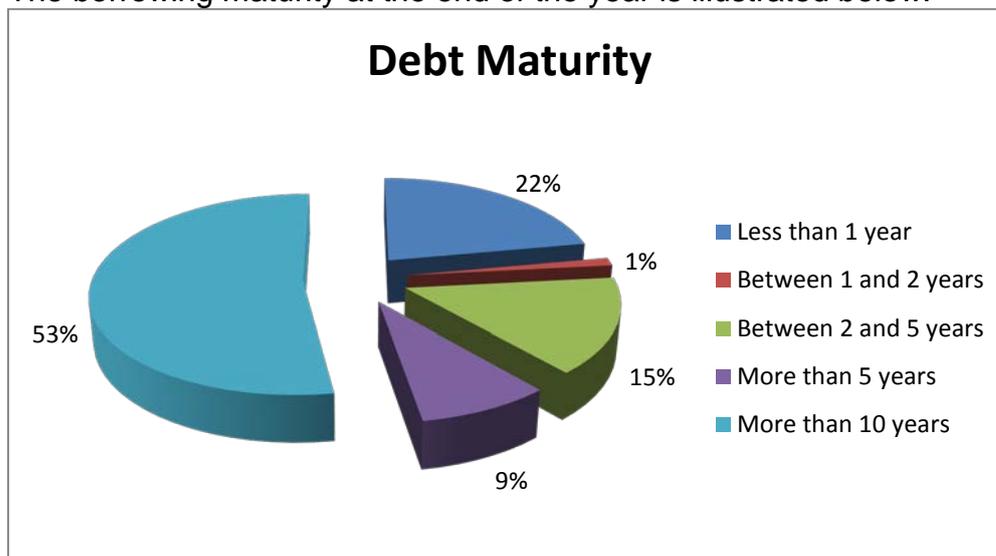
	<u>31 March</u> <u>2017</u> £m	<u>31 March</u> <u>2018</u> £m
Total Debt	40.7	37.1
Capital Financing Requirement	59.5	62.8
Over/-Under borrowing	-18.8	-25.7
Total Investments	2.3	10.3
Net Debt	38.4	26.8

4. The Strategy for 2017-18

The Commissioner has maintained an under borrowed position; meaning that the capital borrowing need (the Capital Financing Requirement) has not been fully funded through borrowing, but that some has been financed with reserve balances being utilised. This is a pragmatic and cautious approach at a time of high risk coupled with low return on investments. The CFO to the Commissioner has carefully monitored this situation, whereby investments continue to receive low returns compared to borrowing rates. The primary focus for investments continues to be security and liquidity over return. The strategy was to avoid unnecessary borrowing while ensuring that reserves were sufficient to meet the level of under-borrowing. At the same time interest rates on borrowing were carefully monitored to ensure that advantage of relatively low interest rates could be taken if it was apparent that rates were going to increase to historical norms.

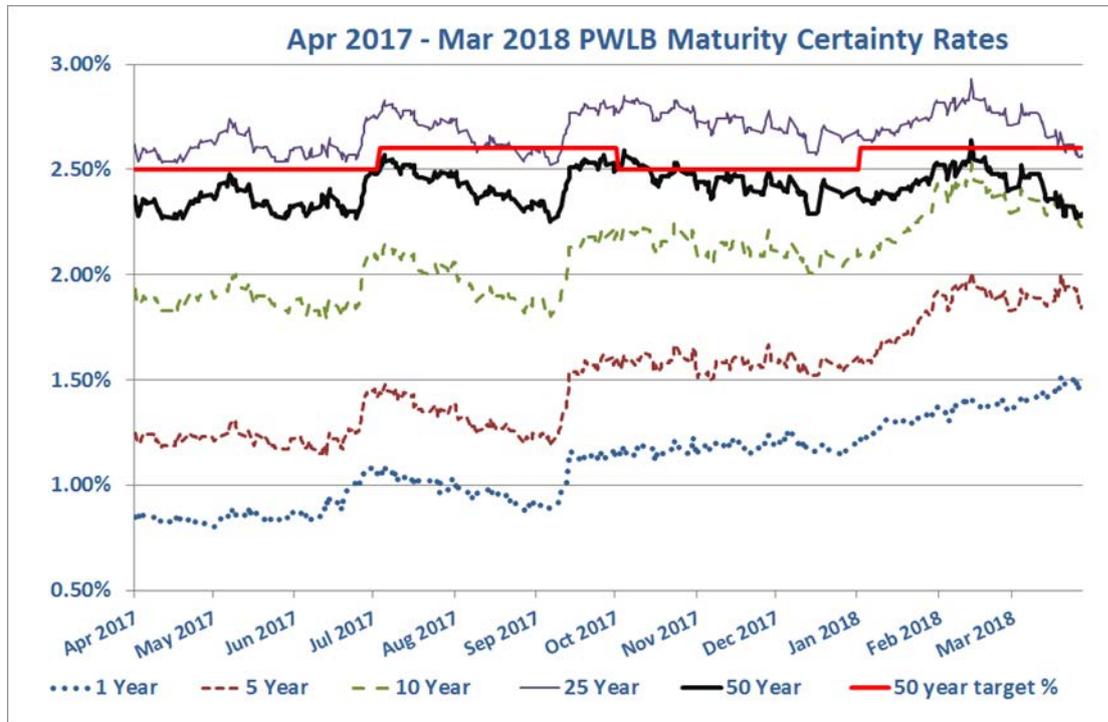
PWLB rates although fluctuating were still at historically low levels and no long term borrowing was taken borrowing undertaken while still maintaining Cashflow liquidity.

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



5. Borrowing Rates in 2016-17

The graph below shows how PWLB certainty rates have remained at historically very low levels during the year, although showing increases in shorter term rates.



6. Borrowing Activity for 2017-18

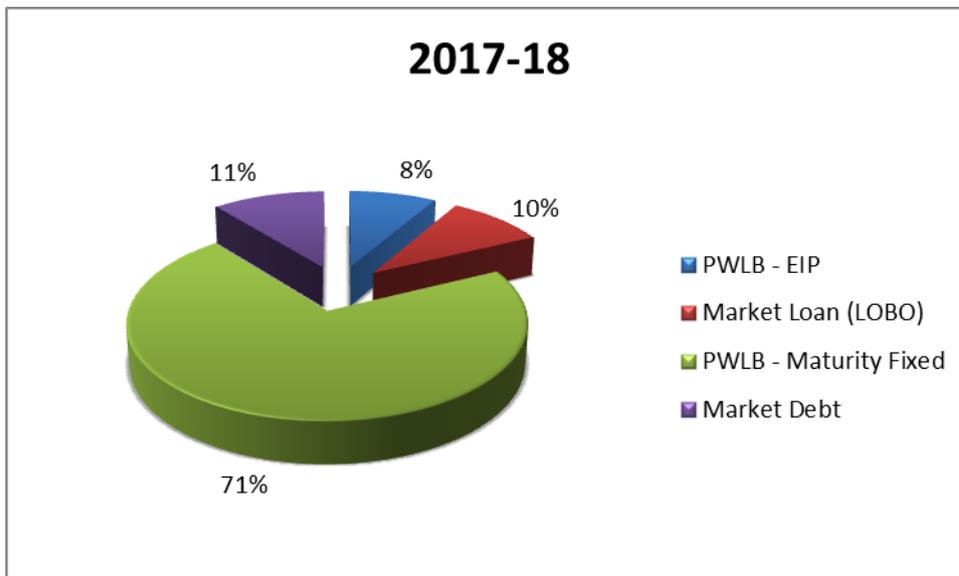
The Treasury Management Strategy had authorised up to £1.659m borrowing during the year. However, the level of capital spend against the budget was low. Therefore as previously mentioned no external borrowing was taken not even to replace debt maturing

The budget for interest was £1.674m and savings of £0.323m were possible due to no borrowing being undertaken and a full year impact of lower borrowing and getting better interest rates in 2016-17. There has been no opportunity for rescheduling debt for more advantageous rates during the year, although this has been considered on a regular basis.

The summary of borrowing activity is as follows:

	<u>Position @</u> <u>01/04/17</u> £	<u>Loans taken</u> £	<u>Loans repaid</u> £	<u>Position @</u> <u>31/03/18</u> £
<u>Long Term Borrowing</u>				
PWLB	33,204,084		(3,599,267)	29,604,817
LOBO	3,500,000	0	0	3,500,000
Local Authorities	4,000,000	0	0	4,000,000
Total Long Term Borrowing	40,704,084	0	(3,599,267)	37,104,817
<u>Temporary Borrowing</u>				
Local Authorities	0	0		0
Banks & Other Institutions	0	0	0	0
Total Temporary Borrowing	0	0	0	0
Total Borrowing	40,704,084	0	(3,599,267)	37,104,817

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

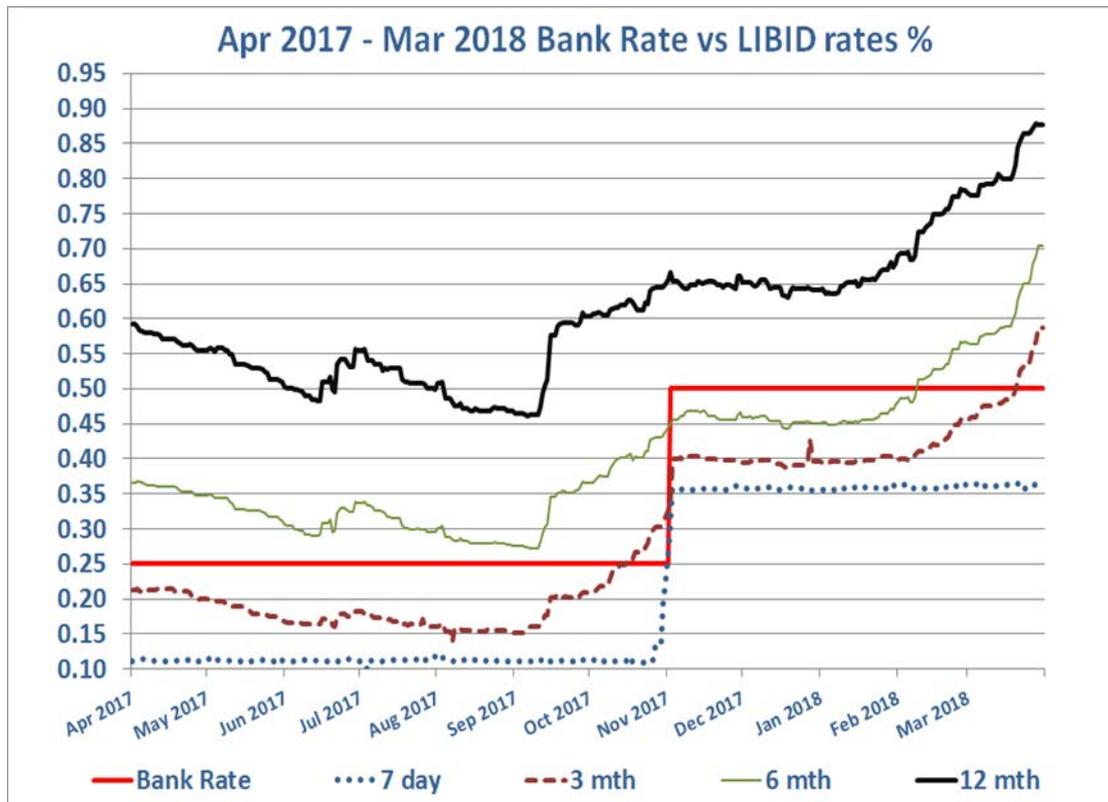


7. Minimum Revenue Provision MRP 2017-18

The MRP policy has remained unchanged. Due to revenue underspends it has been decided to make an additional voluntary MRP payment of £0.25m. This will have a positive impact on the financial position of the revenue account in future years.

8. Investment Rates in 2017-18

Investment rates remain low but have increased slightly following the rise in the base rate to 0.5% on 2 November 2017



9. Investment Outturn for 2017-18

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

The investment activity during the year generally conformed to the approved strategy. There was one occasion when the investment with Barclays exceeded the maximum investment allowed (£5m) by a £0.7m due to problems that MFSS had in processing Staff pay in December 2017. There were no liquidity difficulties. The strategy has two levels of maximum investment allowable in Money Market Funds, the general ceiling of £10m and an increased ceiling of £15m, which requires the authority of the CFO to the Commissioner to utilise. During the year there were 263 days which fell into the latter category. For clarity this is days per fund. Additionally there were 14 days when the £15m limit was breached (max £19m) while waiting for other investments to start, this was done with the consent of the PCC. The average invested balance was £33.732m and earned 0.31% (£0.104m). This compares favourably to the average 7 day LIBID un compounded rate of 0.21%

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

	<u>Position @</u> <u>01/04/17</u> £	<u>Investments</u> <u>made</u> £	<u>Investments</u> <u>withdrawn</u> £	<u>Position @</u> <u>31/03/18</u> £
<u>Temporary Investment</u>				
Banks	(183,000)	(15,875,000)	15,500,000	(558,000)
Building Societies	0	(4,000,000)	4,000,000	0
Local Authorities	0	(17,000,000)	17,000,000	0
MMF	(2,150,000)	(241,100,000)	233,450,000	(9,800,000)
Total Investment	(2,333,000)	(277,975,000)	269,950,000	(10,358,000)

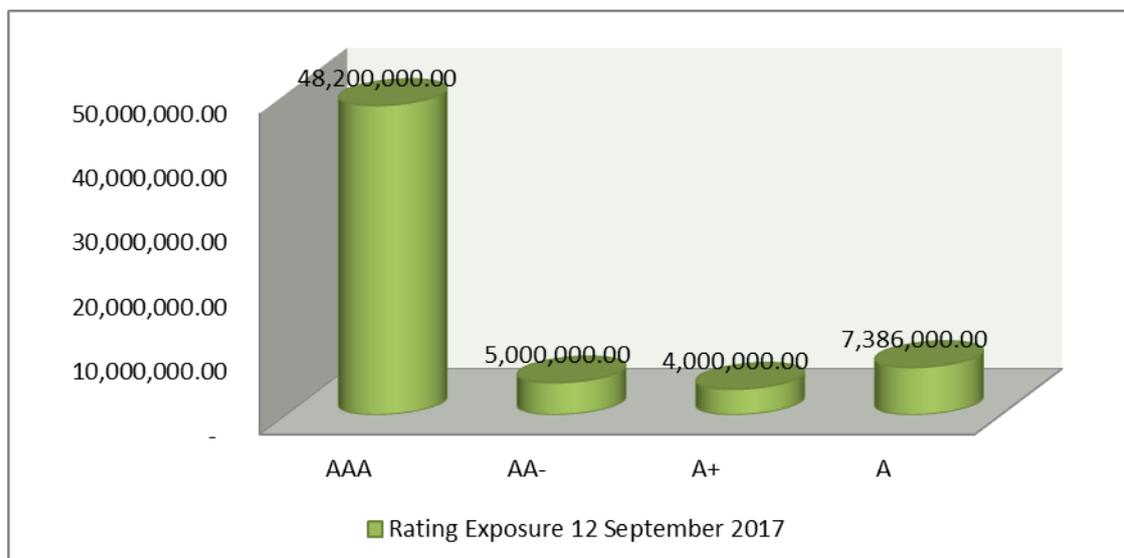
Investment:

	<u>Position @</u> <u>01/04/17</u> £	<u>Investments</u> <u>made</u> £	<u>Investments</u> <u>withdrawn</u> £	<u>Position @</u> <u>31/03/18</u> £
Fixed Term Investment	0	(26,000,000)	26,000,000	0
Variable Term Investment	(2,333,000)	(251,975,000)	243,950,000	(10,358,000)
	(2,333,000)	(277,975,000)	269,950,000	(10,358,000)

Proportion of Fixed Term Investment held 0.00%
 Proportion of Variable Term Investment held 100.00%

9. Security of Investment

The quality of counterparties for investment is governed by the approved Treasury Management Strategy. This is monitored on a daily basis and an important part of this is the credit agency ratings. The maximum investment held during the year was £64.6m held on 12/09/17, when pension top up grant and other grants had been received. The following graph shows the rating exposure on that day.



The majority of investments are made in money market funds which all carry an AAA rating, being the most secure available. The three being used by The Commissioner are as follows and shows how they are ranked for performance (judged by net 1 day yield) out of the 42 available funds. Money market funds operate by spreading risk across a wide variety of counterparties many of which

are not available to smaller investors. The impact of any counterparty failure is therefore minimised. It is also important that Commissioner forms a minor part of the fund. At all times the PCC has formed less than 0.1 % of any fund.

	Max. Investment exposure 07/07/17 £m	Ranking out of 42 29/06/18	Interest (Net 1 year yield) 29/06/18 %
Money Market Fund			
Standard Life	18.00	5th	0.33
Federated Investors	19.00	4th	0.34
Black Rock	10.10	14th	0.29

Appendix 1: Prudential and treasury indicators

During 2017-18 all legislative and regulatory requirements have been complied with.

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

The authorised limit is the “affordable borrowing limit” required by s3 of the Local Government Act 2003. The OPCC may not borrow above this level. The table below demonstrates that gross borrowing has remained within its authorised limit.

The operational boundary is the expected borrowing position during the year. Periods where the actual position is either below or over the boundary is acceptable subject to the authorised limit not being breached.

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

Appendix 2

Prudential Indicator Monitoring 2017-18

	2015-16 Authority Approved Indicator	2015-16 Outturn @ 31 Mar 16	2016-17 Authority Approved Indicator	2016-17 Outturn @ 31 Mar 17	2017-18 Authority Approved Indicator	2017-18 Outturn @ 31 Mar 18
<u>Section 1 - Indicators Based on Expected Outcomes</u>						
<u>Affordability:</u>						
Ratio of Financing Costs to Net Revenue Stream	2.9%	1.7%	2.4%	2.2%	2.8%	2.1%
Incremental Impact of Capital Investment Decisions	£7.08	-	£2.83	-	£3.82	-
Capital Expenditure	-	£8.986m	-	£8.043m	-	£4.037m
Capital Financing Requirement	£65.001m	£56.207m	£64.261m	£59.473m	£60.899m	£62.829m
<u>Section 2 - Indicators Based on Limits</u>						
<u>Affordability:</u>						
Actual External Debt	-	£44.303m	-	£40.704m	-	£37.105m
Authorised Limit for External Debt	£75.000m	-	£80.000m	-	£80.000m	-
Operational Boundary for External Debt	£65.000m	-	£70.000m	-	£70.000m	-
<u>Prudence:</u>						
Net Borrowing Requirement & CFR	£65.306m	£58.220m	£64.941m	£70.164m	£61.579m	£74.797m

For Information	
Public/Non Public*	Public
Report to:	Joint Audit and Scrutiny Panel
Date of Meeting:	24 July 2018
Report of:	Police & Crime Commissioner
Report Author:	Business Support Manager
E-mail:	Lisa.Gilmour@nottinghamshire.pnn.police.uk
Other Contacts:	
Agenda Item:	12

*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 much publish to comply with The Elected Local Policing Bodies (Specified Information) Order 2011 such as data on salaries and contracts.

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

- 3.3 The CoPaCC monitors police governance in the United Kingdom.
- 3.4 The CoPaCC team undertook a review of England and Wales Police and Crime Commissioners' compliance with The Elected Local Policing Bodies (Specified Information) Order 2011.
- 3.5 In November 2017 the Nottinghamshire Office of the Police and Crime Commissioner was informed that a Quality Mark had been awarded as the CoPaCC review confirmed a high level of performance.
- 3.6 Appendix A, the CoPaCC Transparency Quality Mark Certificate provides assurance to the Panel that the information required to be published by the Commissioner is available and easily accessible to members of the public.

4. Summary of Key Points

- 4.1 The Office of the Police and Crime Commissioner received 32 requests for information between the period of 1 January – 31 December 2017. Details of the requests are published on the Police and Crime Commissioner's website.
- 4.2 100% of the requests for information were acknowledged within 5 working days.
- 4.3 100% of the requests for information were responded to within the 20 working days deadline.
- 4.4 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>
- 4.5 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

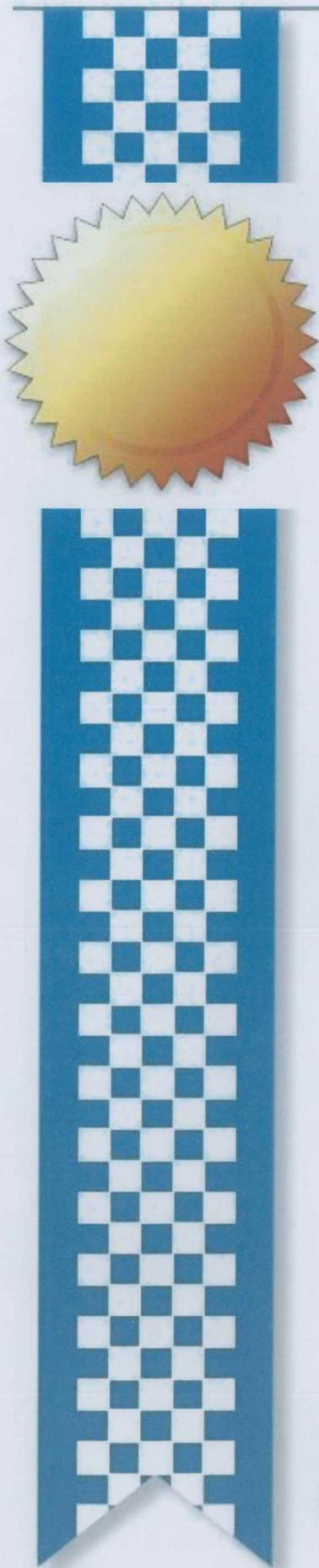
11.1 None

12. Appendices

12.1 Appendix A CoPaCC Transparency Quality Mark Certificate

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

13. N/A



**OPCC
Transparency
Quality Mark
2017/18**

Office of the
Police and Crime Commissioner for

Nottinghamshire

Bernard Rix
CEO, CoPaCC

Supported by:

CoPaCC
the police governance experts
Policinginsight

 **Grant Thornton**
An instinct for growth™

For Information	
Public	Public
Report to:	Joint Audit and Scrutiny Panel (JASP)
Date of Meeting:	24th July 2018
Report of:	Deputy Chief Constable
Report Author:	Pat Stocker – Information Management Lead
E-mail:	pat.stocker@nottinghamshire.pnn.police.uk
Other Contacts:	Supt Matt McFarlane
Agenda Item:	13

Nottinghamshire Police Information Management, Freedom of Information and Data Protection update for calendar year 2017.

1. Purpose of the Report

- 1.1 The purpose of this report is to provide the Joint Audit and Scrutiny Panel (JASP) with data on the legislative compliance of the Freedom of Information Act 2000 and Data Protection Act 1998 for the calendar year of 2017.

2. Recommendations

- 2.1 It is recommended that members note the monitoring statistics for 2017 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 JASP to fulfil its scrutiny obligations to oversee and consider Freedom of Information and Data Protection Compliance.

4. Summary of Key Points

- 4.1 Nottinghamshire Police as a public authority has a legal responsibility to respond to information requests received and processed in line with Freedom of Information Act (FOIA) and Data Protection legislation. These requests are processed and completed by the Information Disclosure Team
- 4.2 The legislative deadlines for the Acts are:-
- Freedom of Information 20 working days
 - Data Protection Subject Access 40 calendar day
- 4.3 In the calendar year 2017 the Force has received 1247 valid Freedom of Information Act requests and 319 valid Data Protection Subject Access requests for local information from Force systems.

Table 1: FOI and SARs received by year

	2015	2016	2017
Valid FOI's Received/Assigned	1135	1239	1247
Invalid FOI's Received/Not assigned	50	7	6
Total FOI	1185	1246	1253
Valid SAR's Received/Assigned	281	284	319
Invalid SAR's Received/Not assigned	45	78	81
Total SAR	326	362	400

- 4.4 Based on the above figures (as recorded on our Cyclops system), this represents an increase in assigned FOI requests received between 2016 and 2017 as 0.65% and an increase in assigned SAR's received between 2016 and 2017 as 12.32%. Overall there is a total increase in FOI requests received between 2016 and 2017 of 0.56% and in total SARS received between 2016 and 2017 of 10.5%.
- 4.5 The Information Disclosure team is responsible for receiving, validating and recording requests for information under both the FOIA and DPA. This includes Court Orders served upon the Force. The team is responsible for interrogating the relevant Force systems in order to research records available in relation to requests, manually review each record and judge its appropriateness for disclosure in line with the Acts mentioned above.
- 4.6 Any exemptions prohibiting disclosure are applied by the Disclosure officer based on expert knowledge of the Acts. Any exempt information is redacted from disclosure and reasoned arguments recorded. Any public interest arguments are conducted by the relevant Disclosure Officer and recorded accordingly.
- 4.7 The Information Disclosure team comprises of:
- 4 x FTE staff members including 1 Manager and 3 disclosure officers dealing with FOIA and DPA.(1 x FTE role currently working 0.6 following return from Maternity Leave in March 2018)
 - 2 further staff members who facilitate timely and consistent disclosure of information and documents from the police, into the Family Justice System (only 1 x FTE in place following resignation of post holder in November 2017 – new starter expected in the next few weeks)
- 4.8 The increasing number and complexity of both Data Protection and FOI requests has led to an increase in the amount of requests responded to outside of the legislative deadlines. This main consequences of this are potential risk and harm to individuals including children if timely checks are not completed when Court Order and Safeguarding requests are received, There is also the possibility of increased scrutiny by the Information

Commissioners Office leading to reputational damage, enforcement action and significant monetary penalties. **These risks are identified in the Risk Register at Appendix 5**

4.9 A plan to mitigate these risks includes a review of the resources required to manage the increasing demand and also includes the changes incorporated into the new Data Protection Act 2018 from 25th May 2018. These changes include a reduction to response times from 40 days to 30 days, the removal of the standard £10 charge for Subject Access Requests and the additional rights for Data Subjects.

4.10 A restructure of the Information Management team is being prepared with a Hybrid Business Case due at Force Executive Board early August 2018.

4.11 The results of the review including any agreed changes to structure and effects on demand will be reported as part of the next annual Nottinghamshire Police Information Management, Freedom of Information and Data Protection update for calendar year 2018.

Freedom of Information

4.8 The Force monitors compliance and provides quarterly statistics for Freedom of Information to the ACPO Central Referral Unit based in Hampshire. These statistics are collated from all Forces including Police Scotland and the Metropolitan Police Service. Regional and national statistics are produced and circulated to all Forces on a quarterly basis.

Results for Nottinghamshire can be seen in the attached charts at Appendices 1 & 2.

Data Protection

4.9 The Information Disclosure team processes Subject Access requests received under Section 7 of the DPA 1998 for information held by Nottinghamshire Police. National Statistics are not routinely circulated from the National Group.

Results for Nottinghamshire can be seen in the attached charts at Appendix 3.

Court Orders

4.10 The Information Disclosure Team also have the responsibility for disclosures to Court orders which can be received from any court in the UK and Ireland for Child Care, Private and Family Proceedings. In 2017 Nottinghamshire Police received 416 valid Court orders for disclosure; this is an increase of 3.74% on the number of orders received in 2016.

Results for Nottinghamshire can be seen in the attached charts at Appendix 4

Other types of Information requests

4.11 The Information Disclosure Team also have the responsibility for many other types of disclosure, all of which have to comply with the principles of the FOIA and DPA legislation but may have different timescales. (See table below)

Table 2: Data Protection General Requests

Category	Description	Time scale
Insurance	Validation of details in relation to crimes for insurer to settle claim	30 working days
Home Office	UK Border Agency and Immigration requiring confirmation and details of Police involvement for those wishing to stay in the country	40 calendar days
Housing Confirmation	Local and Social housing requiring confirmation of the reason given by the person who has presented to them as homeless.	5 working days
Housing General	As above but require more specific detail	40 calendar days
Insurance Appendix E	Insurance companies requiring information in relation to a claim that they believe is fraudulent	40 calendar days
NHS	General Medical Council, Nursing Midwifery Council require details of a registered practitioner who has been involved with the police to consider their fitness to practice	40 calendar days
Legal proceedings	Private legal proceedings such a personal injury claims	40 calendar days
Police	Request from other forces for information held by Nottinghamshire Police	No set timescale as soon as is practicable
Section 29 of the DPA	Requests from other prosecuting bodies such as DWP, local authorities and RSPCA	40 calendar days

Income Generation from Information requests

4.12 The Information Disclosure Team generate income from some types of information request (see table below):

Table 3: Income generated from IRs by year

Income £	2015	2016	2017
SAR	£2,180.00	£2,060.00	£2,240.00
Court	£17,877.67	£12,576.70	£18,436.28
Insurance	£13,128.25	£13,376.61	£15,448.30
Private/Civil	£5,782.70	£7,086.00	£5,106.60
DP Gen	£2,364.20	£2,402.00	£1,955.90
Total	£41,332.82	£37,501.31	£43,187.08

Figures compiled from Cyclops – additional income received electronically (i.e. via BACs) is recorded in Finance

Please note the 2018 figure will reduce substantially following the removal of the statutory £ 10 fee from 25th May 2018 as part of the new Data Protection Bill 2018 although we are still currently charging postage costs for anyone wishing to receive hard copy disclosures. This will have an impact on projected income from subject access requests for 2018.

Current Risks and Mitigations

4.13 There are a number of risks relating to the wider Information Management Team identified on the Corporate Development Department Risk Register that are being managed locally and the SIRO has been made aware of the current situation.

Relevant extract from the Corporate Development Departmental Risk register see Appendix 5.

5 Financial Implications and Budget Provision

5.1 There are no direct financial implications for this year – the financial implications for the changes in the Data Protection Act 2018 will be reported in next years annual report on DP/FOI compliance in 2018.

6 Human Resources Implications

6.1 There are no direct human resource implications - the resource implications for the changes in the Data Protection Act 2018 are being incorporated into the hybrid business case and will be reported in next years annual report on DP/FOI compliance in 2018.

7 Equality Implications

7.1 There are no equality implications

8 Risk Management

8.1 Not meeting the Forces legislative obligations under the Acts – see Appendix 5 for extract of Corporate Development Risk Register

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

9.1 Links to Police and Crime Plan 2018 – 2021:

- 9.1.1 **Transforming Services** and Delivering Quality Policing: The benefits of providing a good service to the public by responding to external DP and FOI requests fully and on time will support the Commissioners pledge to improve confidence and satisfaction in policing services. It will also reduce complaints to both the Information Commissioners office and PSD and reduce the resources required to respond to this failure demand.
- 9.1.2 **Demand for Service:** As stated in the PCP 2018-2021 “Calls for service to the Force remain significantly higher than average and are increasing in Nottinghamshire against the backdrop of reduced Police officer and staff capacity. The service also records more incidents than an average force” The higher demand recorded in Nottinghamshire aligned with the records management issues that sees the Force retaining data for longer periods, especially those relating to IICSA and UCPI, also increases the amount of data that needs to be searched on and returned when queried leading to additional time to read and redact requests appropriately.
- 9.1.3 **Governance & Accountability:** As stated in the PCP 2018-2021 “To discharge this accountability the Commissioner and senior officers must put in place proper procedures for the governance and stewardship of the resources at their disposal” Both Data Protection and FOI legislation identify roles and responsibilities accountable for the legislative compliance against the Acts. The Information Commissioner would assess the governance processes in place if the Force was to come under their scrutiny following an event such as a number of complaints or a data breach.

10 Changes in Legislation or other Legal Considerations

- 10.1 The General Data Protection Regulations (GDPR) including the Data Protection Act 2018 is now applicable in the UK from 25 May 2018.
- 10.2 An extension to the FOI Act is currently being debated in Parliament which seeks to add to the authorities who are subject to FOI legislation. The bill would include Social Housing and Children’s Safeguarding Boards (amongst others). It would also make information held by contractors acting on behalf of public authorities subject to FOI Act. If the changes to the Contractors information are implemented this could significantly add to FOI demand already in place.

11 Details of outcome of consultation

- 11.1 Any issues in relation to Freedom of Information and Data Protection compliance is monitored through the Information Management Board (previously called Force Information Assurance Board) chaired by the Deputy Chief Constable.

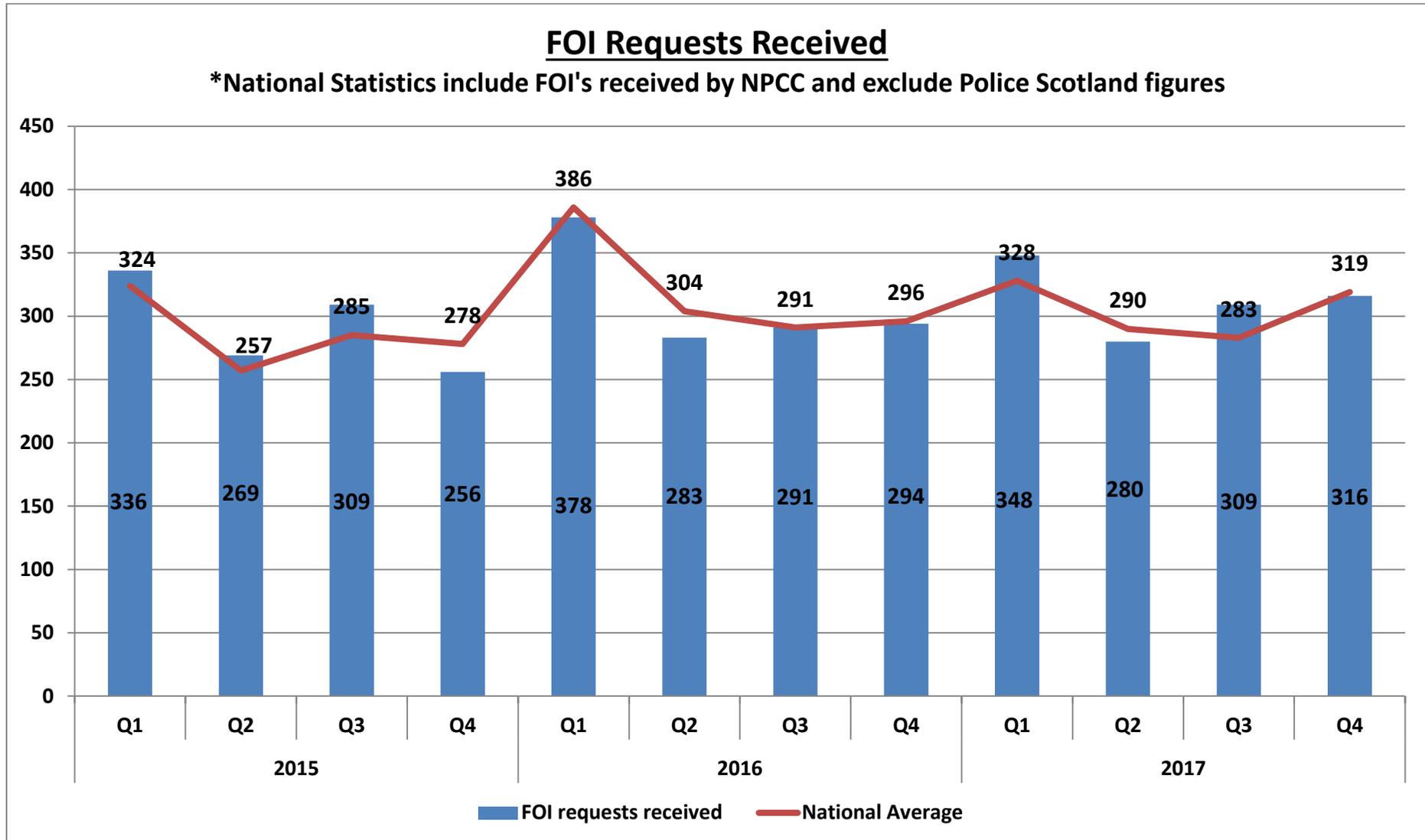
12. Appendices

- 12.1 Appendix 1 – FOI Requests Received
- 12.2 Appendix 2 – FOI Requests Disclosed
- 12.3 Appendix 3 – Subject Access requests

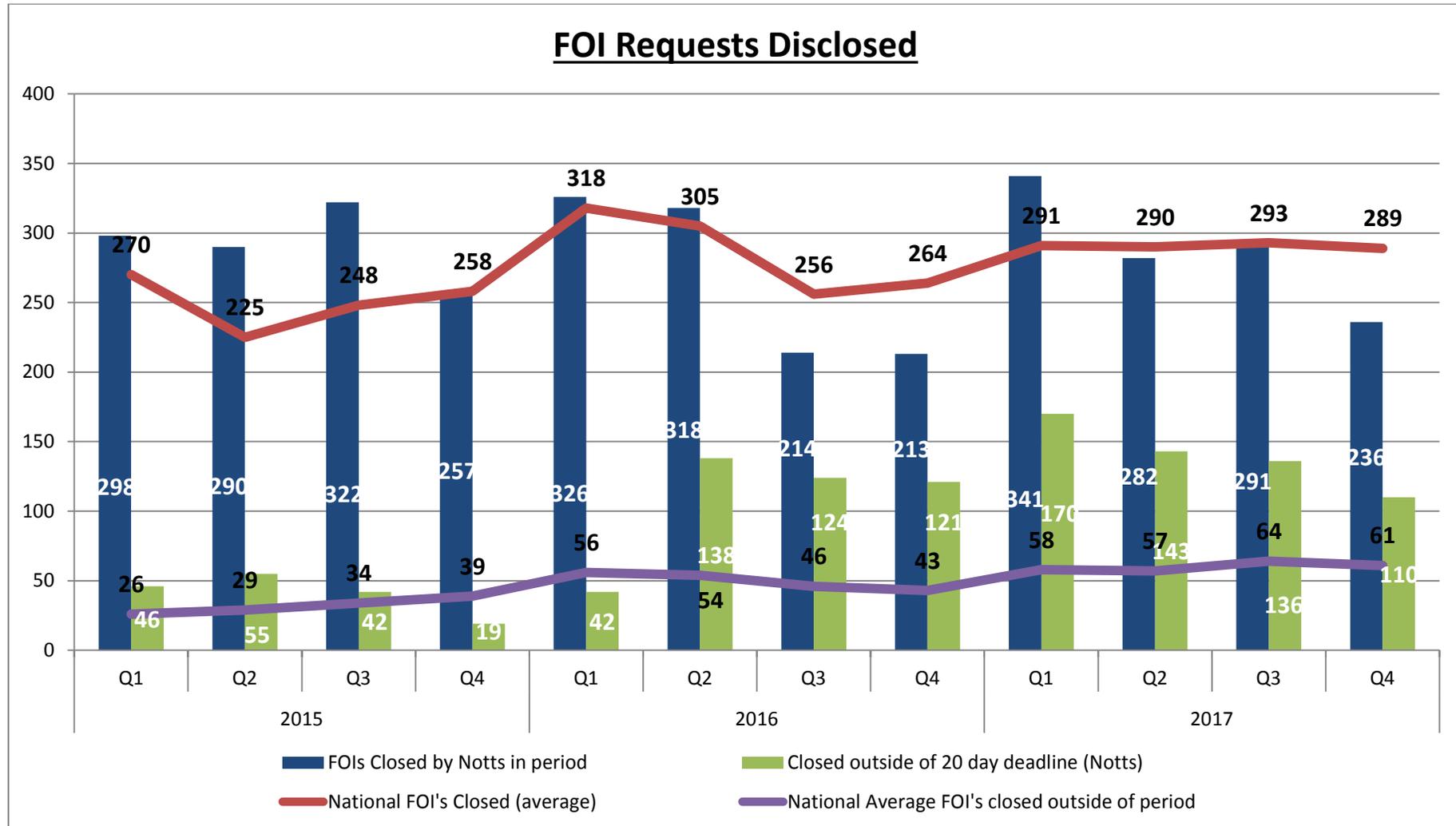
12.4 Appendix 4 – Court Orders

12.5 Appendix 5 – Extract from Corporate Development Departmental Risk register

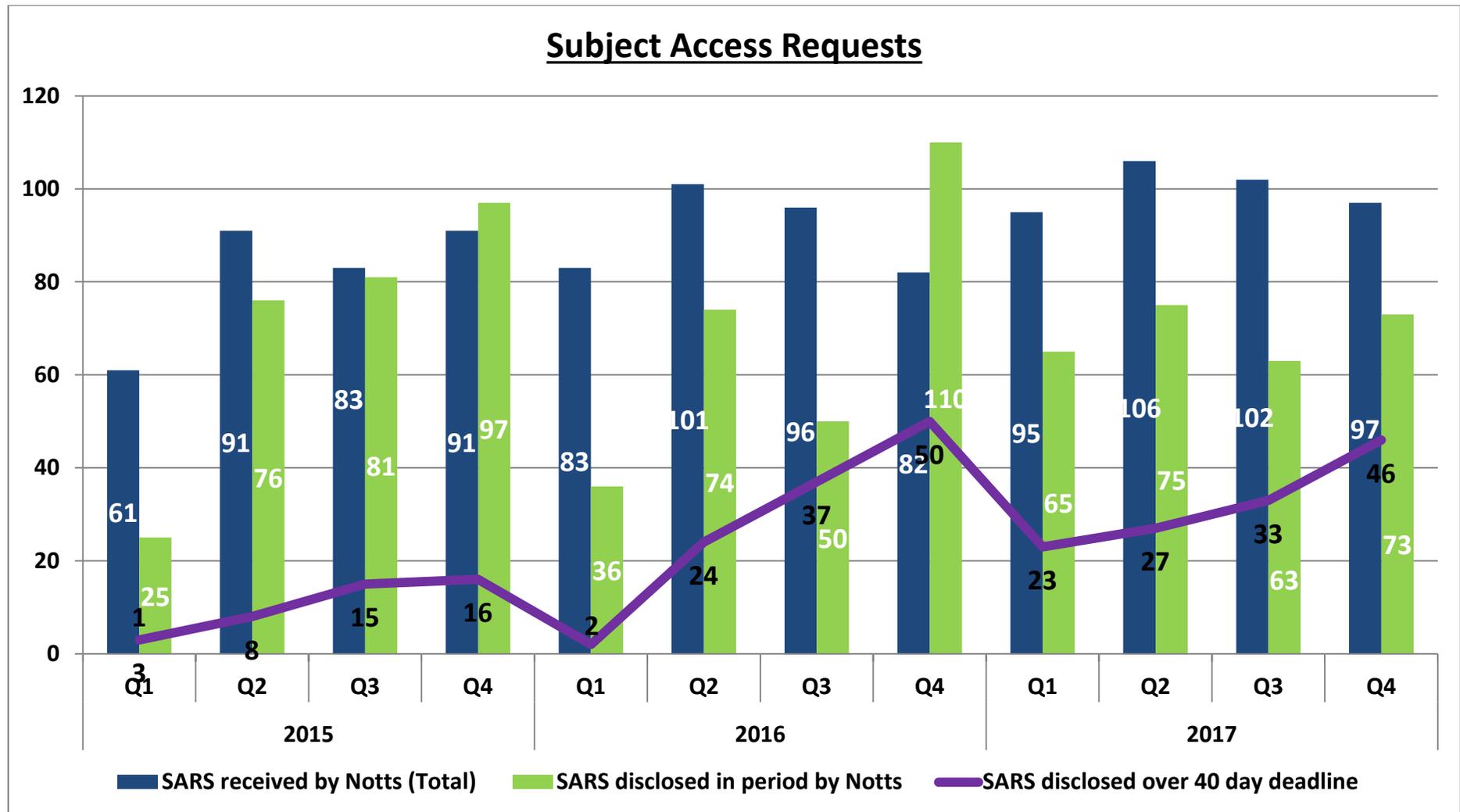
Appendix 1: Freedom of Information Act Requests – this chart shows that the number of FOI requests received locally meets or exceeds the national average number received in 9 months of 2017 – this puts the Force in the top half of the national Forces in terms of numbers of FOI’s received.



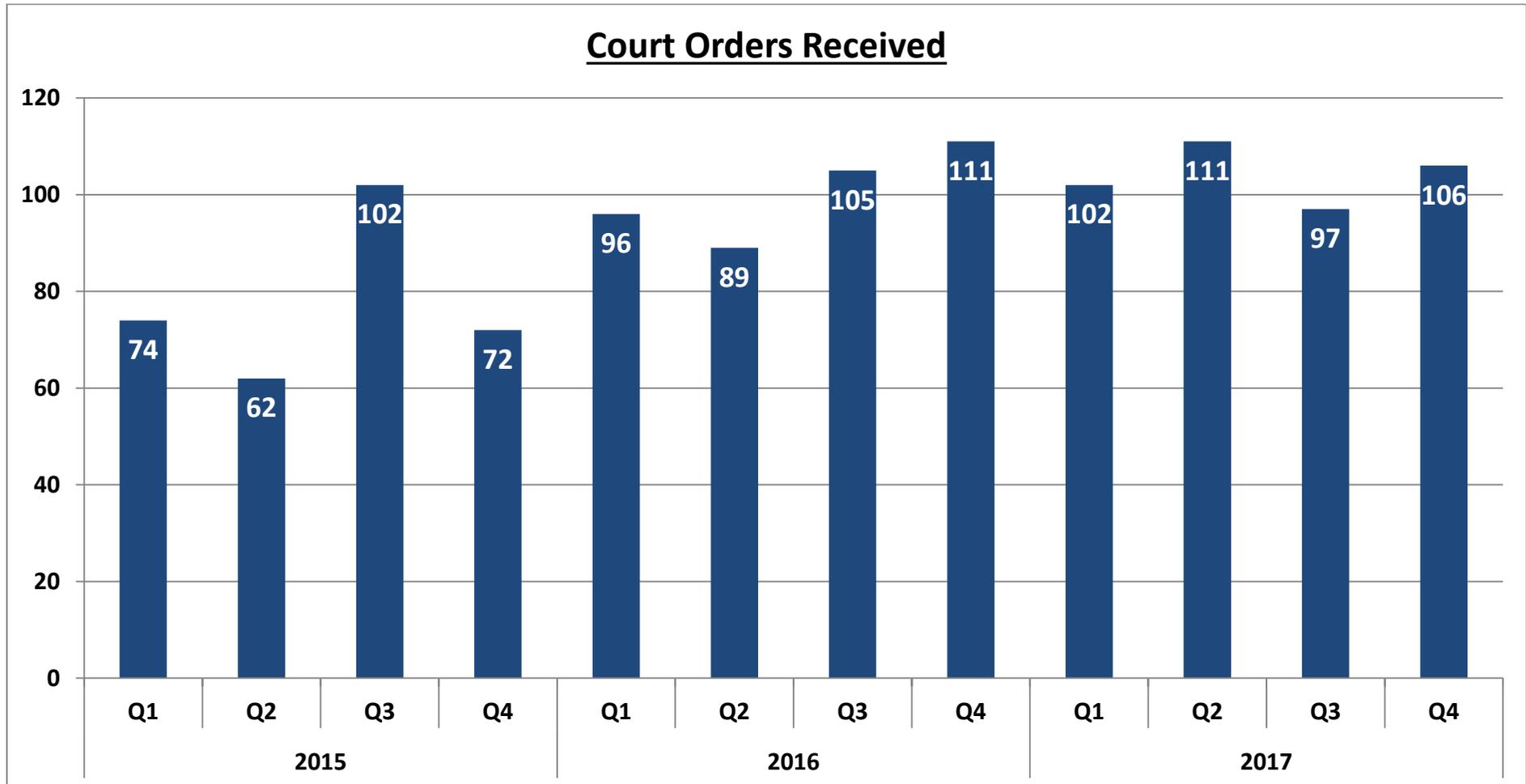
Appendix 2 – FOI disclosed – this chart shows that the number of FOI’s disclosed locally meets or exceeds the national average number disclosed in 8 months of 2017. It also shows, however, that the number of FOI’s disclosed outside of 20 days also exceeds the national average in 10 months of 2017 leading to a backlog of requests and an upward trend of numbers outside of the legislative deadline.



Appendix 3 – Subject Access Requests – this chart shows Nottinghamshire performance only as National Statistics are not routinely circulated from the National Group. The chart itself shows that SAR disclosures fall below the number of SARs received within the same period 10 months out of 12, this leads to an upward trend in the number of SAR requests being responded to outside of the legislative deadline



Appendix 4 – Court Orders – this chart again shows Nottinghamshire performance only as National Statistics are not routinely circulated from the National Group. This shows an upward trend in the number of Court Orders being received over the last 3 years. On average 91% of all Court Orders received have been responded to within the order deadline over this three year period as they are prioritised over other types of request.



Appendix 5 – Extract from Corporate Development Departmental Risk – this extract identifies the Information Management risks relating to legislative compliance.



Corporate
Development Risk Re:

Corporate Development RISK REGISTER

Ref	Strategic Objective	Risk Theme	Risk Description	Aspirational Risk Score aka Risk Appetite			Risk Owner	Inherent Risk Score			Strategic Risk Management Strategy: Treat; Tolerate; Transfer; Terminate	Current Controls	Current Risk Score			Strategic Risk Management Strategy: Treat; Tolerate; Transfer; Terminate	Planned Controls	Owner	PRIORITY	Delivery Date	Risk Trend
	Identify which strategic objective the risk is aligned to.	Need the definition here	Fully described in language that clearly identifies the potential EVENT that gives rise to a CONSEQUENCE that has an IMPACT.	Likelihood	Impact	Risk Rating	IAO or Delegate	Likelihood	Impact	Risk Rating	Treat (2)	Identification of the current controls and risk mitigations already in place.	Likelihood	Impact	Risk Rating	Treat	Identification of additional pragmatic, appropriate and cost effective mitigation controls.	Task owner IAO or Delegate		Anticipated control delivery date	Comments and \or Simple graphic to show periodic change
CD_RID_001	Performance\Service Delivery	Non-Compliance	Potential for failure to meet statutory Disclosure deadlines and putting child safety at risk due to imminent loss of experienced member of staff and current backlog of requests (See CD_RID_001 for full detail).	2	2	4	Julie Mair	4	4	16	Treat (2)	<ul style="list-style-type: none"> New posts for Disclosure team FOI\SAR\ Admin filled. Job descriptions for Safeguarding Disclosure Officers rewritten and submitted for approval prior to advertising vacancy Application to DCC for Vacancy to be uplifted from 30 hours per week to 37 hours per week prior to advertising vacancy Prioritise key areas having most impact on public safety, perception and legislative mandate. Possibility to introduce more staff when demand increases in very busy periods. (Note it is not possible to predict demand in this area and therefore difficult to plan for.) 	3	4	12	Treat	Continue development of current staff.	LF		31/30/2018	
																	Imminent advertisement of vacancy subject to job description review and application to uplift working hours from 30 hours pw to 37 hours pw	LF		31/11/2017	
																	Implement new process and procedure to aid management of demand and reduce wasted time or resource capability.	LF		31/03/2017	
																	Introduction of Two Way Interface between Niche RMS (RM Forces) and Case Management system (CPS), plus introduction of Digital Evidence Management Solution (DEMS) such that loss of physical media and emails containing personal information will be drastically recuded.	DEMP Project		TWIF 2018 and DEMS 2018/2019	
CD_RID_002	Performance\Service Delivery	Non-Compliance	Risk of non-compliance with Data Protection Act which could bring the force into disrepute and could lead to breaches, further scrutiny from the Information Commissioner.				Julie Mair	4	4	16	Treat (2)	A review of the resources required is currently taking place by the BIT Team leading to a hybrid Business Case to FEB in early August 2018					Ongoing review of workload	PS/LF			

CD_RID_011

INFORMATION MANAGEMENT -
History of recruitment to the IM team – loss of knowledge and experience through the restructure process and a history of difficulties in recruitment means that the team are unable to meet the current demand.
This backlog has led to an increase in ICO complaints which could result in enforcement action and fines. The more this backlog develops the more likely we are to trigger a requirement for review
There are many roles within IM which are single person dependent – this creates a huge risk if that person leave
Within the Disclosure Unit loss of knowledge and experience as a result of the restructure has led to demand not being met and a backlog has developed. An increase in the type of demand across some complex areas has compounded the backlog – this is a national trend.
There has been a doubling of the requests from Social care over the past year. Whilst Op Socius has now finished the backlog remains.
A complaint has been received by the Information Commissioner with non-adherence to legislative deadlines part of the complaint and two complaints are also being investigated by Professional Standards which again make reference to the requests being overdue their legislative deadline

Other members of the IM team have been supporting the Disclosure work backlog - due to resignations of key staff at the end of March 2018 there are fewer resources to provide support at this time.

A review of the demand is required – there are opportunities to review processes and reduce some types of demand

A review of the resources required is currently taking place by the BIT Team leading to a hybrid Business Case to FEB in early August 2018

Ongoing review of workload

PS/LF

For Information	
Public	Public
Report to:	Joint Audit and Scrutiny Panel (JASP)
Date of Meeting:	24 th July 2018
Report of:	Supt Matt McFarlane, Priority Plan Programme
Report Author:	Alison Donaldson, Programme Officer
E-mail:	Alison.donaldson@nottinghamshire.pnn.police.uk
Other Contacts:	
Agenda Item:	14

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

Priority Plan Programme Update May 2018

1. Purpose of the Report

1.1 To present an update on the activity of the Priority Plan Programme.

2. Recommendations

2.1 For the panel to consider and note the update information on the Priority Plan Programme.

3. Reasons for Recommendations

3.1 To respond to the JASP action from December, providing detail of the business change achieved so far.

4. Summary of Key Points

ADA Process 2017/18

4.1 As a result of the Annual Departmental Assessment (ADA) process, the Force's business planning process, 123 workstreams outside of business as usual were commissioned for development. (Please refer to Appendix A.)

4.2 'Quick actions' such as removal of staff vacancies, overtime budget reductions and out of hours standby arrangements have taken place during 2017/18 achieving efficiency savings of £648k from the remaining 2017/18 budget and £1.14m from the 2018/19 budget.

4.3 Deep dive reviews were undertaken in Contact Management and Response and the Resource Allocation Model (RAM) has been utilised for Neighbourhood Policing. This data analysis has provided the evidence base for the recent Force restructure with the introduction of a hybrid operating model to deliver the capacity and capability required to address changing demand. The restructure is linked to the Force's recruitment timeline and police officer numbers of 1940 FTE in accordance with the Medium Term Financial Plan. The rank mix has improved with 40 fewer police officer supervisory posts offering a competitive value for money profile.

4.4 Examples of completed functional and departmental reviews include:

People Services & Organisational Development (PS & OD) (Human Resources)

Transformed service delivery model removing current inefficiencies, blockages, turning PS & OD into an organisational enabling service and releasing efficiencies of £565,347 back into the Force to be redirected to supporting front line operational policing.

The department has been restructured into two main functions:

- 'People Support Services' responsible for the 'life' cycle of employees
- 'People Development & Wellbeing', this a critical function for the department, particularly as we continue to build and improve our organisational development capability, employee relations and fit for purpose policy.

Professional Standards Directorate

- Relocation of the Counter Corruption Unit to the main HQ building alongside the Complaints and Misconduct Unit. This complements the move to a one DCI structure.
- Responsibility of police staff conduct from Human Resources to PSD providing parity and timeliness to investigations.
- Local Resolution complaints to be resolved by dedicated Sergeants with a reduction in business support capacity to administer and quality assure the process. This will enable an environment where learning and poor performance is recognised and acted upon, and a service for local people with improved customer satisfaction and improved trust and confidence.

Archives and Exhibits

- Movement of the Cash and Confiscations function to the Central Store providing health and safety compliant facilities and equipment and enabling sustained improvement performance for efficient handling and management of cash exhibits and settlement of POCA and Court Orders.
- Changes to Lost and Found Property policy and processes to deliver a customer based approach, a reduction in workload and release of capacity for frontline officers and contact management staff.
- Centralised packaging provision to improve the packaging quality of exhibits and thereby reduce health and safety risks, consistent ordering and cost reductions and release of frontline officer time.

Finance Department

- A streamlined management structure offering savings of £101,000.

- The introduction of a purchasing function which will allow for the transfer of routine procurement from front line officers, creating a more efficient process that may deliver additional end to end savings.
- The restructure will place the Force Finance team in the lower quartile of costs against the national value for money profile.

Resource Management Unit (RMU)

RMU to move from Human Resources into Operational Support with an understanding of work to be transferred and assurance that staffing levels are sufficient. Duty Manager staffing requirements established by workload profiler results.

4.5 Examples of business change include:

Method of entry

A review of tactics and new Lock Puller kit method deployed for method of entry to UPVC doors

Relocation of CSIs to a central base at FHQ

To enable a review of shift patterns and vehicle provision

Safer Schools Pilot

A pilot for School's and Early Intervention Officers was launched in September 2017. Resources have since been built into the Force restructure in preparation for roll out to all Neighbourhood Policing areas in the new academic year.

Bunkered Fuel

Maintenance to retain 4 of our bunkered fuel sites and to share 13 with Notts Fire and Rescue Service. This enables decommissioning of 6 bunkers with a £135,000 reduction in the capital requirement and increased sites and ease of access for officers.

Worksop Police Station

Relocation to shared accommodation with Bassetlaw District Council at the Queen's Building. This will reduce the estate footprint and annual running costs but also enhance partnership working and opportunities for joint problem solving.

4.6 Examples of additional workstreams outside of the ADA Process include:

Cyber Crime pilot

Increased resourcing of 2 police officers for pursue and 2 police staff for prevent/protect roles. This capability will be managed and coordinated by RCCUs and located in Force. Capital costs will be met by regional funding.

Paedophile Online Investigation Team (POLIT) investment

Purchase of specialist hardware and software and introduction of a Digital Forensic Examiner post to enable on site triage and an intelligence led method of search and seizure.

Review of the Vetting function

Permanent establishment of some fixed term contracts as per the workload profiler software and forecast demand.

Sign Video

Scoping for the introduction of a video relay system to aid the Deaf and hearing impaired.

4.7 The following workstreams are scheduled for Quarter 2:

- Forcewide Analytical function Business Case
- ANPR Business Case
- Firearms Licensing processes review
- Forcewide disclosure processes - with the introduction of GRDP this will commence initially with a review of information requests (FOI)
- Business Systems Admin review
- Agile working strategy

4.8 Programme Management and Benefits Realisation

During 2017/18 the Force's approach to Programme management was reviewed and standardised for all projects under the Priority Plan umbrella this will enable the project objectives to be achieved within the expected performance targets for time, cost, quality, scope, benefits and risk.

A renewed approach to Business Benefits Realisation has also been developed to ensure the maximum return on investment. The process ensures that the desired business change outcomes have been clearly defined, and are ultimately realised through a structured approach with ownership.

Benefits are determined at the Business Case stage and are used to identify what needs to happen, what will change and what will be achieved. Benefits are not just a paragraph in the business case but a Benefits Realisation Plan (BRP) that will track the progress throughout project implementation and for the expected term of the benefits realisation. The BRP identifies links to the Force priorities and Police and Crime Plan strategic themes to enable accurate recording of Force activity against these.

4.9 ADA Process 2018/19

The Annual Departmental Assessment process has been streamlined for 2018/19 and linked to the production of the Force Management Statement as a key business planning tool. Where gaps in capacity or capability to meet demand have been identified these will be addressed by proposals in departmental ADAs. ADAs are due August 2018 in readiness for the

September Extraordinary Force Executive Boards. The outcome of this process will inform October budget meetings and the Programme Plan for 2019/20.

5. Financial Implications and Budget Provision

- 5.1 All projects in the Priority Plan Programme are considered on an individual basis in terms of associated financial implications and managed through appropriate governance channels.

6. Human Resources Implications

- 6.1 There are no HR implications beyond normal business activity.

7. Equality Implications

- 7.1 Changes to departmental structures or introduction of Force policy as a result of projects commissioned during the Priority Plan Programme will be subject to individual Equality Impact Assessments.

8. Risk Management

- 8.1 All projects will be considered on an individual basis in terms of associated risk management implications and managed through appropriate governance channels.

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

- 9.1 All projects will be considered on an individual basis in terms of associated policy implications. Benefits Realisation Plans identify the links to the Police and Crime Plan Priorities to enable accurate recording of Force activity against these.

10. Changes in Legislation or other Legal Considerations

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

11. Details of outcome of consultation

- 11.1 There is no requirement for consultation as a result of this paper, which is for update only.

12. Appendices

- 12.1 Appendix A - Priority Plan Programme Update

Appendix A

Priority Plan Programme Update from the 2017 ADA process, as at 31st March 2018

Department	Key Workstreams	Workstreams 123	Complete 68%	In Progress 25%	Overdue 2%	Not yet commenced 5%
Corporate Development	Collapse the structure in the Crime Audit Team Review Disclosure functions forcewide Review the provision of analysis with a view to centralising performance and intelligence analysis Review of arrangements for off-site information storage with Archives and Exhibits	9	4	5		
People Services	Review of HR structures and functions Review of recruitment process Enable flexible recruitment of retiring officers into specialist civilian posts	9	4	5		
Finance	Purchasing Team and review of current structure	1	1			
Corporate Communications	Review the departmental structure Create 7 day coverage to include DMM and weekend website updates Grant access for MFH team to update social media and force website To ensure each NPI has a Twitter account	8	6	2		
Estates	Review/upgrade of bunkered fuel sites including discussion with NFRS Relocation of Worksop Police Station into shared services Hucknall - construction of extension at the ambulance station and sale of Hucknall PS	9	8	1		
Fleet	Fleet replacement programme and efficiency review Artemis review	3	2	1		
Information Services	Centralise Business Systems Admin Creation of an Agile Working Strategy	4	2	2		
Professional Standards	Reduction in overtime budget Remodel PSD structure in keeping with 1 DCI model to include location and management and investigation of police staff conduct	5				
Contact Management	Contact Management 'deep dive' review fed in to the Force restructure Information cloud to allow members of the public to share files, video images etc New Command and Control platform	12	6	4	2	
Response	Response 'deep dive' review fed in to the Force restructure Method of entry to premises Agile working for response officers	6	5	1		
Neighbourhoods	Review of Safer Schools Reallocation of 4 x PCSOs to Rural Crime Review of resource allocation model (RAM) for neighbourhoods fed in to the Force restructure	9	6	3		
Public Protection	Establish Operation Equinox Co-location of POLIT and DIU Partial review of PPU	4	2	1		1
Complex Crime	Permanent establishment of Knife Crime Team Increased local investigation teams on City and County CSPs Rampton Hospital investigative resources	4	4			
Organised Crime	Professionalisation of surveillance including fleet and equipment Developing a cyber crime investigative function	6	6			
Archives & Exhibits	Movement of Cash & Confiscations Function Niche Barcoding and development of Optik App Review of Forensic Drying facilities and rooms	7	1	2	1	3
Intelligence	DIEU hardware/infrastructure replacement Dedicated ANPR Manager role Investment in extraction of data from vehicle telematics Review of Firearms Licensing ID Suite to move to CJ	24	16	6		2
EMSOU FS	CSIs to move to one central base at FHQ	1		1		
EMCJS	Newark Custody - mothball Reduction of PACE Inspectors from 11 to 7	2	2			

Consideration	
Public/Non Public	Public
Report to:	Audit and Scrutiny Panel
Date of Meeting:	24 July 2018
Report of:	Chief Executive
Report Author:	Sara Allmond
E-mail:	sara.allmond@nottsc.gov.uk
Other Contacts:	
Agenda Item:	15

JOINT AUDIT AND SCRUTINY PANEL WORK PLAN 2018/19

1. Purpose of the Report

1.1 To provide the Panel with a programme of work for 2018/19

2. Recommendations

2.1 That Joint Audit and Scrutiny Panel members note the report and attached appendix, and agree the contents.

3. Reasons for Recommendations

3.1 To enable the Panel to manage its programme of work.

4. Summary of Key Points

4.1 The Panel has a number of responsibilities within its terms of reference. Having a work plan for the Panel ensures that it carries out its duties whilst managing the level of work at each meeting.

5. Financial Implications and Budget Provision

5.1 None as a direct result of this report

6. Human Resources Implications

6.1 None as a direct result of this report

7. Equality Implications

7.1 None as a direct result of this report

8. Risk Management

8.1 None as a direct result of this report

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

- 9.1 This report meets the requirements of the Terms of Reference of the Panel and therefore supports the work that ensures that the Police and Crime Plan is delivered.

10. Changes in Legislation or other Legal Considerations

- 10.1 None as a direct result of this report

11. Details of outcome of consultation

- 11.1 None as a direct result of this report

12. Appendices

- 12.1 Work Plan

PROPOSED JOINT AUDIT AND SCRUTINY PANEL WORK PLAN 2018/19

TUESDAY 24th JULY 2018 FINAL ACCOUNTS MEETING			
	External Audit ISA260 Government Report	Annually	
	Final Force Statement of Accounts 17/18 Final Group Statement of Accounts 17/18 (OPCC and Force AGS to be incorporated)	Annually	Force – Paul Dawkins OPCC – Charlie Radford
	Police Strategy on tackling Fraud	Requested by Panel	Force – DCI Young
	Internal Audit Progress Report	Each Meeting	Mazars – Brian Welch
	Update on actions from audits, inspections and reviews (Includes Internal audit, External Audit, HMIC, AGS improvements)	Each meeting	OPCC - as required Force – DCC
	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	Annually	OPCC – Lisa Gilmour
	Force Assurance Report on Compliance with Freedom of Information and Data Protection Requests	Annually	OPCC – Pat Stocker

WEDNESDAY 7th NOVEMBER 2018 CHAIR TOPIC			
	<i>Chair's topic – Prevention in Schools</i>		
	Business Continuity Management – report on table top exercises carried out by the Governance and Planning Team		Force – Corporate Development
	Summary set of accounts for publication 17/18? If available/ could be next meeting	Annually	OPCC – Charlie Radford
	Force Assurance Mapping Report	Annually	Force – Corporate Development
	Internal Audit Progress Report	Each Meeting	Mazars – Brian Welch

	Tri-Force Evaluation Report		OPCC – Charlie Radford Force – Tim Chesworth
	Review of OPCC Risk Management arrangements Review of Force Risk Management arrangements	6 Monthly	OPCC – Kevin Dennis Force – DCC
	Review Working Together Agreement incorporating SoD, Fin Regs and SOs	Annually	OPCC – Kevin Dennis
	Update on actions from audits, inspections and reviews (Includes Internal audit, External Audit, HMIC, AGS improvements)	Each meeting	OPCC - Where appropriate Force – DCC
	Annual Audit Letter – External Audit	Annual	KPMG - Andrew Cordoza
	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

MARCH 2019 AUDIT PLANNING MEETING

	New Internal Audit Plan 2019/20	Annual	Mazars – Brian Welch
	PCC Update Report	Each Meeting	OPCC – Phil Gilbert
	Budget Reports (for information) <ul style="list-style-type: none"> • Treasury Management Strategy • Reserves Strategy • Capital Report • MTFS • Budget Report 	Annually	OPCC – Charlie Radford

	External Audit Plan if available	Annually	Ernst & Young
	Internal Audit Progress Report	Each Meeting	Mazars – Brian Welch
	Update on actions from audits, inspections and reviews (Includes Internal audit, External Audit, HMIC, AGS improvements)	Each meeting	OPCC - where appropriate Force - DCC
	Note -If possible – invite new External Auditor – Ernst & Young		
	Force Report on Business Continuity Compliance and Assurance Testing and Exercising	Annually	Force – Corporate Development
	Force Report on Monitoring, Review and Assurance of the Publication Scheme	Annually	Force – Pat Stocker
	OPCC Report on Compliance with Freedom of Information Requests and the Specified Information Order	Annually	OPCC – Lisa Gilmour
	Force Assurance Report on Compliance with Freedom of Information and Data Protection Requests	Annually	OPCC – Pat Stocker

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

