

## **JOINT AUDIT AND SCRUTINY PANEL**

**WEDNESDAY 24 JULY 2019 at 10.00 AM**  
**COMMITTEE ROOM A (FORMERLY MEETING ROOM 34), COUNTY**  
**HALL, WEST BRIDGFORD,**  
**NOTTINGHAMSHIRE NG2 7QP**

(pre-meeting for Panel Members in adjacent Meeting Room 33 at 9:15 am)

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**Membership**  
Stephen Charnock (Chair)  
Alan Franks  
Peter McKay  
Philip Hodgson  
Vacancy

### **A G E N D A**

1. Election of Chair
2. Membership 2019 – 2020  
To note the appointment of Alan Franks to the Panel in place of John Brooks from 1 July 2019
3. Apologies for absence
4. Declarations of interest by Panel Members and Officers (see notes below)
5. To agree the minutes of the previous meeting held on 29 May 2019
6. Progress Against Action Tracker
7. HMICFRS – Discussion Item with Ali Davies of the Inspectorate (verbal)

8. Presentation - MFSS Transition to Fusion (Tim Chesworth)
9. Force Audit and Inspection Update – June 2019  
Report and Presentation on Custody Action Plan – (Chief Inspector Glen Longden)
10. Independent Custody Visitor Annual Report
11. Statement of Accounts and Annual Governance Statements for 2018-219
12. External Audit of the Accounts (ISA260) – verbal update
13. Internal Audit Progress Report
14. OPCC Publication Scheme Monitoring, Review and Assurance
15. Force Assurance report on compliance with Freedom of Information and Data Protection requests – Quarter 1 and Quarter 2 - 2019
16. Joint Audit and Scrutiny Panel Work Plan 2019/20
17. Summary of Actions (verbal)

**MINUTES OF THE MEETING OF THE NOTTINGHAMSHIRE POLICE AND CRIME COMMISSIONER JOINT AUDIT AND SCRUTINY PANEL HELD ON WEDNESDAY 29<sup>TH</sup> MAY 2019 AT NOTTINGHAMSHIRE COUNTY COUNCIL, COUNTY HALL, NOTTINGHAM NG2 7QP, COMMENCING AT 10AM**

**MEMBERSHIP**

(A – denotes absent)

Mr Stephen Charnock (Chair)

Mr Leslie Ayoola

Dr Phil Hodgson **A**

Mr Peter McKay

Vacancy

**ALSO PRESENT**

Sara Allmond	Democratic Services, Nottinghamshire County Council
Rachel Barber	Deputy Chief Constable (DCC), Nottinghamshire Police
Neil Harris	Ernst Young
Chris Hewitt	Ernst Young
Mark Kimberley	Head of Finance, Nottinghamshire Police
Charlie Radford	Chief Finance Officer, NOPCC
David Shire	Equality and Diversity Projects Support Officer, NOPCC
Paddy Tipping	Nottinghamshire Police and Crime Commissioner
Brian Welch	Mazars
Neil Williams	Chief Inspector, Nottinghamshire Police

**1) APOLOGIES FOR ABSENCE**

Apologies for absence were received from Dr. Phil Hodgson and Craig Guilford, Chief Constable Notts Police

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

None

**3) MINUTES OF THE PREVIOUS MEETING**

The minutes of the last meeting held on 22 February 2019, having been circulated to all members, were taken as read and were confirmed and signed by the Chair with an amendment to resolution 2019/020 to read "To note the report" and that the resolution number for item 16 be amended to "2019/024".

#### 4) **PROGRESS AGAINST ACTION TRACKER**

Action 012: It was agreed that for each very high risk, the force lead would be invited to JASP to brief the Panel on the current status and this would be added to the work programme commencing with an overview of MFSS transition to Fusion at the July meeting.

Action 014: Noted

Action016: The report was expected to be published in July.

Action 20: Update to be received later on the agenda, complete and close

Action 021: Update to be received later in the agenda, complete and close

Action 022: Complete and close

#### 5) **PROVISIONAL REVENUE BUDGET OUTTURN REPORT 2018/19**

Mark Kimberley introduced the report which provided an update on the provisional financial outturn position against the original budget for Nottinghamshire Police as at 31<sup>st</sup> March 2019.

During discussion of the report, the following point was raised:

- The difference in the figures for the People Services section was discussed and it was agreed that a briefing note on this would be circulated to members.

#### **RESOLVED 2019/025**

- 1) To note the outturn position for each legal entity and the net position for the Group:

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

- 2) That the Panel recommends that the Police and Crime Commissioner approves the transfer from the Medium Term Financial Plan (MTFP) reserve to meet the overspend set out above.

#### 6) **PROVISIONAL CAPITAL OUTTURN REPORT 2018-19**

Mark Kimberley introduced the report which provided an update on the financial outturn position for capital as at 31<sup>st</sup> March 2019 (Period 12, Quarter 4).

During discussion, the following point was raised:

- The development of the Bridewell Custody Suite was progressing and it was expected to be completed within the original schedule.

**RESOLVED: 2019/026**

To recommend that the Police and Crime Commissioner approves the green and amber slippage requests as set out in Appendix B of the report.

**7) TREASURY MANAGEMENT YEAR END REPORT**

Charlie Radford introduced the report which provided details of compliance with the Treasury Management Strategy and prudential indicators for 2018-19.

**RESOLVED: 2019/027**

That the Panel received assurance from the information contained within the report.

**8) INTERNAL AUDIT ANNUAL ASSURANCE REPORT**

Brian Welch of Mazars introduced the report which provided details of the work undertaken by internal audit during 2018/19.

During discussions the following points were raised:

- The lower number of limited assurance outcomes was noted
- MFSS – a large amount of hard work was being undertaken to attempt to bring the service up to an acceptable standard.
- Health and Safety – new staff now embedded. Confident the service is now where it needed to be.
- GDPR – A lot of work was being undertaken to make improvements and this was moving in the right direction.
- Property Management – the limited assurance finding was disappointing. A meeting was planned to look into what was needed to resolve the issues identified. There was a large amount of good work undertaken as well in property management.

**RESOLVED: 2019/028**

To receive assurance from the information contained within the report.

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

Mark Kimberley introduced the report and circulated copies of appendices A and B which were marked as to follow.

During consideration of this item the meeting adjourned from 11.09am to 11.20am due to a fire alarm evacuation.

During discussions the following points were raised:

- The Big Red Button had not been used this year. It was felt that the product was more suited to local authorities and had not been configured to work with the more complex financial situation of the Force and OPCC.
- The work undertaken to bring the Big Red Button in had helped in preparing the accounts this year so trialling it had not been a waste of time and effort.
- There were a couple of places where the service was still single person dependent and this was being looked at to try and mitigate, including developing better processes and notes relating to it so that the knowledge and information on how to tackle each stage was recorded.
- The process had felt far less stressful this year.
- The restructure of the Information Systems (IS) department would allow ICT to become an enabler.

**RESOLVED: 2019/029**

That members would consider the draft reports and feedback their comments in advance of the July meeting.

**AGENDA ORDER**

The Chairman agreed to change the order of the agenda to allow Chief Inspector Neil Williams to give his presentation at this point in the meeting.

12) **AUDIT AND INSPECTION UPDATE**

Chief Inspector Neil Williams gave a presentation on the use of force and ...

During discussion, the following points were made:

- The force were working towards a higher compliance rate for reporting the use of force by making changes to the Niche system which would enable more automatic recording. This depended on when the system could be updated. In the meantime communications will be sent out to remind officers of the need to report the use of force.

- The force were in line with other forces in terms of reporting levels, with higher level use of force reported more consistently.
- The info graphs and raw data was published live on the website. Members expressed an interest in receiving the data at a future meeting.

**RESOLVED: 2019/030**

To note the information contained within the report and the presentation.

**10) EXTERNAL AUDIT PLAN, FEES AND METHOD STATEMENT 2018-19**

Neil Harris, of Ernst Young introduced the report which provided details of the proposed external audit plan covering the audit of the Accounts for 2018-19, and details of the proposed audit fee and method statement for delivery of the audit.

During discussions the following point was raised:

- A staffing resource issue was highlighted with members to advise that some audits may need to be delayed whilst recruitment was carried out. The audit of the accounts would still proceed and the accounts could still be published if the audit had not been completed by the deadline.

**RESOLVED: 2019/031**

- 1) To approve the External Audit Plan as set out in Appendix A of the report.
- 2) To approve the proposed audit fees for the Police and Crime Commissioner and the Chief Constable as set out in Appendix B of the report.
- 3) To approve the Method Statement as set out in Appendix C of the report.

**11) STRATEGIC RISK MANAGEMENT REPORT FOR FORCE AND NOTTINGHAMSHIRE POLICE AND CRIME COMMISSIONER (PCC), QUARTER 1, 2019/20**

DCC Rachel Barber introduced the report which provided an up to date picture of strategic risk management across the Force and the Nottinghamshire Office of the Police and Crime Commissioner (NOPCC).

During discussions the following point was raised:

- The Panel asked for an updated briefing on the new force model

**RESOLVED: 2019/032**

- 1) To note the current approach to strategic risk management and considers the assurance that this report provides as to the effectiveness of those arrangements within the Force and NOPCC.
- 2) To note the three very high strategic risks on the Force's risk register namely, Multi-Force Shared Service (MFSS) transfer of payroll system to the new Fusion solution, compliance with the new General Data Protection Regulations (GDPR), and the building of the new Bridewell custody facility.
- 3) In relation to the Force's Strategic risk register, note the addition of one new medium risk, Stabilisation of the new Force model and the accompanying mitigation.
- 4) To note the high risks relating to the NOPCC, Multi-Force Shared Service (MFSS) transfer of payroll system to the new Fusion solution, the uncertainty in relation to the announcement of the comprehensive spending review and the police funding formula, and the risk relating to having no agreed funding in place for sexual violence support service in the county.
- 5) To note the information contained in Appendix 3 of the report – which outlines more in-depth explanations of the mitigation in place in relation to the Force's very high level strategic risks.

**13) POLICE AND CRIME COMMISSIONER'S UPDATE REPORT TO JANUARY 2019**

During discussions the following points were raised:

- Restorative Justice was currently not used enough and this was being looked into.

**RESOLVED: 2019/033**

To note the contents of the report.

**14) COMPLAINTS AND MISCONDUCT INVESTIGATIONS**

DCC Rachel Barber introduced the report which provided an update on new and open cases relating to complaints and misconduct investigations over the previous 12 months.

**RESOLVED: 2019/034**

To note the contents of the report

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

DCC Rachel Barber introduced the report which provided an update in respect of complaint and conduct matters which had been referred by Nottinghamshire

Police to the Independent Office for Police Conduct (IOPC) during the period 1<sup>st</sup> October 2018 to 31<sup>st</sup> March 2019, together with relevant recommendations and actions.

**RESOLVED 2019/035**

- 1) That the panel received assurance that Nottinghamshire Police work in adherence to Approved Professional Practice (APP) and the operational guidance issued by the National Police Chief's Council (NPCC) when managing the risk of suicide to persons under investigation for online child sexual exploitation and abuse.
- 2) That the panel received assurance that Nottinghamshire Police is transparent in referring itself to the IOPC in relation to all instances which meeting the criteria as defined in paragraph 4.1 of the report.

**16) PROFESSIONAL STANDARDS CONFIDENTIAL REPORTING PROCEDURE (WHISTLE-BLOWING)**

DCC Rachel Barber introduced the report which provided an update on the Professional Standards Confidential Reporting Procedure, including how those who make reports are supported and confidentiality.

**RESOLVED 2019/036**

- 1) That the panel received assurance from the processes in place relating to confidential reporting as detailed within the report.
- 2) That the panel received assurance that Nottinghamshire Police Professional; Standards Directorate actively seeks information and intelligence from a variety of sources in order to prevent corruption.

**17) BUSINESS CONTINUITY REPORT – CURRENT STATUS AND FUTURE PLANS**

DCC Rachel Barber introduced the report which provided an update on progress against the Business Continuity completion and testing timetable.

During discussions the following point was raised:

- An update on the Custody 'Deep Dive' to be brought to a future meeting

**RESOLVED 2019/037**

- 1) That the progress made against the 2018 Business Continuity timetable be noted.
- 2) That the areas chosen for 'Deep Dive' testing through 2019-20 be noted.

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

**RESOLVED 2019/038**

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

**19) SUMMARY OF ACTIONS**

**RESOLVED 2019/039**

To include the following on the action tracker:

Action 023: Action arising from provisional revenue outturn report – briefing note on People Services in appendix A of the report to be circulated to members.

Action 024: Use of force info graphs and raw data to be brought to a future meeting

Action 025: Panel to receive an update on the new Force Model at Force HQ

Action 026: Panel to receive an update on the Custody 'Deep Dive' scheduled for July 2019 at a future meeting.

The meeting closed at 12.31pm

**CHAIR**

## AUDIT & SCRUTINY PANEL MEETING

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

	ACTION	ALLOCATED TO	TIMESCALES FOR UPDATES	UPDATE
<b>012</b>	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	Agreed that for each VERY HIGH RISK the force lead will be invited to JASP to brief the Panel on the current status.  <b>Complete and Close</b>
<b>014</b>	HMIC to be invited to attend a Panel meeting to present on their views of the current landscape in Policing	DCC Barber	To a future meeting	Complete – Ali Davies attending July JASP.
<b>016</b>	PCC to circulate PA Consulting report on shared services with panel members when available	PCC Tipping	When available – expected Oct 2018	Various iterations but not yet published

<b>023</b>	Action from provisional revenue outturn report – briefing note on People Services in appendix A of the report to be circulated to members	Mark Kimberley	Before July meeting	
<b>024</b>	Use of force info graphs and raw data to be brought to a future meeting	DCC Barber	To a future meeting	
<b>025</b>	Panel to receive an update on the new Force Model at Force HQ	DCC Barber	To coincide with a JASP meeting at Force HQ	
<b>026</b>	Panel to receive an update on the Custody deep dive scheduled to take place in July 2019 at a future meeting	DCC Barber	To a future meeting	

<b>For Information</b>	
<b>Public/Non Public</b>	<b>Public</b>
<b>Report to:</b>	<b>Joint Audit and Scrutiny Panel (JASP)</b>
<b>Date of Meeting:</b>	<b>24<sup>th</sup> July 2019</b>
<b>Report of:</b>	<b>Amanda Froggatt, Strategic Support Officer</b>
<b>Report Author:</b>	<b>Amanda Froggatt, Strategic Support Officer</b>
<b>E-mail:</b>	<b>amanda.froggatt@nottinghamshire.pnn.police.uk</b>
<b>Other Contacts:</b>	
<b>Agenda Item:</b>	<b>9</b>

## **Force Audit and Inspection Update June 2019**

### **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, 2019/20.
- 1.2 To inform the Board of the schedule of planned audits and inspections.
- 1.3 To provide further information on the area identified for further scrutiny as requested at the last JASP (Appendix 2 – Custody inspection, presentation to follow).

### **2. Recommendations**

- 2.1 It is recommended that the Panel notes the status of audits and inspections carried out over the last quarter.
- 2.2 It is recommended that the Panel reviews Appendix 1 and, if required, requests further detail which will be reported at the next JASP meeting.

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

- 3.1 To enable the Panel to fulfil its scrutiny obligations with regard to Nottinghamshire Police and its response to audits and inspections.
- 3.2 To provide the Panel with greater scrutiny opportunities and to reach more informed decisions.
- 3.3 To provide the Panel with the opportunity to shape the focus and data inputs for future HMICFRS inspections.

#### 4. Summary of Key Points

##### Audit and Inspection Action Updates

- 4.1 The actions referred to in this report are the result of recommendations made by Nottinghamshire Police's internal auditors and external inspectorates, including HMICFRS.
- 4.2 There are currently 0 actions which have exceeded their target date. There are 134 actions showing as 'at risk' of being off target i.e. they will exceed their target date in the next month.
- 4.3 There were 0 actions closed during this quarter.
- 4.4 Recent and forthcoming Inspections.

##### Recent Inspection Activity

Date of Inspection	Inspection Area	Date Report Received	Final Grading	Status
None to report				

##### Forthcoming HMICFRS Inspections

Date of Inspection	Inspection Area	Status
No scheduled Inspections		

##### Publications

Date of Publication	Inspection Area	Status
No recent publications		

- 4.5 Recent and Forthcoming Audits

##### Recent Audit Activity

Date of Audit	Auditable Area	Date Report Received	Final Grading	Status
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July 2018	Collaboration – Strategic Financial Planning	September 2018	Satisfactory Assurance	Draft report issued. No recommendations for Nottinghamshire
August 2018	Collaboration – Risk Management	-	Satisfactory Assurance	Awaiting copy of report
September 2018	Collaboration – Business Planning	-	Satisfactory Assurance	Awaiting copy of report
December 2018	Late Time Levy	December 2018	Limited Assurance	Draft report issued out for management comment
April 2019	Seized Property	April 2019	Limited Assurance	Draft report issued out for management comment
April 2019	Partnership Working	April 2019	Satisfactory Assurance	Final report received, actions being monitored on 4Action
May 2019	Business Continuity and Emergency Planning	June 2019	Satisfactory Assurance	Draft report issued out for management comment

### Forthcoming Audits

Date of Audit	Auditable Area	Status
May 2019	Performance Management	Terms of reference agreed, audit will commence 17 <sup>th</sup> June 2019
May 2019	MFSS Contract Management	-
August 2019	Data Quality	-
October 2019	Programme Management	-
December 2019	Core Financials	-

January 2020	Health and Safety	-
January 2020	Custody Arrangements	-
Date to be confirmed	GDPR	-
Date to be confirmed	IT Security	-

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

### **Area Identified for further scrutiny: Custody – Presentation to follow.**

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

5.1 If financial implications arise from recommendations raised from audits, inspections and reviews, these implications are considered accordingly. Where an action cannot be delivered within budget provision, approval will be sought through the appropriate means.

#### **6. Human Resources Implications**

6.1 There are no direct HR implications as a result of this report. HR implications resulting from specific actions will be managed on a case by case basis.

#### **7. Equality Implications**

7.1 There are no direct HR implications as a result of this report. HR implications resulting from specific actions will be managed on a case by case basis.

#### **8. Risk Management**

8.1 Some current actions involve the completion of formal reviews of specific business areas. It is possible that some or all of these reviews will identify and evaluate significant risks, which will then be incorporated into the Force's risk management process.

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

9.1 Any policy implications will be subject to current policy development process.

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

10.1 There are no direct legal implications as a result of this report.

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

11.1 Following receipt of a final audit or inspection report a member of the Governance and Planning team consults with the appropriate lead officer

and other stakeholders to plan appropriate actions in response to each relevant recommendation, or to agree a suitable closing comment where no action is deemed necessary.

- 11.2 All planned actions are added to the action planning system, 4Action, for management and review until completion.

## **12. Appendices**

- 12.1 Appendix 1 - Overview of all ongoing actions from Audits and Inspections.
- 12.2 Appendix 2 – Custody (presentation to follow)

## Appendix 1 - Overview of all ongoing actions from Audits and Inspections: June 2019

Audit/Inspection	Source Title	Date	Number of Actions	Number Open	Number Closed	Number on Target	Number At Risk	Number Overdue
Audit-Mazars	Commissioning - Community Safety	May 2016	5	1	4	0	1	0
Audit-Mazars	Implementation of DMS June 2016	June 2016	6	3	3	3	0	0
Audit-Mazars	Social Value Impact	July 2016	4	1	3	0	1	0
Audit-Mazars	Data Protection Act Compliance Oct 2016	October 2016	14	2	12	0	2	0
Audit-Mazars	Core Financials Systems Assurance Dec 2016	December 2016	9	1	8	1	0	0
Audit-Mazars	HR Recruitment and Selection	January 2017	4	2	2	0	2	0
Audit-Mazars	Risk Management	May 2017	7	1	6	1	0	0
Audit-Mazars	Seized & Found Property	May 2017	11	9	2	0	9	0
Audit-Mazars	Fleet Management	August 2017	6	3	3	2	1	0
Audit-Mazars	Workforce Planning	September 2017	12	1	11	0	1	0
Audit-Mazars	Procurement Follow up Sept 2017	September 2017	3	1	2	1	0	0
Audit-Mazars	Safety Camera Partnership	September 2017	4	3	1	0	3	0
Audit-Mazars	Counter Fraud Review	January 2018	25	5	20	0	5	0

## Appendix 1 - Overview of all ongoing actions from Audits and Inspections: June 2019

Audit/Inspection	Source Title	Date	Number of Actions	Number Open	Number Closed	Number on Target	Number At Risk	Number Overdue
Audit-Mazars	Implementation of Duty Management System– Follow Up	July 2018	5	4	1	2	1	0
Audit-Mazars	Corporate Governance	October 2018	4	3	1	3	0	0
Audit-Mazars	Firearms Licensing	October 2018	4	4	0	0	4	0
Audit-Mazars	Commissioning	November 2018	3	3	0	2	1	0
Inspection-HMIC	Welfare of Vulnerable People in Custody	March 2015	8	1	7	0	1	0
IPCC	Use of Force Report	September 2016	15	2	13	0	2	0
Inspection-HMIC	Efficiency November 2016 'Hot De Brief' actions	November 2016	31	3	28	3	0	0
Inspection-HMIC	Legitimacy 2016	December 2016	10	1	9	1	0	0
Inspection-HMIC	Efficiency, Legitimacy and Leadership Hot Debrief 2017	May 2017	9	2	7	0	2	0
Inspection-HMIC	PEEL Vulnerability Re Visit 2017	June 2017	9	8	1	0	8	0
Inspection-HMIC	Making it Fair: Disclosure of unused material in volume Crown Court Cases	July 2017	6	1	5	0	1	0
Inspection-HMIC	PEEL Effectiveness 2017	September 2017	23	7	16	0	7	0
Inspection-HMIC	Stolen freedom: the policing response to modern slavery and human trafficking	October 2017	7	2	5	0	2	0
Inspection-HMIC	PEEL Legitimacy including Leadership 2017	October 2017	4	3	1	0	3	0
Inspection-HMIC	PEEL Efficiency 2017	October 2017	5	5	0	0	5	0

## Appendix 1 - Overview of all ongoing actions from Audits and Inspections: June 2019

Audit/Inspection	Source Title	Date	Number of Actions	Number Open	Number Closed	Number on Target	Number At Risk	Number Overdue
Inspection-HMIC	Additional PEEL Efficiency, Legitimacy, Leadership Actions 2017	December 2017	7	6	1	0	6	0
Inspection-HMIC	Hate Crime Thematic	March 2018	15	15	0	15	0	0
Inspection-HMIC	PEEL Effectiveness National Report	March 2018	3	3	0	1	2	0
Inspection-HMIC	Still no place for hate	May 2018	6	6	0	6	0	0
Inspection-HMIC	Understanding the difference-The initial response to Hate Crime	July 2018	27	11	16	11	0	0
Inspection-HMIC	Crime Data Integrity	August 2018	18	11	7	0	11	0
Inspection-HMIC	Neighbourhood Strategy	September 2018	16	15	1	15	0	0
Inspection-HMIC	Unannounced Custody Inspection	October 2018	81	81	0	41	40	0
Inspection-HMIC	Joint Inspection of the handling of cases involving disability hate crime	October 2018	4	4	0	4	0	0
	Biometrics Commissioner's Visit	October 2018	5	5	0	5	0	0
Inspection-HMIC	Policing and Mental Health – Picking up the Pieces	November 2018	5	5	0	5	0	0
Inspection-HMIC	Prevent – Counter Terrorism	December 2018	4	0	4	0	0	0
Inspection-HMIC	The Police Response to Domestic Abuse (Update)	February 2019	7	7	0	7	0	0
Inspection-HMIC	Stalking and Harassment (Update to National Recommendations)	April 2019	2	2	0	2	0	0
Inspection-HMIC	Time to Choose – An Inspection of the Police Response to Fraud	April 2019	6	6	0	6	0	0

<b>For Information</b>	
<b>Public/Non Public*</b>	<b>Public</b>
<b>Report to:</b>	<b>Joint Audit &amp; Scrutiny Panel</b>
<b>Date of Meeting:</b>	<b>24 July 2019</b>
<b>Report Author:</b>	<b>Charlie Radford</b>
<b>E-mail:</b>	<b>Charlotte.radford@nottinghamshire.pnn.police.uk</b>
<b>Other Contacts:</b>	<b>Kayt Radford</b>
<b>Agenda Item:</b>	<b>10</b>

## **Independent Custody Visiting Annual Report**

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

To report on the achievements and progress of the Nottinghamshire Independent Custody Visiting Scheme.

### **2. Recommendations**

The report will be circulated to volunteers, Nottinghamshire Police and other partners as well as being published on the website for public information.

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

The annual report will help to promote the Independent Custody Visiting Scheme to the public, partners and Nottinghamshire Police. The annual report helps to communicate the schemes purpose to allow public scrutiny of a closed area of detention.

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

The report highlights the work undertaken over the past 12 months and sets out some objectives for the coming year. The report includes visiting statistics and demographics for those volunteering as Independent Custody Visitors.

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

Financial resource will continue to be required to administer the scheme.

### **6. Human Resources Implications**

The scheme is managed by a Volunteer Manager currently employed by the Nottinghamshire Office of the Police and Crime Commissioner. The scheme currently has 25 active volunteers.

### **7. Equality Implications**

Efforts continue to be made to recruit a diverse volunteer base and to consider the needs of all detainees. The new pilot scheme that will be implemented over the next 12 months is particularly concerned with detainees with vulnerabilities, for example, those with mental health and young people.

#### **8. Risk Management**

Not applicable.

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

The Independent Custody Visiting Scheme seeks to support the delivery and quality policing, increasing confidence and satisfaction in Nottinghamshire Police.

#### **10. Details of outcome of consultation**

Not applicable.

#### **11. Appendices**

None.

## ICV Annual Report 2018-19

<p>Introduction</p>	<p>Nottinghamshire Police have two active custody suites. Bridewell custody suite is located in the City of Nottingham and Mansfield custody suite is located in Mansfield police station in the north of the County. Newark custody suite is not used on a day to day basis, but is still considered part of the custody estate for business continuity purposes.</p> <p>Bridewell continues to receive the highest number of detainees out of the two custody suites due to its capacity and location. Bridewell custody will be replaced within the next few years and plans to build a new custody facility are underway. Mansfield custody has recently had a refurbishment with cells being upgraded and the suite repainted.</p>
<p>Independent Custody Visiting in Nottinghamshire</p>	<p>Nottinghamshire are fortunate to have an excellent volunteer group. These individuals are from all walks of life who share a concern for the welfare of others and want to serve their community in a positive, meaningful way. Without their support, the scheme would not be able to function and we are very grateful to each one of them for their time and service.</p> <p>Paddy Tipping explained: "ICVs perform a really important role. They provide independent reassurance that Nottinghamshire's custody facilities and the detainees meet the highest quality and welfare standards. ICVs make a valuable contribution to policing and are among a whole army of public volunteers who donate their time willingly to help us deliver a better policing service."</p>
<p>Independent Custody Visitors</p>	<p>The ICV scheme in Nottinghamshire currently have 25 active volunteers. During the recent recruitment campaign, efforts were made to target recruitment to create a better balance in volunteer representation:</p> <ul style="list-style-type: none"> <li>• 12% are from BME background</li> <li>• 60% are female and 40% are male</li> <li>• 8% have a disability</li> </ul> <p>Volunteers aim to visit each suite 2 – 3 times per week.</p> <p>This year has seen the introduction of a new electronic report writing system. All volunteers have been trained to use a cloud based software application and now submit reports</p>

	<p>using a tablet. This has created a more efficient mechanism for inputting and the ability to generate statistical reports.</p> <p><b>Visits to detainees arrested under the Terrorism Act (Pace Code H)</b></p> <p>A small, qualified group of specially trained custody visitors are on standby to visit detainees held under the Terrorism Act. These volunteers are vetted to a higher level and regularly receive refresher training with Special Branch.</p>
Governance	<p>ICV's are encouraged to resolve as many issues as possible during the course of their visit with custody staff. All issues raised are reported via the electronic reporting system.</p> <p>ICV's are encouraged to raise and resolve minor issues dynamically with custody staff, as part of their visit. ICVs are encouraged to raise more serious concerns to the scheme manager who will investigate the matter. If necessary, the scheme manager will raise the issue with the custody inspector informally via an email or phone call or formally at a scheduled one-to-one meeting or ICV Team Meeting. Custody visiting is also a standing agenda item on the weekly PCC Team Meeting. Any serious concern would be escalated through to the weekly meeting between the PCC and Chief Constable. The scheme manager submits quarterly reports to the ACC responsible for custody. The scheme manager would also bring any serious incident or issue of national concern to the attention of ICVA.</p> <p>Volunteers are invited to quarterly team meetings to review the previous quarters data and to discuss concerns that have been raised.</p> <p>We offer on-going training and development to our volunteers through attendance at team meetings, regional and national conferences.</p> <p>At Christmas we held a very successful celebration event to thank all our volunteer colleagues. During volunteers week, the Commissioner invited all volunteers to attend a buffet lunch and presented them with certificates.</p>
Independent Custody Visiting data	<ul style="list-style-type: none"> <li>• During 2018-19 there were a total of 174 visits to custody.</li> </ul>

	<ul style="list-style-type: none"> <li>• 681 detainees were offered a visit; 65 (10%) were seen but declined the offer. Last year the figures were 709 and 65 (9%).</li> <li>• An average of 3.2 detainees were seen during each visit, the same as last year.</li> <li>• 73% of these visits took place during weekdays and 27% during the weekend. Last year it was 76% and 24% respectively.</li> <li>• Of the 174 unannounced visits made to custody, ICV's were granted immediate access to the custody area in 87% of cases.</li> <li>• Of the 174 unannounced visits one visit was made out of hours to Mansfield custody.</li> <li>• Feedback from ICVs have reported few formal complaints which continues from the previous year.</li> <li>• There was one visit to the TACT suite during 2018-19.</li> </ul>
<p>Independent Custody Visting scheme findings</p>	<p>In 2018-19 ICVs have reported:</p> <ul style="list-style-type: none"> <li>• Helpful and supportive staff.</li> <li>• Access to menstrual products for all female detainees and the right to speak with a female member of staff has been embedded into the booking in procedure.</li> <li>• Raising the issue of access to Nicotine replacements for detainees. It has been agreed that Nicotine gum will be provided for detainees.</li> <li>• There have been on-going issues with custody suites being short staffed. ICV's have continued to report on this and Nottinghamshire Police confirmed in January 2019 that staffing was at full establishment.</li> </ul>
<p>How the police respond to Independent Custody Visitor findings</p>	<p>Nottinghamshire Police have designated an Inspector as a single point of contact for the ICV scheme. Reports are generated and sent immediately to the Inspector who considers the content and replies appropriately. Any issues which are of concern to the Scheme Manager are recorded on a separate log and sent to the Inspector for further investigation. These are discussed at one-to-one meetings between the Inspector and Scheme Manager and/or quarterly ICV Team Meetings. All responses are documented and escalated as necessary.</p> <p>There have been some delays in responding to ICV concerns during the last quarter. This has been due to the sickness and retirement of the custody Inspector responsible for the ICV scheme.</p>

	<p>Processes are in place to raise serious matters through the regular weekly meeting held between the Police and Crime Commissioner and the Chief Constable.</p>
<p>Other areas of note/special events</p>	<p>Nottinghamshire has achieved Gold level in ICVA's Quality Assurance Framework process this year.</p> <p>HMICFRS undertook an unannounced inspection of police custody in Nottinghamshire during 1-12 October 2018 and a full report has now been published.</p> <p>In response to recommendations made by the HMICFRS, the PCC has agreed to commence a pilot scheme whereby ICVs will review redacted custody records of vulnerable people detained in custody. ICVs will track the detainee journey, highlighting concerns in a report to the PCC, Nottinghamshire Police and other partners and stakeholders.</p>
<p>Independent Custody Visiting future plans</p>	<p>Work is underway to recruit and set up the pilot scheme for custody record reviewing. Later in 2019 we plan to make changes to the visits themselves. This will still involve making visits with detainees, but will also involve shadowing custody staff, checking facilities and monitoring processes.</p>
<p>Further information and contact details</p>	<p>If you would like to find out more about the Independent Custody Visiting scheme please consider contacting the scheme manager or researching the websites listed.</p> <p>Kayt Radford, Volunteer Manager, Arnot Hill House, Arnot Hill Park, Arnold, Nottingham, NG5 6LU  <a href="https://www.nottinghamshire.pcc.police.uk/Get-Involved/Volunteering/Volunteering.aspx">https://www.nottinghamshire.pcc.police.uk/Get-Involved/Volunteering/Volunteering.aspx</a>  <a href="#">ICVA's website</a>  <a href="#">National Preventive Mechanism</a>  <a href="#">Independent Reviewer of Terrorism Legislation</a></p>

<b>For Decision</b>	
<b>Public/Non Public*</b>	<b>Public</b>
<b>Report to:</b>	<b>Joint Audit and Scrutiny Panel</b>
<b>Date of Meeting:</b>	<b>24 July 2019</b>
<b>Report of:</b>	<b>Chief Finance Officer</b>
<b>Report Author:</b>	<b>Charlotte Radford</b>
<b>Other Contacts:</b>	<b>Mark Kimberley</b>
<b>Agenda Item:</b>	<b>11</b>

## **STATEMENT OF ACCOUNTS AND ANNUAL GOVERNANCE STATEMENTS FOR 2018-19**

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

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

### **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 External Audit Opinion is not available at this time and a verbal update will be provided.

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 2018-19  
B – The OPCC and Group Statement of Accounts 2018-19



**DRAFT** Statement of Accounts 2018-19

The Chief Constable of Nottinghamshire



NOTTINGHAMSHIRE  
**POLICE**  
PROUD TO SERVE



Caution  
Please do not use the footbridge

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# 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 A and B.

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

The Police and Crime Commissioner determines the level of funding allocated to the Chief Constable for the provision of police services within Nottinghamshire.

The amount of funding available for distribution by the Commissioner is reliant on both Central Government funding and the amount received from local Council Tax payers.

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

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

## GOVERNANCE

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

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

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

## Our Priorities

Engage our  
Communities

Create a Service that  
Works for Local People

Become an  
Employer of Choice

## Our Mission Statement

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

## PERFORMANCE

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

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

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

### Achievements 2018-19

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

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

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

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

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

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

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

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

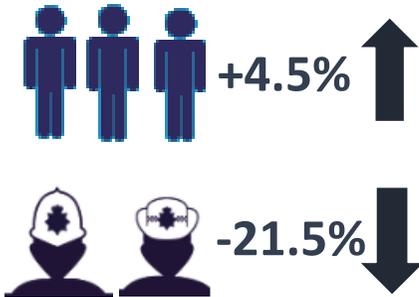
# A typical day in Nottinghamshire Police



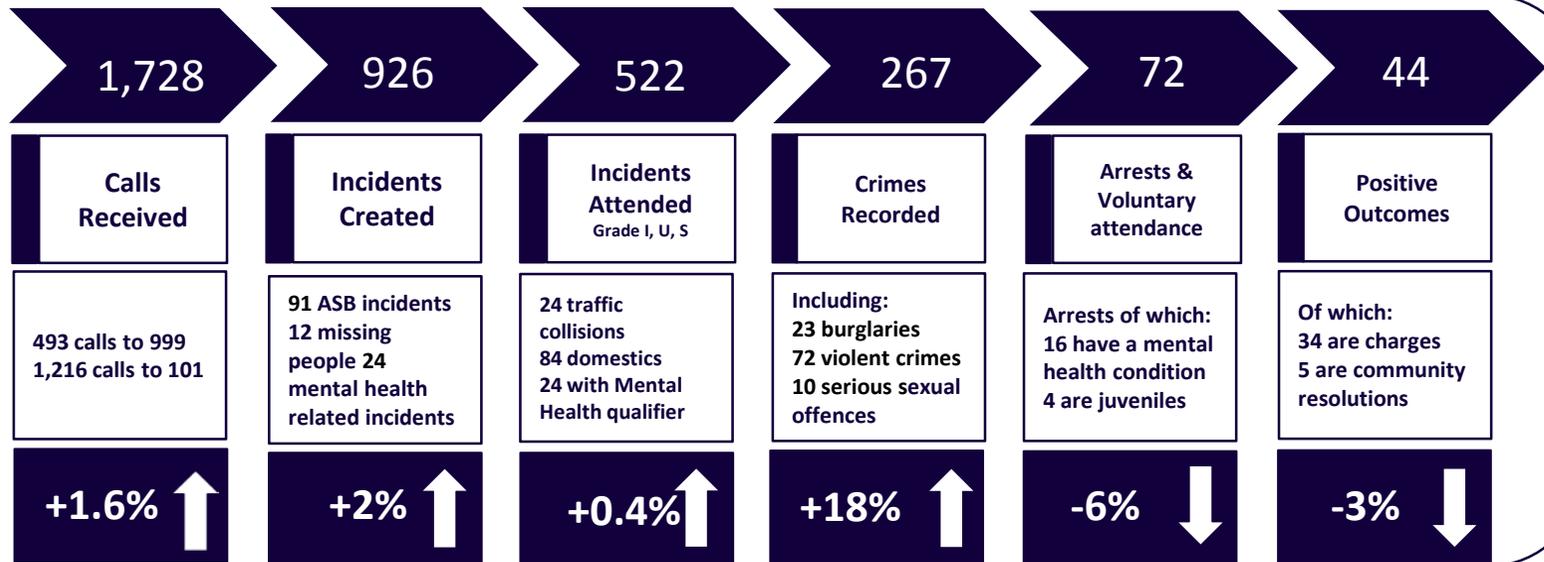
NOTTINGHAMSHIRE  
**POLICE**  
PROUD TO SERVE



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



## Incoming daily demand



## On-going demand

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

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

## FINANCIAL PERFORMANCE

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

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

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

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

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

### 2018-19 Expenditure v Budget Analysis

#### Employee Costs

##### Police officer pay

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

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

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

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

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

##### Police staff pay

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

##### PCSO pay

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

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

##### Overtime

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

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

## FINANCIAL PERFORMANCE (continued)

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

### Other employee costs

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

### Premises Costs

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

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

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

### Transport Costs

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

### Comms & Computing

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

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

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

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

### Supplies & Services

#### Other supplies & services

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

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

## FINANCIAL PERFORMANCE (continued)

### Custody costs and police doctor costs

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

### Forensics & investigative costs

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

### Partnerships & Collaborations

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

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

### Capital Financing

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

### Income

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

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

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

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

### Efficiencies

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

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

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

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

## FINANCIAL PERFORMANCE (continued)

### 2019-20 Budget Breakdown

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

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



**Craig Guildford**  
Nottinghamshire Chief Constable

## OUTLOOK

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

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

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

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

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

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

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

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

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

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

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

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

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

## WHO WORKS FOR NOTTINGHAMSHIRE POLICE

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

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

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

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

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

### Overall Equality Characteristics

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

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

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

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

## PRINCIPAL RISKS

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

RISK	IMPACT	MITIGATION
Changes to crime types	The need for Officers to be trained in new areas of growing crime such as on-line crime. Whilst continuing to manage traditional crime such as burglary	Recruitment and training of officers with these skills
Brexit	Detrimental impact of Brexit on public sector funding  Management of any transition/public order issues	Monitoring of national activity by Government  Force planning led by ACC
Funding formula /Comprehensive Spending Review	Could result in a positive or negative impact on the amount of Force funding	Development of a scalable Medium Term operational plan  Identification of a minimum policing model

## Explanation of Accounting Statements

The Statement of Accounts sets out the Chief Constable's income and expenditure for the year and its financial position at 31 March 2019. It comprises core and supplementary statements, together with disclosure notes. The format and content of the financial statements are prescribed by the CIPFA Code of Practice on Local Authority Accountancy in the United Kingdom 2018-19; which in turn is underpinned by International Financial Reporting Standards.

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

Figures in these accounts are rounded appropriately, generally to the nearest £1,000. Due to this there may appear to be minor inconsistencies or apparent arithmetic errors.

## 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 TO THE CHIEF CONSTABLE FOR NOTTINGHAMSHIRE

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

## Opinion

**INDEPENDENT AUDITOR'S REPORT CONTINUED**

**INDEPENDENT AUDITOR'S REPORT CONTINUED**

**INDEPENDENT AUDITOR'S REPORT CONTINUED**

## STATEMENT OF RESPONSIBILITIES

### The Responsibilities of the Chief Constable

The Chief Constable is required to:

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

### The Responsibilities of the Chief Finance Officer

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

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

### Certification

I certify that in my opinion this Statement of Accounts present a true and fair view of the financial position of the Chief Constable as at 31 March 2019 and its income and expenditure for the year ended 31 March 2019.

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

### Approval

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

C. Guildford  
Nottinghamshire Police Chief Constable  
30 July 2019

# Nottinghamshire Police

## Annual Governance Statement 2018-19



NOTTINGHAMSHIRE  
**POLICE**  
PROUD TO SERVE

### 1.0 Introduction

#### 1.1 Scope of responsibility

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

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

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

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

#### 1.2 The purpose of the governance framework

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

## 2.0 The governance framework

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

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

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

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

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

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

- In an effort to ensure consistency and fair practice, the Professional Standards Department (PSD) are now responsible for monitoring Staff conduct. This allows parity on how cases are assessed; ensuring Staff and Officers are treated fairly and respectfully.
- All gross misconduct hearings are now held in public and the outcomes are published on the Force website.
- An Ethics Board has been established to consider and discuss ethical issues in an advisory and consultative capacity. It consider issues raised at the Organisational Risk and Learning Board and any issues which are referred from Officers, Staff or external groups.
- A procedure is in place for the monitoring of business interests and additional employment for Police Officers and Police Staff.
- Business Interests, Additional Employment and Notifiable Associations are reviewed annually within the Integrity Health check, this forms part of the PDR process.
- The Force have developed a matrix to assess the risk posed by reported notifiable association, this assists the Force in identifying those of greatest risk to the integrity of the Force.
- A Statement of Personal and Pecuniary Interests is completed as part of the Annual Governance Statement process by Chief Officers.
- A Register of Refused and Approved Business Interests is published on the Force website biannually; any changes are reported on a monthly basis to the Organisational Risk and Learning Board.
- A record of gifts gratuities and hospitality is published biannually on the Force website.
- The Chief Constable will ensure that financial affairs for their Force are properly administered having regard to value for money, probity, legality, and appropriate standards, with particular reference to the Financial Regulations and contract standing orders agreed by the PCC as set out in Part B of Joint Code of Corporate Governance and Working Together document.
- There are documented processes and controls in place around the Prevention of Fraud and Corruption in the Procurement Process to mitigate risks in relation to procurement fraud.
- The Force is compliant with the CIPFA statement on the Role of the Chief Financial Officer of the Police and Crime Commissioner and the Chief Finance Officer of the Chief Constable (2012), as per the CFO job description.

## **2.2 Principle B: Ensuring openness and comprehensive stakeholder engagement**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### 3.0 Chief Finance Officer Role

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

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

#### **4.0 Review of effectiveness**

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

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

#### **5.0 Improvement actions**

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

**Areas for improvement 2017-18**

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

**Areas for improvement 2018-19**

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

### Chief Constable and Chief Finance Officer Declaration

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

Signed:

Signed:

Date:

Date:

C. Guildford  
Chief Constable

M. Kimberley  
Chief Finance Officer

# FINANCIAL STATEMENTS

Caution  
Always dismount  
before the footbridge



## Comprehensive Income and Expenditure Statement (CIES)

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

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

2017-18				2018-19		
Expenditure	Income (Note 13)	Net		Expenditure	Income (Note 13)	Net
£000	£000	£000		£000	£000	£000
232,143	(20,971)	211,172	Cost of Police services	233,532	(14,027)	219,505
0	(227,536)	(227,536)	Funding from the Commissioner	0	(239,026)	(239,026)
232,143	(248,507)	(16,364)	<b>Cost of Services</b>	233,532	(253,053)	(19,521)
78,034	(5,565)	72,469	Financing and Investment (Income) and Expenditure	72,073	(21,387)	50,686
310,177	(254,072)	56,105	<b>(Surplus) or Deficit on Provision of Services</b>	305,605	(274,440)	31,165
		(165,866)	Other Comprehensive (Income) and Expenditure			68,754
		(109,761)	<b>Total Comprehensive (Income) and Expenditure</b>			99,919

## Movement in Reserves Statement

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

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

2018-19	General Fund Balance	Unusable Reserves	Total Reserves
	£000	£000	£000
<b>Balance at 31 March 2018</b>	<b>0</b>	<b>2,626,382</b>	<b>2,626,382</b>
Movement in reserves during year			
Surplus or deficit on the provision of services	31,165	0	31,165
Other Comprehensive (Income)/Expenditure	0	68,754	68,754
<b>Total Comprehensive (Income)/Expenditure</b>	<b>31,165</b>	<b>68,754</b>	<b>99,919</b>
Adjustments between accounting basis and funding basis under regulations	(31,165)	31,165	0
<b>(Increase ) or Decrease in year</b>	<b>0</b>	<b>99,919</b>	<b>99,919</b>
<b>Balance at 31 March 2019</b>	<b>0</b>	<b>2,726,301</b>	<b>2,726,301</b>

2017-18	General Fund Balance	Unusable Reserves	Total Reserves
	£000	£000	£000
<b>Balance at 31 March 2017</b>	<b>0</b>	<b>2,718,730</b>	<b>2,718,730</b>
Restatement of Opening Balance	0	17,411	17,411
<b>Restated Balance 31 March 2017</b>	<b>0</b>	<b>2,736,141</b>	<b>2,736,141</b>
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)
<b>Total Comprehensive Income and Expenditure</b>	<b>56,105</b>	<b>(165,866)</b>	<b>(109,761)</b>
Adjustments between accounting basis and funding basis under regulations	(56,105)	56,105	0
<b>(Increase) or Decrease in year</b>	<b>0</b>	<b>(109,761)</b>	<b>(109,761)</b>
<b>Balance at 31 March 2018</b>	<b>0</b>	<b>2,626,382</b>	<b>2,626,382</b>

## Balance Sheet

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

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

31 March 2018		31 March 2019
£000		£000
(3,315)	Short-Term Creditors – accumulated absences	(3,281)
<b>(3,315)</b>	<b>Current Liabilities</b>	<b>(3,281)</b>
(2,623,065)	Other Long-Term Liabilities – pension liabilities	(2,723,020)
<b>(2,623,065)</b>	<b>Long Term Liabilities</b>	<b>(2,723,020)</b>
<b>(2,626,380)</b>	<b>Net Assets</b>	<b>(2,726,301)</b>
2,626,380	Unusable Reserves	2,726,301
<b>2,626,380</b>	<b>Total Reserves</b>	<b>2,726,301</b>

## Cash Flow Statement

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

2017-18		2018-19
£000		£000
56,105	Net (surplus) or deficit on the provision of services	31,165
(56,105)	Adjustment to (surplus) or deficit on the provision of services for non-cash movements	(31,165)
<b>0</b>	<b>Net cash flows from activities</b>	<b>0</b>

# NOTES TO THE ACCOUNTS

THE POLICE HEADQUARTERS WAS BUILT BY THE  
MAYOR OF LONDON AND THE COMMONS OF GREAT  
BRITAIN IN THE YEAR 1830. THE BUILDING WAS  
DESIGNED BY THE ARCHITECT JOHN NASH AND  
WAS THE FIRST POLICE HEADQUARTERS IN THE  
COUNTRY. THE BUILDING WAS DESTROYED BY  
FIRE IN THE YEAR 1841. THE PRESENT  
BUILDING WAS BUILT IN THE YEAR 1852 AND  
WAS DESIGNED BY THE ARCHITECT JOHN RICHARDSON.  
THE BUILDING WAS DESTROYED BY FIRE IN THE  
YEAR 1940. THE PRESENT BUILDING WAS  
BUILT IN THE YEAR 1952 AND WAS DESIGNED  
BY THE ARCHITECT JOHN RICHARDSON.

THIS MONUMENT WAS UNVEILED BY THE  
POLICE CHIEF SIR JOHN HODGSON AT THE  
POLICE HEADQUARTERS IN THE YEAR 1952.  
IT WAS RELOCATED TO POLICE HEADQUARTERS AT A  
DEDICATION ON 11th NOVEMBER 2007



### Note 1 – General Principles

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

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

### Note 2 – Accruals of Income and Expenditure

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

In particular:

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

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

These practices primarily comprise of the Code of Practice on Local Authority Accounting in the United Kingdom 2018-19 (The Code) and the Best Value Accounting Code of Practice 2018-19, supported by International Financial Reporting Standards (IFRS).

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

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

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

### Note 3 – Exceptional Items

There are no exceptional items applicable in the year.

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

There are no prior year adjustments relating to historic errors.

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

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

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

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

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

### Note 6 – Government Grants and Contributions

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

### Note 7 – Joint Operations

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

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

### Note 8 – Allocation of Costs

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

The Chief Constable is therefore a single service entity.

## Note 9 – Provisions

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

## Note 10 – VAT

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

## Note 11 – Resources used in Provision of Police Services

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

## Note 12 – Expenditure Funding Analysis

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

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

2017-18				2018-19		
Net Expenditure Chargeable to the General Fund £000	Adjustments £000	Net Expenditure in the CIES £000		Net Expenditure Chargeable to the General Fund £000	Adjustments £000	Net Expenditure in the CIES £000 (Notes 13 & 14)
<b>227,536</b>	(16,364)	<b>211,172</b>	Cost of Police services	239,026	(19,521)	<b>219,505</b>
<b>(227,536)</b>	0	<b>(227,536)</b>	Funding from the Commissioner	(239,026)	0	<b>(239,026)</b>
<b>0</b>	<b>(16,364)</b>	<b>(16,364)</b>	Net Cost of Services	<b>0</b>	<b>(19,521)</b>	<b>(19,521)</b>
0	72,469	<b>72,469</b>	Other (Income) and Expenditure	0	50,686	<b>50,686</b>
<b>0</b>	<b>56,105</b>	<b>56,105</b>	<b>(Surplus) or Deficit on Provision of Services</b>	<b>0</b>	<b>31,165</b>	<b>31,165</b>

Further Analysis			
	Net Pensions Statutory Adjustments £000	Other Statutory Adjustments £000	Total Adjustments £000
<b>2018-19</b>			
Cost of Police services	(19,333)	0	<b>(19,333)</b>
Net Cost of Services	<b>(19,333)</b>	<b>0</b>	<b>(19,333)</b>
Other Income and Expenditure	50,686	0	<b>50,686</b>
Difference between the Statutory Charge and the (Surplus) or Deficit in the Comprehensive Income and Expenditure Statement	<b>31,353</b>	<b>0</b>	<b>31,353</b>
<b>2017-18</b>			
Cost of Police services	(16,336)	(28)	<b>(16,364)</b>
Net Cost of Services	<b>(16,336)</b>	<b>(28)</b>	<b>(16,364)</b>
Other Income and Expenditure	72,469	0	<b>72,469</b>
Difference between the Statutory Charge and the (Surplus) or Deficit in the Comprehensive Income and Expenditure Statement	<b>56,133</b>	<b>(28)</b>	<b>56,105</b>

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

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

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

## Note 13 - Income

Credited to Services		
31 March 2018		31 March 2019
£000		£000
(5,883)	Partnership and Joint Controlled Operations	(1,689)
(1,858)	PFI Grant	(1,858)
(3,002)	Recharge of Officers	(2,142)
(10,228)	Other Income	(8,338)
<b>(20,971)</b>	<b>Total</b>	<b>(14,027)</b>

## Note 14 - Expenditure Analysed by Nature

2017-18		2018-19
£000	Nature of Expenditure or Income	£000
(20,971)	Service Income	(14,027)
191,945	Employee Expenditure	191,683
40,198	Running Expenses	41,849
(227,536)	Income from Commissioner	(239,026)
(5,565)	Pensions Interest Income	(21,387)
78,034	Pensions Interest Payment	72,073
<b>56,105</b>	<b>(Surplus) or Deficit for Year</b>	<b>31,165</b>

## Note 15 – External Audit Costs

Ernst and Young LLP are the appointed external auditors.

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

## Note 16 – Defined Benefit Pension Scheme

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

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

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

### The Local Government Pensions Scheme

The Local Government Pensions Scheme (LGPS) for Staff is administered by Nottinghamshire County Council. This is a funded scheme, meaning that the Group and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets. This scheme is a multi-employer scheme and the underlying assets and liabilities cannot be directly identified with individual employers. Therefore assets and liabilities are incorporated within these accounts on an apportioned basis at fair value. The figures are calculated by Barnett Waddingham (Actuaries), based on membership data as at 31 March 2016 for members receiving funded benefits and as at 31 March 2014 for any members receiving unfunded benefits. This has then been rolled forward to reflect the position as at 2019.

### The Police Pension Scheme

The Police Pension Scheme for Police Officers is an unfunded scheme, meaning that there are no investment assets built up to meet the pension liabilities and cash has to be generated to meet actual pension payments as they eventually fall due. Under the Police Pension Fund Regulations 2007, the Group must transfer amounts to reduce the balance on the Pension Fund to zero. This is via the Pension Top-up grant from the Home Office. Conversely a surplus would be paid over. Employee's and employer's contribution levels are based on percentages of pensionable pay set nationally by the Home Office and subject to triennial revaluation by the Government Actuary's Department. The figures are based on a detailed valuation using information as at 31 March 2016.

## McCloud/Sargeant transitional protection judgement

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

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

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

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

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

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

## Effect on Police Pension Scheme Liabilities

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

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

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

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

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

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

## Note 17 – Officers’ Remuneration

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

Note 1: Salary, Fees and allowances includes Rent Allowance, Housing Allowance, Compensatory Grant, Honoraria and Compensation for Loss of Office.

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

Note 3: Assistant Chief Constable retired 9 September 2018

Note 4: Assistant Chief Constable 6 August 2018

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

## Note 17 – Officers' Remuneration

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

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

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

Note 3: Deputy Chief Constable was appointed 17 April 2017

Note 4: Assistant Chief Constable was appointed 5 April 2017

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

Note 6: Includes Market Rate Premium

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

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

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

### Benefits Payable during Employment

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

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

The accrual is made at the payment rates applicable in the following accounting year, being the period in which the employee takes the benefit. The amount included on the Balance Sheet is £0.2m (£1.1m 2017-18).

## Termination Benefits

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

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

Other departures agreed cover voluntary redundancies and compromise agreements. All of the costs were included within the CIES. There were no material payments in relation to injury awards during the year ended 31 March 2019.

Exit Packages								
Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band (£000)	
	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19
£0 - £20,000	5	7	1	8	6	15	67	101
£20,001 - £40,000	2	2	0	1	2	3	67	98
£40,001 - £60,000	0	0	0	1	0	1	0	49
£60,001 - £80,000	1	0	0	0	1	0	75	0
£80,001 - £100,000	0	0	0	0	0	0	0	0
£100,001 - £150,000	0	0	0	1	0	1	0	130
<b>Total cost included in bandings all included within the CIES</b>	<b>8</b>	<b>9</b>	<b>1</b>	<b>11</b>	<b>9</b>	<b>20</b>	<b>209</b>	<b>378</b>

## Note 18 – Related Parties

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

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

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

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

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

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

## Note 19 – Accounting Standards Issued, Not Adopted

The additional disclosures that will be required.



## GLOSSARY

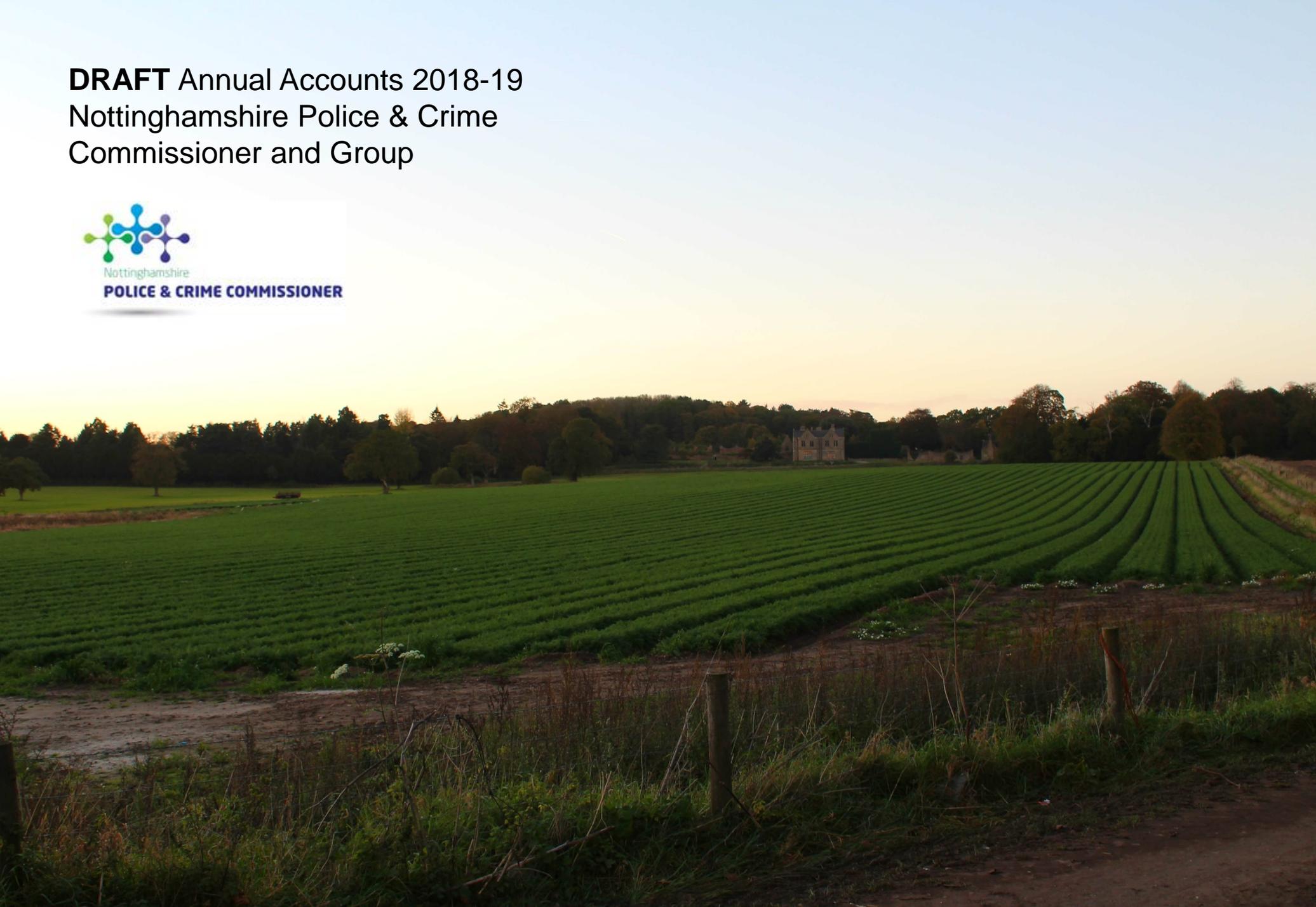
## GLOSSARY

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

<b>DEPRECIATION</b>	<b>EVENTS AFTER THE BALANCE SHEET DATE</b>	<b>GOING CONCERN</b>
<p>The measure of the cost of wearing out, consumption or other reduction in the useful economic life of the Force's fixed assets during the accounting period, whether from use, the passage of time or obsolescence through technical or other charges.</p>	<p>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.</p>	<p>The concept that the statement of Accounts is prepared on the assumption that the Force will continue in operational existence for the foreseeable future.</p>
<b>GOVERNMENT GRANTS</b>	<b>IFRS</b>	<b>GROUP</b>
<p>Grants made by the Government towards either revenue or capital expenditure in return for past or future compliance with certain conditions relating to the activities of the Force. These grants may be specific to a particular scheme or may support the revenue spend of the Authority in general.</p>	<p>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.</p>	<p>Nottinghamshire Office of the Police and Crime Commissioner and its Group.</p>
<b>MATERIALITY</b>	<b>MINIMUM REVENUE PROVISION (MRP)</b>	<b>PRIOR YEAR ADJUSTMENT</b>
<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 Force.</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 (PWLB)	REMUNERATION
<p>An amount put aside in the accounts for future liabilities or losses which are certain or very likely to occur but the amounts or dates of when they will arise are uncertain.</p>	<p>A Central Government Agency, which provides loans for one year and above to authorities at interest rates only slightly higher than those at which the Government can borrow itself.</p>	<p>All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits. Received other than in cash. Pension contributions payable by the employer are excluded.</p>
REVENUE EXPENDITURE		
<p>The day-to-day expenses of providing services.</p>		

**DRAFT** Annual Accounts 2018-19  
Nottinghamshire Police & Crime  
Commissioner and Group





<b>COMMISSIONER'S FOREWORD</b>	<b>WRITTEN STATEMENTS AND CHIEF FINANCE OFFICER'S NARRATIVE REPORT</b>	<b>CORE FINANCIAL STATEMENTS</b>	<b>NOTES TO THE ACCOUNTS</b>	<b>SUPPLEMENTARY ACCOUNTS AND EXPLANATORY NOTES</b>	<b>GLOSSARY</b>
Page 5	<p><b>Chief Finance Officer's Narrative Report</b> Page 8</p> <p><b>Independent Auditor's Report</b> Page 18</p> <p><b>Statement of Responsibilities for the Statement of Accounts</b> Page 19</p> <p><b>Annual Governance Statement for the Group</b> Page 20</p>	<p><b>Comprehensive Income &amp; Expenditure Statement (CIES)</b> Page 28</p> <p><b>Movement in Reserves Statement (MIRS)</b> Page 31</p> <p><b>Balance Sheet</b> Page 35</p> <p><b>Cash Flow Statement</b> Page 36</p>	<p><b>General Accounting Policies</b> Page 38</p> <p><b>Note 1</b> Judgements and Major Accounting Events Page 39</p> <p><b>Notes to Core Statements</b></p> <p><b>Note 2 CIES</b> Page 41</p> <p><b>Note 3 MIRS</b> Page 46</p> <p><b>Note 4 Balance Sheet</b> Page 51</p> <p><b>Note 5 Cash Flow</b> Page 65</p> <p><b>Note 6 Remuneration</b> Page 68</p> <p><b>Note 7 Financial Instruments</b> Page 72</p> <p><b>Note 8 Other notes</b> Page 75</p>	<p><b>Pension Fund Accounts and Explanatory Notes</b> Page 77</p> <p><b>Joint Operations</b> Page 87</p>	<p><b>Glossary of Terms</b> Page 91</p>



## COMMISSIONER'S FOREWORD

## COMMISSIONER'S FOREWORD

The past year has seen continued improvement and success.

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

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

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

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

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

towards policing.

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

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

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

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



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

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

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

**Paddy Tipping**  
**Nottinghamshire Police and Crime**  
**Commissioner**

# COMMISSIONER'S FOREWORD





## WRITTEN STATEMENT AND CHIEF FINANCE OFFICER'S NARRATIVE REPORT

## NOTTINGHAMSHIRE

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

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

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

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

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

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

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

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

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

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

## GOVERNANCE

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

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

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

## PRIORITIES

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

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

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

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

Reduce the threat from organised crime

Prevention, early intervention and reduction in reoffending

Spending public money wisely

## PERFORMANCE

### Achievements 2018-19

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

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

## PERFORMANCE (cont.)

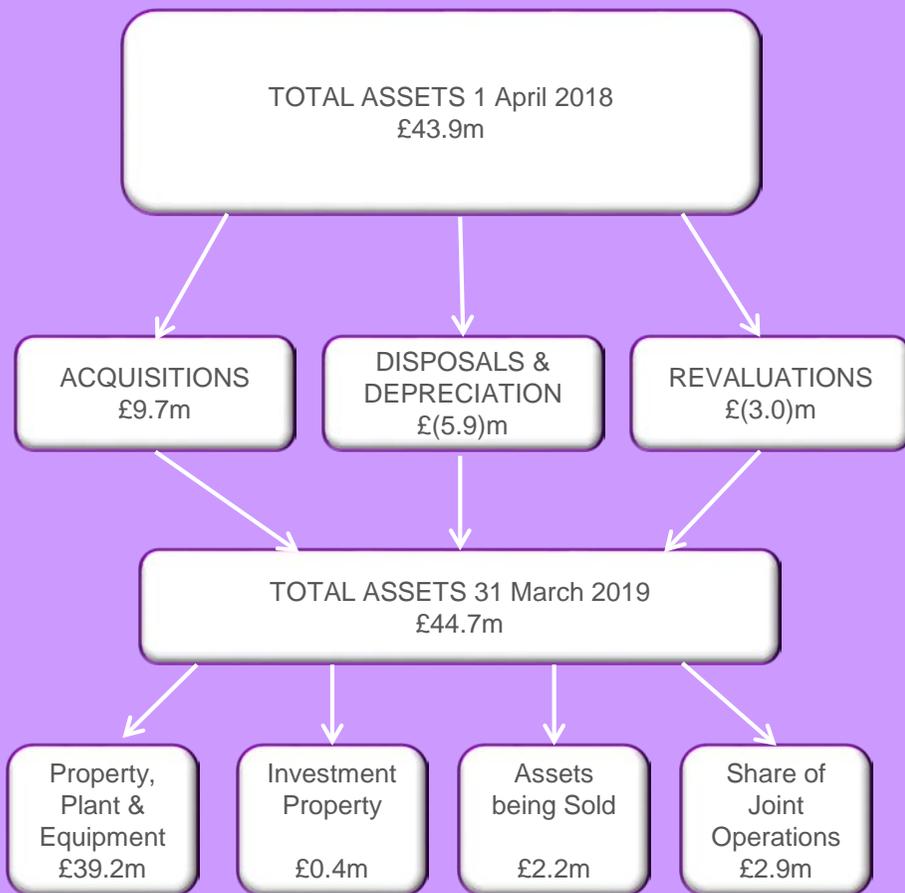
### Achievements 2018-19

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

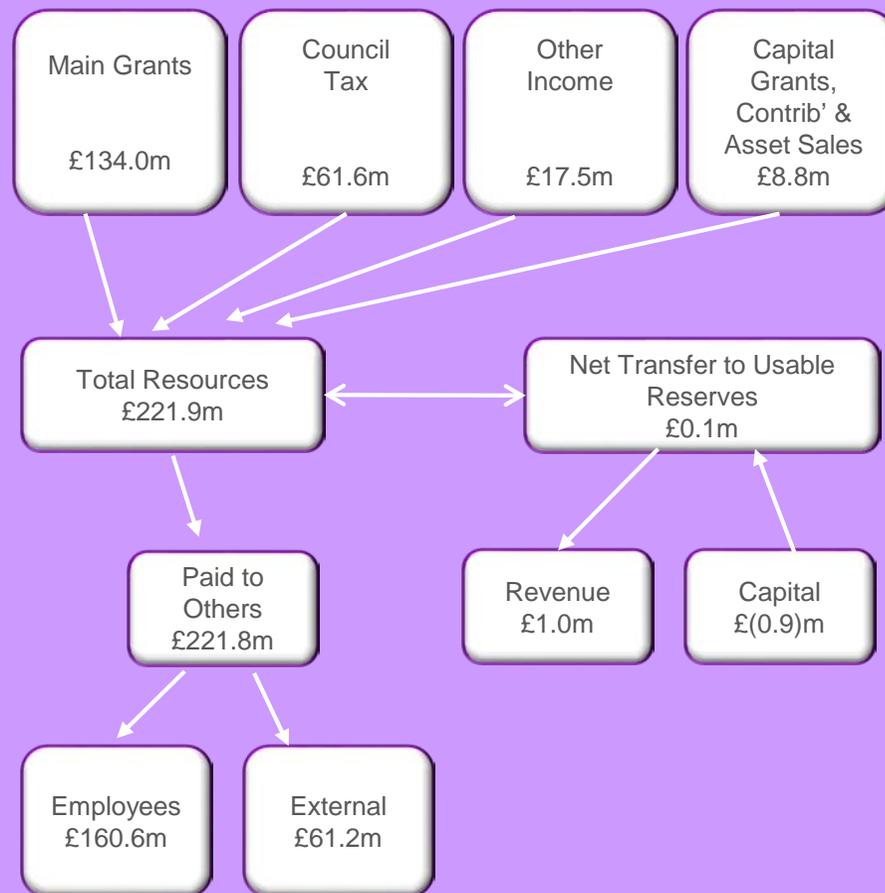
**More information regarding performance can be found within the Annual Report published on the Commissioners website.**

**Capital Cash Flows**

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



**Revenue Cash Flows**



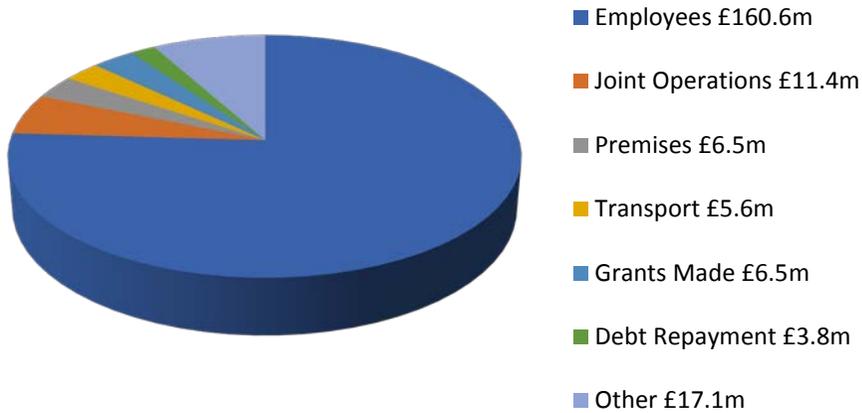
**Active Treasury management of these cash flows involved £4,756.2m of transactions in 2018-19**

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

**FINANCIAL PERFORMANCE (cont.)**

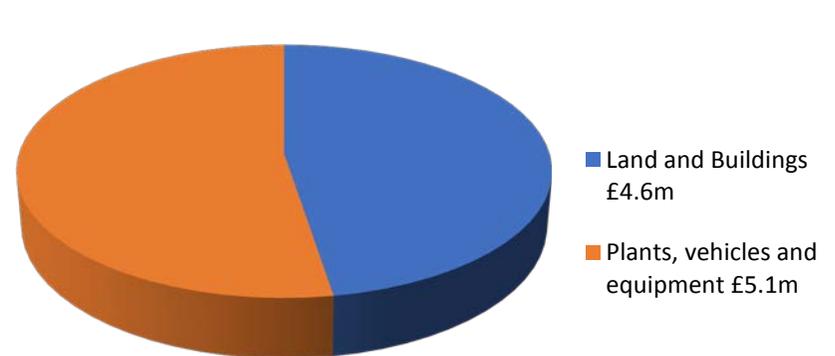
**Revenue Expenditure**

**Revenue Expenditure**



**Capital Expenditure**

**Capital Expenditure**



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

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

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

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

## FINANCIAL PERFORMANCE (cont.)

### Capital Expenditure

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

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

### Provisions and Reserves

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

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

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

## WHO WORKS FOR NOTTINGHAMSHIRE POLICE

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

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

### Overall Equality Characteristics

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

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

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

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

## PRINCIPLE RISKS

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

RISK	IMPACT	MITIGATION
Brexit	Detrimental impact of Brexit on public sector financing.	Monitor national activity by the Government – consider lobbying through representative bodies.
Comprehensive Spending Review	Delay by a further year impacts on the total amount available for funding policing nationally.	The Commissioner is a lead for this work at a national level.
Funding Formula Review	Could result in either a positive or negative impact on the amount of police grant Nottinghamshire receives.	Proactive work by the Commissioner on the National Review Body.
Level of Reserves	Insufficient reserves to meet significant risks.	This has improved significantly with annual targets for replacement being exceeded each year. Although the target for 2018-19 was not met due to additional demands on resources. The total available now provides opportunity for investment in IT and Property.
Changes to Crime Types	The need for officers to be trained in new areas of growing crime such as on-line crime. Whilst continuing to manage traditional crime such as burglary.	Recruitment and training of officers with these skills.

Explanation of Accounting Statements	The Core Statements	The Supplementary Financial Statements
<p>The Statement of Accounts sets out the Group income and expenditure for the year and its financial position at 31 March 2019. It comprises core and supplementary statements, together with disclosure notes. The format and content of the financial statements is prescribed by the CIPFA Code of Practice on Local Authority Accountancy in the United Kingdom 2018-19; which in turn is underpinned by International Financial Reporting Standards.</p> <p>A Glossary of terms can be found at the end of this publication.</p>	<p>The Comprehensive Income and Expenditure Statement (CIES). This records all income and expenditure for the year. The top half of the statement includes policing activity. The bottom half of the statement deals with corporate transactions and funding. It includes actuarial valuations in accordance with the code.</p> <p>The Movement in Reserves Statement – is a summary of the changes to the Reserves during the course of the year. Reserves are divided into “useable”, which can be invested in capital projects or service improvements, and “unusable”, which must be set aside for specific accounting purposes.</p> <p>The Balance Sheet is a “snapshot” of the assets, liabilities, cash balances and reserves at the year-end date.</p> <p>The Cash Flow Statement – shows the reasons for changes in cash balances during the year, whether the change is due to operating activities, new investment or financing activities (such as the repayment of borrowing and other long term liabilities).</p>	<ul style="list-style-type: none"> <li>• The Annual Governance Statement – this sets out the governance arrangements in place and the key internal controls.</li> <li>• The Pension Fund Account – these provide detail about the transactions in relation to the pension fund account for police officers. Details relating to the Local Government Pension Scheme for staff (including PCSO's) are provided in the notes to the accounts.</li> <li>• The Notes to the Accounts – these provide more detail about the accounting policies and individual transactions.</li> </ul>

To be added post audit



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

## The Responsibilities of the Commissioner

The Commissioner is required to:

- Make arrangements for the proper administration of the financial affairs for the group and to secure that one of his officers has the responsibility for the administration of those affairs, in line with statute this is the Section 151 Officer.
- Manage the groups affairs to secure economic efficient and effective use of resources and safeguard its assets.
- Approve the statement of accounts.
- Ensure that the Section 151 Officer is a key member of their strategic management team and is adequately resourced and trained to fulfil this role.

## The Responsibilities of the Chief Finance Officer

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

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

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

The Section 151 Officer has also:

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

## Certification

I certify that in my opinion this Statement of Accounts present a true and fair view of the financial position of the Chief Constable as at 31 March 2019 and its income and expenditure for the year ended 31 March 2019.

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

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

P Tipping  
Nottinghamshire Police & Crime  
Commissioner  
24 July 2019

**INTRODUCTION**

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

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

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

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

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

**KEY ELEMENTS OF THE COMMISSIONER’S GOVERNANCE FRAMEWORK**

**Police & Crime Plan**

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

**Scrutiny & Review**

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

**Police & Crime Panel**

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

**Decision making**

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

**Effective Management Team**

- Chief Executive is the Monitoring Officer responsible for governance
- Chief Finance Officer is the Section 151 Officer responsible for safeguarding the financial position of the group

<b>HOW WE COMPLY WITH THE CIPFA SOLACE FRAMEWORK</b>	<b>PRINCIPLE A</b> <b>Behaving with integrity, demonstrating strong commitment to ethical values and respecting the law.</b>	<b>PRINCIPLE B</b> <b>Ensuring openness and comprehensive stakeholder engagement</b>
<p>The Commissioner has approved and adopted:</p> <ul style="list-style-type: none"> <li>• Code of Corporate Governance</li> <li>• The requirements of the CIPFA/SoLACE Framework: Delivering Good Governance in Local Government Framework</li> <li>• A number of specific strategies and processes for strengthening corporate governance</li> </ul> <p>Set out below is how the Commissioner has complied with the seven principles set out in the CIPFA/SoLACE Framework during 2018-19.</p>	<p>The Commissioner has endorsed the Code of Corporate Governance, which provides guidance on expected standards of behaviours to ensure integrity.</p> <p>The Commissioner has approved the Anti-Fraud, Bribery and Corruption policies. The Audit and Scrutiny Panel receives reports on how these arrangements have been applied during the year. There is a Whistle Blowing policy in place, which together with declaration of interests from the Commissioner, staff and police officers, ensures ethical standards are being monitored and adhered to. Any whistle blowing activities notified are investigated by the Professional Standards Directorate and appropriate action is taken.</p> <p>The Section 151 Officer and Monitoring Officer have specific responsibility for ensuring legality, for investigating any suspected instances of failure to comply with legal requirements, and for reporting any such instances to the Commissioner and Audit and Scrutiny Panel or Police and Crime Panel.</p>	<p>All meetings of the Joint Audit and Scrutiny Panel, Strategic Resources and Performance Panel, and the Police and Crime Panel, are open to the public. Papers, reports and decisions made by the Commissioner, are published on the Commissioners website together with consultation and public surveys.</p> <p>The Commissioner has a public engagement consultation strategy which sets out how we engage with stakeholders, partners and the public, through a combination of collaborative working, representation on boards, stakeholder consultation meetings and attendance at public community events.</p>

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

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

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

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

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

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

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

**PRINCIPLE E****Developing capacity and capability**

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

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

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

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

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

**PRINCIPLE F****Managing risks and performance**

Performance is a key driver for the Force. This year there has been a national focus on ensuring compliance with the National Crime Recording Standard. This resulted in a reported crime increase during the year (11.2% for Nottinghamshire's total crime for 2018-19). However, we were ranked best for tackling most serious crime.

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

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

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

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

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

Lessons are learnt across forces through this shared contract.

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

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

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

**PRINCIPLE G****Implementing good practices in transparency, reporting and accountability**

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

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

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

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

In 2018-19 Nottinghamshire OPCC was awarded the "Transparency Quality Mark" by CoPaCC for the fourth year running.

## REVIEW OF EFFECTIVENESS

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

### Assurance from Internal Audit

One of the key assurance statements that the Commissioner receives is the annual audit report and opinion of the Head of Internal Audit. During 2018-19, 14 areas, including collaboration areas, were reported on. Of which eight were deemed to be satisfactory (56% of local recommendations and 100% of regional recommendations). All key financial systems have been audited and considered satisfactory, during the year.

Of the remaining two areas reviewed, none were core financial systems. One was the follow-up of the previous limited assurance recommendations (satisfactory) and the other was the IT strategy which was an advisory piece of work on what a good strategy would include. These are detailed within the published annual report and will be monitored and reviewed during 2019-20. The internal auditors opinion for 2018-19 is that in the areas audited this was generally adequate, and effective risk management, control and governance processes were in place to manage the achievement of the organisations objectives.

### Assurance from External Audit

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

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

### Self-Assessment and Review of Key Performance Indicators

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

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

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

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

### Follow-up of issues identified in 2017-18

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

## CONCLUSION

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

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

SIGNED

Paddy Tipping  
Nottinghamshire Police and Crime Commissioner  
24 July 2019

Kevin Dennis  
Chief Executive  
24 July 2019

Charlotte Radford CPFA  
Chief Finance Officer  
24 July 2019

THIS MEMORIAL WAS KNOWN TO THE  
FORCE TRAINING SCHOOL LETTERSTONE UPON CLOSURE OF  
SHIRE HALL POLICE STATION 26th MARCH 1984



IT WAS RE-LOCATED TO POLICE HEADQUARTERS AT A  
SERIES OF DEDICATION ON 11th NOVEMBER 2009

## CORE FINANCIAL STATEMENTS



## COMPREHENSIVE INCOME & EXPENDITURE STATEMENT (CIES)

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

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

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

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

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

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

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

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

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

2017-18					PCC & GROUP CIES		2018-19				
PCC Exp' £'000	PCC Income £'000	PCC Net £'000	CC Net £'000	Group Total £'000		Note	PCC Exp' £'000	PCC Income £'000	PCC Net £'000	CC Net £'000	Group Total £'000
227,536	0	227,536	(227,536)	0	Funding to Chief Constable		239,026	0	239,026	(239,026)	0
0	0	0	0	0	Prior years restatement – net pension cost error		0	0	0	0	0
5,254	(1,641)	3,613	211,172	214,785	Service cost		5,902	(1,625)	4,277	219,505	223,782
<b>232,790</b>	<b>(1,641)</b>	<b>231,149</b>	<b>(16,364)</b>	<b>214,785</b>	<b>Cost of Services</b>		<b>244,928</b>	<b>(1,625)</b>	<b>243,303</b>	<b>(19,521)</b>	<b>223,782</b>
930	(1,053)	(123)	0	(123)	Other Operating Expenditure	2.6	0	(248)	(248)	0	(248)
1,910	(194)	1,716	72,469	74,185	Financing and Investment	2.4	2,119	(578)	1,541	50,686	52,227
0	(238,715)	(238,715)	0	(238,715)	Taxation and Non Specific Grant Income	2.5	0	(240,836)	(240,836)	0	(240,836)
<b>235,630</b>	<b>(241,603)</b>	<b>(5,973)</b>	<b>56,105</b>	<b>50,132</b>	<b>(Surplus) or Deficit on Provision of Services</b>	<b>2.1 &amp; 2.8</b>	<b>247,047</b>	<b>(243,287)</b>	<b>3,760</b>	<b>31,165</b>	<b>34,925</b>
		(19)	0	(19)	(Surplus) or deficit on revaluation of Property, Plant and Equipment				92	0	92
		(250)	(165,866)	(166,116)	Re-measurement of the net defined benefit liability / asset				6	68,754	68,760
		<b>(269)</b>	<b>(165,866)</b>	<b>(166,135)</b>	<b>Other Comprehensive (Income) and Expenditure</b>				<b>98</b>	<b>68,754</b>	<b>68,852</b>
		<b>(6,242)</b>	<b>(109,761)</b>	<b>(116,003)</b>	<b>Total Comprehensive (Income) and Expenditure</b>				<b>3,858</b>	<b>99,919</b>	<b>103,777</b>

2017-18			GROUP CIES		2018-19		
Expenditure £'000	Income (Note 2.3) £'000	Net £'000		Note	Expenditure £'000	Income (Note 2.3) £'000	Net £'000
237,397	(22,612)	214,785	<b>Group Cost of Services</b>		239,434	(15,652)	223,782
930	(1,053)	(123)	Other Operating Expenditure	2.6	2,138	(2,386)	(248)
79,944	(5,759)	74,185	Financing and Investment	2.4	74,192	(21,965)	52,227
0	(238,715)	(238,715)	Taxation and Non Specific Grant Income	2.5	0	(240,836)	(240,836)
<b>318,271</b>	<b>(268,139)</b>	<b>50,132</b>	<b>(Surplus) or Deficit on Provision of Services</b>	<b>2.1 &amp; 2.8</b>	<b>315,764</b>	<b>(280,839)</b>	<b>34,925</b>
		(19)	(Surplus) or Deficit on revaluation of Property, Plant and Equipment				92
		(166,116)	Re-measurement of the net defined liability/asset				68,760
		<b>(166,135)</b>	<b>Other Comprehensive (Income) and Expenditure</b>				<b>68,852</b>
		<b>(116,003)</b>	<b>Total Comprehensive (Income) and Expenditure</b>				<b>103,777</b>

## MOVEMENT IN RESERVES STATEMENT

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

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

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

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

Group Movement in Reserves	General Fund Balance	Earmarked General Fund Reserves (Note 3.1)	Capital Receipts Reserve (Note 3.2)	Capital Grants Unapplied Account (Note 3.2)	Total Usable Reserves	Unusable Reserves (Note 3.3 & 3.4)	Group Total Reserves
2018-19	£000	£000	£000	£000	£000	£000	£000
<b>Balance at 31 March 2018</b>	(7,075)	(16,853)	(3,887)	0	(27,815)	2,636,044	2,608,229
<b>Movement in reserves during 2018-19</b>							
(Surplus) or deficit on the provision of services	34,925	0	0	0	34,925	0	34,925
Other Comprehensive (Income) / Expenditure	0	0	0	0	0	68,852	68,852
<b>Total Comprehensive Income and Expenditure</b>	<b>34,925</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>34,925</b>	<b>68,852</b>	<b>103,777</b>
Adjustments between accounting basis and funding basis under regulations (Note 3.5)	(34,873)	213	887	0	(33,773)	33,773	0
<b>Net (Increase) or Decrease before Transfers to Earmarked Reserves</b>	<b>52</b>	<b>213</b>	<b>887</b>	<b>0</b>	<b>1,152</b>	<b>102,625</b>	<b>103,777</b>
Transfers to / (from) Earmarked Reserves	(52)	52	0	0	0	0	0
<b>(Increase) or Decrease in 2018-19</b>	<b>0</b>	<b>265</b>	<b>887</b>	<b>0</b>	<b>1,152</b>	<b>102,625</b>	<b>103,777</b>
<b>Balance at 31 March 2019</b>	<b>(7,075)</b>	<b>(16,588)</b>	<b>(3,000)</b>	<b>0</b>	<b>(26,663)</b>	<b>2,738,669</b>	<b>2,712,006</b>

<b>PCC Movement in Reserves</b>	<b>General Fund Balance</b>	<b>Earmarked General Fund Reserves (Note 3.1)</b>	<b>Capital Receipts Reserve (Note 3.2)</b>	<b>Capital Grants Unapplied Account (Note 3.2)</b>	<b>Total Usable Reserves</b>	<b>Unusable Reserves (Note 3.3 &amp; 3.4)</b>	<b>PCC Total Reserves</b>
<b>2018-19</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Balance at 31 March 2018</b>	<b>(7,075)</b>	<b>(16,853)</b>	<b>(3,887)</b>	<b>0</b>	<b>(27,815)</b>	<b>9,662</b>	<b>(18,153)</b>
<b>Movement in reserves during 2018-19</b>							
(Surplus) or deficit on the provision of services	3,760	0	0	0	<b>3,760</b>	<b>0</b>	<b>3,760</b>
Other Comprehensive (Income) / Expenditure	0	0	0	0	<b>0</b>	<b>98</b>	<b>98</b>
<b>Total Comprehensive Income and Expenditure</b>	<b>3,760</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,760</b>	<b>98</b>	<b>3,858</b>
Adjustments between accounting basis and funding basis under regulations ( <b>Note 3.5</b> )	(3,708)	213	887	0	<b>(2,608)</b>	<b>2,608</b>	<b>0</b>
<b>Net (Increase) or Decrease before Transfers to Earmarked Reserves</b>	<b>52</b>	<b>213</b>	<b>887</b>	<b>0</b>	<b>1,152</b>	<b>2,706</b>	<b>3,858</b>
Transfers to / (from) Earmarked Reserves	(52)	52	0	0	<b>0</b>	<b>0</b>	<b>0</b>
<b>(Increase) or Decrease in 2018-19</b>	<b>0</b>	<b>265</b>	<b>887</b>	<b>0</b>	<b>1,152</b>	<b>2,706</b>	<b>3,858</b>
<b>Balance at 31 March 2019</b>	<b>(7,075)</b>	<b>(16,588)</b>	<b>(3,000)</b>	<b>0</b>	<b>(26,663)</b>	<b>12,368</b>	<b>(14,295)</b>

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

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

## BALANCE SHEET

The Balance Sheet shows the value of assets and liabilities, as at the end of the accounting year. The net assets (assets less liabilities) are matched by the reserves held. Reserves are both usable, which may be used to provide services and unusable which fulfil specific accounting purposes.

2017-18		PCC & Group Balance Sheet	Note	2018-19	
PCC	Group			PCC	Group
£000	£000			£000	£000
41,072	41,072	Property, Plant and Equipment	4.2	42,076	42,076
534	534	Investment Property	4.4	435	435
376	376	Intangible Assets	4.5	230	230
0	0	Long-Term Debtors		0	0
<b>41,982</b>	<b>41,982</b>	<b>Long Term Assets</b>		<b>42,741</b>	<b>42,741</b>
2,364	2,364	Assets Held for Sale	4.7	2,202	2,202
167	167	Inventories		151	151
32,460	32,460	Short-Term Debtors	4.8	18,351	18,351
0	0	Temporary Investments		4,000	4,000
10,832	10,832	Cash and Cash Equivalents	5.1	20,808	20,808
<b>45,823</b>	<b>45,823</b>	<b>Current Assets</b>		<b>45,512</b>	<b>45,512</b>
(8,249)	(8,249)	Short-Term Borrowing	4.9	(9,854)	(9,854)
(24,444)	(27,760)	Short-Term Creditors	4.10	(14,923)	(18,204)
(4,385)	(4,385)	Provisions	4.11	(3,936)	(3,936)
<b>(37,078)</b>	<b>(40,394)</b>	<b>Current Liabilities</b>		<b>(28,713)</b>	<b>(31,994)</b>
(28,920)	(28,920)	Long-Term Borrowing	4.12	(41,992)	(41,992)
(3,654)	(2,626,720)	Other Long-Term Liabilities		(3,253)	(2,726,273)
<b>(32,574)</b>	<b>(2,655,640)</b>	<b>Long Term Liabilities</b>		<b>(45,245)</b>	<b>(2,768,265)</b>
<b>18,153</b>	<b>(2,608,229)</b>	<b>Net Assets</b>		<b>14,295</b>	<b>(2,712,006)</b>
(27,815)	(27,815)	Usable Reserves	3.1 & 3.2	(26,663)	(26,663)
9,663	2,636,044	Unusable Reserves	3.3	12,368	2,738,669
<b>(18,153)</b>	<b>2,608,229</b>	<b>Total Reserves</b>		<b>(14,295)</b>	<b>2,712,006</b>

## CASH FLOW STATEMENT

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

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

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

2017-18			Cash Flow Statement	Note	2018-19		
Commissioner	Chief Constable	Group			Commissioner	Chief Constable	Group
£000	£000	£000			£000	£000	£000
(5,973)	56,105	50,132	Net (surplus) or deficit on the provision of services		3,760	31,165	34,925
(10,928)	(56,105)	(67,033)	Adjustment to (surplus) or deficit on the provision of services for non cash movements	5.2	(13,209)	(31,165)	(44,374)
3,795	0	3,795	Adjustment for items included in the net (surplus) or deficit on the provision of services that are investing or financing activities	5.2	2,676	0	2,676
<b>(13,106)</b>	<b>0</b>	<b>(13,106)</b>	<b>Net cash flows from operating activities</b>		<b>(6,773)</b>	<b>0</b>	<b>(6,773)</b>
586	0	586	Net cash flows from investing activities	5.3	10,977	0	10,977
3,709	0	3,709	Net cash flows from financing activities	5.3	(14,180)	0	(14,180)
<b>(8,811)</b>	<b>0</b>	<b>(8,811)</b>	<b>Net (increase) or decrease in cash and cash equivalents</b>		<b>(9,976)</b>	<b>0</b>	<b>(9,976)</b>
(2,021)	0	(2,021)	Cash and cash equivalents at the beginning of the reporting period		(10,832)	0	(10,832)
<b>(10,832)</b>	<b>0</b>	<b>(10,832)</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>5.1</b>	<b>(20,808)</b>	<b>0</b>	<b>(20,808)</b>



## NOTES TO THE ACCOUNTS



## GENERAL ACCOUNTING POLICIES

### 1. General Principles

The Statement of Accounts summarises transactions for the 2018-19 financial year and its position as at 31 March 2019. Annual Statement of Accounts are required to be published under the Accounts and Audit Regulations 2015, in accordance with proper accounting practices. These practices primarily comprise of the Code and the Best Value Accounting Code of Practice 2018-19, supported by International Financial Reporting Standards (IFRS). The Accounts have been prepared on a going concern basis using the historic cost convention, modified by the revaluation of certain categories of non-current assets and financial instruments. Under The Act 2011 the Commissioner and Chief Constable are separate 'corporation sole' bodies. Both are required to prepare a separate Statement of Accounts. The Financial Statements included here represent the Commissioner and the Commissioner as a group with the Chief Constable (The Group). The figures in these accounts are rounded appropriately and this may cause apparent minor mathematical errors.

### 2. Exceptional Items

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

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

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Group financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative figures for the prior period as if the new policy had always been applied. There have been no changes in Accounting Policies requiring restatement. Material errors discovered in prior year figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

## 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 not be appropriate for their financial statements to be prepared on anything other than a going concern basis.

### 1.4 Accounting Standards Issued but not Adopted

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

## 1.5 Future Assumptions and Other Major Sources of Estimation Uncertainty

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

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

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

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

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

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

## 1.6 Events after the Balance Sheet Date

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

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

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

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

There are no such events to report here.

## Section 2 Notes to Comprehensive Income & Expenditure Statement

### 2.1 Expenditure Funding Analysis

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

2017-18			Commissioner & Group Expenditure Funding Analysis	2018-19		
Net Expenditure Chargeable to the General Fund	Adjustments (Note 2.2)	Net Expenditure in the CIES		Net Expenditure Chargeable to the General Fund	Adjustments (Note 2.2)	Net Expenditure in the CIES
£000	£000	£000		£000	£000	£000
227,536	(16,364)	211,172	Policing	239,026	(19,521)	219,505
4,049	(436)	3,613	Commissioner	4,400	(123)	4,277
<b>231,585</b>	<b>(16,800)</b>	<b>214,784</b>	<b>Net Cost of Services</b>	<b>243,426</b>	<b>(19,644)</b>	<b>223,782</b>
0	72,469	72,469	Other (Income) and Expenditure Policing	0	50,686	50,686
(236,615)	(507)	(237,122)	Commissioner	(243,161)	3,618	(239,543)
(5,030)	55,162	50,132	<b>(Surplus) or Deficit on Provision of Service</b>	265	34,660	34,925
(18,898)			Opening General Fund Balance	(23,928)		
(23,928)			<b>Closing General Fund Balance</b>	<b>(23,663)</b>		

## 2.2 Adjustments to the Expenditure Funding Analysis

2018-19	Net Capital Statutory Adjustments	Net Pensions Statutory Adjustments	Other Statutory Adjustments	Total Adjustments
	£000	£000	£000	£000
Policing	0	(19,487)	34	(19,521)
Commissioner	887	2,502	(3,512)	(123)
<b>Net Cost of Services</b>	<b>887</b>	<b>(16,985)</b>	<b>(3,546)</b>	<b>(19,644)</b>
Other (Income) and Expenditure Chief Constable	0	50,686	0	50,686
Other (Income) and Expenditure Commissioner	2,758	(2,572)	3,432	3,618
<b>Difference between the Statutory Charge and the (Surplus) or Deficit in the CIES</b>	<b>3,645</b>	<b>31,129</b>	<b>(114)</b>	<b>34,660</b>

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)
<b>Net Cost of Services</b>	<b>(594)</b>	<b>(16,213)</b>	<b>7</b>	<b>(16,800)</b>
Other (Income) and Expenditure Chief Constable	0	72,469	0	72,469
Other (Income) and Expenditure Commissioner	(638)	67	64	(507)
<b>Difference between the Statutory Charge and the (Surplus) or Deficit in the CIES</b>	<b>(1,232)</b>	<b>56,323</b>	<b>71</b>	<b>55,162</b>

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

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

### 2.3 Income Credited to Services

2017-18 £000		2018-19 £000
<b>(1,641)</b>	<b>Relating to the Commissioner - Other Income</b>	<b>(1,625)</b>
(5,883)	Partnership and Joint Controlled Operations	(1,689)
(1,858)	PFI Grant	(1,858)
(3,002)	Recharge of Officers	(2,142)
(10,228)	Other Income	(8,338)
<b>(22,612)</b>	<b>Total for the Group</b>	<b>(15,652)</b>

### 2.4 Financing and Investment Income and Expenditure

2017-18 £000		2018-19 £000
1,753	Interest payable and similar charges	1,980
67	Net interest on the net defined benefit liability (asset)	(190)
(104)	Interest receivable and similar income	(249)
<b>1,716</b>	<b>Relating to the Commissioner</b>	<b>1,541</b>
72,469	Other net interest on the defined benefit liability (asset)	50,686
<b>74,185</b>	<b>Total for the Group</b>	<b>52,227</b>

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

2017-18 £000		2018-19 £000
(57,273)	Council Tax Income	(61,433)
(134,018)	Non-ringfenced Government Grants	(134,018)
(41,650)	HO Police Pension Grant	(43,428)
(5,774)	Capital Grants and Contributions	(839)
0	Revenue Contributions	(1,118)
<b>(238,715)</b>	<b>Total for the Commissioner and Group</b>	<b>(240,836)</b>

## 2.6 Other Operating Expenditure – Commissioner and Group

2017-18 £000		2018-19 £000
(123)	(Gains)/losses on the Disposal on Non-Current Assets	(248)
0	Other	0
<b>(123)</b>	<b>Total for the Commissioner and Group</b>	<b>(248)</b>

## 2.7 Impairment Losses

There are no instances of impairment to report.

## 2.8 Expenditure Analysed by Nature

2017-18			Nature of Expenditure or Income	2018-19		
Chief Constable	PCC	Group		Chief Constable	PCC	Group
£000	£000	£000		£000	£000	£000
191,945	668	192,613	Expenditure on services - employees	191,683	847	192,530
35,444	4,585	40,029	Expenditure on services - other	41,849	5,055	46,904
(20,971)	(1,641)	(22,612)	Income from services	(14,027)	(1,625)	(15,652)
0	(57,273)	(57,273)	Income from local taxation	0	(61,433)	(61,433)
0	(181,441)	(181,441)	Government grants and contributions	0	(179,403)	(179,403)
4,754	0	4,754	Depreciation, amortisation and impairment	0	0	0
72,469	1,716	74,185	Other Financing	50,686	1,541	52,227
0	(123)	(123)	(Gain) or loss on disposal of non-current assets	0	(248)	(248)
(227,536)	227,536	0	Intra Group Funding	(239,026)	239,026	0
56,105	(5,973)	50,132	<b>(Surplus) or Deficit for Year</b>	<b>31,165</b>	<b>3,760</b>	<b>34,925</b>

## 2.9 Benefits Payable during Employment

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

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

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

## 2.10 Termination Benefits

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

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

## Section Notes to the Movement in Reserves Statement

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

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

	Balance at 31 March 2017	Transfers In 2017-18	Transfers Out 2017-18	Balance at 31 March 2018	Transfers In 2018-19	Transfers Out 2018-19	Balance at 31 March 2019
	£000	£000	£000	£000	£000	£000	£000
Police Property Act	(183)	(13)	0	(196)	0	0	(196)
Drug Fund	(76)	(2)	51	(27)	0	0	(27)
PFI Life Cycle Costs	27	(37)	0	(10)	(38)	0	(48)
Revenue Grants	(2,747)	(411)	309	(2,849)	(217)	1,092	(1,974)
Medium Term Financial Plan	(3,275)	0	1,136	(2,000)	(254)	2,254	0
Tax Base Reserve	(1,247)	0	200	(1,047)	(469)	2	(1,514)
Animal Welfare	(19)	0	0	(19)	0	0	(19)
PCC	(622)	(111)	0	(733)	(53)	26	(760)
Grants and Commissioning	(2,499)	(1,080)	138	(3,441)	(712)	154	(3,999)
PCC Night Time Levy	(284)	0	103	(181)	(20)	0	(201)
Estimation Reserve	(13)	0	13	0	0	0	0
Target Hardening	0	(73)	0	(73)	0	0	(73)
Allard Reserve	0	(1,200)	0	(1,200)	0	0	(1,200)
Asset Replacement	0	(2,731)	0	(2,731)	(2,216)	0	(4,947)
IT Investment	0	(1,100)	0	(1,100)	0	378	(722)
Joint Operations	(845)	(262)	0	(1,246)	0	338	(908)
<b>Total Earmarked Reserves</b>	<b>(11,783)</b>	<b>(7,020)</b>	<b>1,950</b>	<b>(16,853)</b>	<b>(3,979)</b>	<b>4,244</b>	<b>(16,588)</b>
<b>General Fund</b>	<b>(7,075)</b>	<b>0</b>	<b>0</b>	<b>(7,075)</b>	<b>0</b>	<b>0</b>	<b>(7,075)</b>
<b>Total General Fund Balance</b>	<b>(18,858)</b>	<b>(7,020)</b>	<b>1,950</b>	<b>(23,928)</b>	<b>(3,979)</b>	<b>4,244</b>	<b>(23,663)</b>

### 3.2 Usable Reserves – Commissioner and Group

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

31 March 2018 £000	Capital Grants & Contributions Unapplied	31 March 2019 £000
0	Balance 1 April	0
(2,794)	Capital Grants and Contributions Recognised in Year	(839)
2,794	Capital Grants and Contributions Applied	839
<b>0</b>	<b>Balance 31 March</b>	<b>0</b>

### 3.3 Unusable Reserves

31 March 2018			31 March 2019	
PCC	Group		PCC	Group
£000	£000		£000	£000
1,427	2,624,493	Pensions	1,362	2,724,382
197	3,512	Accumulated Absences	198	3,479
(1,137)	(1,137)	Revaluation Reserve	(1,037)	(1,037)
10,080	10,080	Capital Adjustment	12,604	12,604
(891)	(891)	Collection Fund	(759)	(759)
(13)	(13)	Deferred Receipt	0	0
<b>9,663</b>	<b>2,636,044</b>	<b>Total</b>	<b>12,368</b>	<b>2,738,669</b>

### 3.4 Unusable Reserves Movements

The table analyses the unusable reserves movements in the MIRS.

31 March 2018		Movement in Unusable Reserves	31 March 2019	
PCC £000	Group £000		PCC £000	Group £000
<b>10,242</b>	<b>2,746,383</b>	<b>Balance at start of Year</b>	<b>9,663</b>	<b>2,636,044</b>
0	0	Adjustment	(1)	0
(269)	(166,135)	Comprehensive Income & Expenditure	98	68,852
(310)	55,796	Adjustments between accounting basis and funding basis under regulations	2,608	33,773
<b>9,663</b>	<b>2,636,044</b>	<b>Balance at Year End</b>	<b>12,368</b>	<b>2,738,669</b>

### 3.5 Adjustments between Accounting Basis and Funding Basis under Regulations

2018-19	General Fund Balance Commissioner	General Fund Balance Group	Capital Receipts Reserve Group	Capital Grants Unapplied Group	Movement in Unusable Reserves Commissioner	Movement in Unusable Reserves Group
	£000	£000	£000	£000	£000	£000
Pension cost (transferred to / (from) the Pensions Reserve)	71	(31,129)			(71)	31,129
Council tax (transfers to / (from) the Collection Fund)	(132)	(132)			132	132
Receipt of deferred debtor	0	0			0	0
Holiday pay (adjustments to the Accumulated Absences Reserve)	(4)	33			4	(33)
Revaluation Reserve					0	0
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)	(8,811)	(8,811)		(839)	9,650	9,650
<b>Total Adjustments to Revenue Resources</b>	<b>(8,876)</b>	<b>(40,039)</b>	<b>0</b>	<b>(839)</b>	<b>9,715</b>	<b>40,878</b>
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	1,828	1,828	(1,828)		0	0
Statutory Provision for the repayment of debt	2,752	2,752			(2,752)	(2,752)
Capital expenditure financed from revenue balances	550	550			(550)	(550)
<b>Total adjustments between Revenue and Capital Resources</b>	<b>5,130</b>	<b>5,130</b>	<b>(1,828)</b>	<b>0</b>	<b>(3,302)</b>	<b>(3,302)</b>
<b>Application of capital grant to finance capital expenditure</b>				<b>839</b>	<b>(839)</b>	<b>(839)</b>
<b>Use of capital receipts reserve to finance capital expenditure</b>			<b>2,715</b>		<b>(2,715)</b>	<b>(2,715)</b>
<b>Use of earmarked reserves to finance capital expenditure</b>	<b>250</b>	<b>250</b>			<b>(250)</b>	<b>(250)</b>
<b>Other adjustments</b>	<b>1</b>	<b>(1)</b>			<b>(1)</b>	<b>1</b>
<b>Total adjustments</b>	<b>(3,495)</b>	<b>(34,660)</b>	<b>887</b>	<b>0</b>	<b>2,608</b>	<b>33,773</b>

2017-18	General Fund Balance Commissioner £000	General Fund Balance Group £000	Capital Receipts Reserve Group £000	Capital Grants Unapplied Group £000	Movement in Unusable Reserves Commissioner £000	Movement in Unusable Reserves Group £000
Pension cost (transferred to / (from) the Pensions Reserve)	(191)	(56,324)	0	0	191	56,324
Council tax (transfers to / (from) the Collection Fund)	(83)	(83)	0	0	83	83
Receipt of deferred debtor	(32)	(32)	0	0	32	32
Holiday pay (adjustments to the Accumulated Absences Reserve)	(13)	13	0	0	13	(13)
Revaluation Reserve	(137)	(137)	0	0	137	137
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(1,618)	(1,618)	0	(2,794)	4,412	4,412
<b>Total Adjustments to Revenue Resources</b>	<b>(2,074)</b>	<b>(58,181)</b>	<b>0</b>	<b>(2,794)</b>	<b>4,868</b>	<b>60,975</b>
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)
<b>Total adjustments between Revenue and Capital Resources</b>	<b>3,019</b>	<b>3,019</b>	<b>(594)</b>	<b>0</b>	<b>(2,425)</b>	<b>(2,425)</b>
<b>Application of capital grant to finance capital expenditure</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,794</b>	<b>(2,794)</b>	<b>(2,794)</b>
<b>Total adjustments</b>	<b>945</b>	<b>(55,162)</b>	<b>(594)</b>	<b>0</b>	<b>(351)</b>	<b>55,756</b>

## Section 4 Notes to the Balance Sheet

### 4.1 Property, Plant and Equipment

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

#### Recognition

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

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

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

#### Component Accounting

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

#### Measurement

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

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

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

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

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

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

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

### Impairment

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

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

### Depreciation

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

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

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

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

### Assets held for Sale

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

### Disposal

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

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

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

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

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

### 4.3 Property, Plant and Equipment Revaluations

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

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

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

#### 4.4 Investment Properties

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

Income is received on investment properties (telecoms masts) from Cell C.M., who also undertake the maintenance and repair of the telecoms masts. These costs are not identified separately in the Statement of Accounts and are included within the management charge. Investment income net of this management charge was £0.92m in 2018-19 (£0.080m in 2017-18).

#### 4.5 Intangible Assets

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

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

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

#### 4.6 Capital Expenditure and Capital Financing

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

This table only shows the position of the Commissioner excluding the Joint Organisations. At the 31 March 2019 the Commissioner had entered into a number of capital contracts which would continue to incur expenditure in future years. These totalled £3.4m. The contracts covered building alterations and IT systems. (£3.2m 31 March 2018).

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

#### 4.7 Assets Held for Sale

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

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

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

#### 4.8 Debtors Commissioner and Group

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

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

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

#### 4.9 Short Term Borrowing Commissioner and Group

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

#### 4.10 Creditors Commissioner and Group

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

Once judgement is made monies are either, paid over to the State, repaid to the individual or made available for the Commissioner to use on specific purposes. At 31 March 2019 cash totalling £0.145m was held in the Commissioner's bank account (£0.797m at 31 March 2018).

31 March 2018		Creditors	31 March 2019	
PCC £000	Group £000		PCC £000	Group £000
(4,876)	(4,876)	Central Government Bodies	(3)	(3)
(6,812)	(6,812)	Other Local Authorities	(9,630)	(9,630)
(12,756)	(16,072)	Other Entities and Individuals	(5,290)	(8,571)
<b>(24,444)</b>	<b>(27,760)</b>	<b>Total Creditors</b>	<b>(14,923)</b>	<b>(18,204)</b>

#### 4.11 Provisions

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

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

2018-19	Insurance £000	Dilapidation £000	Legal Expenses £000	Medical Retirement £000	Redundancy £000	Bad Debt £000	Joint Operations £000	Pay Award £000	Total £000
<b>Opening Balance</b>	<b>(3,189)</b>	<b>(300)</b>	<b>(115)</b>	<b>0</b>	<b>(51)</b>	<b>0</b>	<b>0</b>	<b>(730)</b>	<b>(4,385)</b>
Increase in provision during year	(1,168)	(209)	0	(78)	(27)	(147)	(2)	(5)	<b>(1,636)</b>
Utilised during year	1,139	21	115	0	51	24	0	735	<b>2,085</b>
<b>Closing Balance</b>	<b>(3,218)</b>	<b>(488)</b>	<b>0</b>	<b>(78)</b>	<b>(27)</b>	<b>(123)</b>	<b>(2)</b>	<b>0</b>	<b>(3,936)</b>
<b>2017-18</b>									
<b>Opening Balance</b>	<b>(2,898)</b>	<b>(268)</b>	<b>(115)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(3,281)</b>
Increase in provision during year	(1,342)	(158)	0	0	(51)	0	0	(735)	<b>(2,286)</b>
Utilised during year	1,051	126	0	0	0	0	0	5	<b>1,182</b>
<b>Closing Balance</b>	<b>(3,189)</b>	<b>(300)</b>	<b>(115)</b>	<b>0</b>	<b>(51)</b>	<b>0</b>	<b>0</b>	<b>(730)</b>	<b>(4,385)</b>

#### 4.12 Long Term Debt

31 March 2018 £000	Long Term Borrowing	31 March 2019 £000
0	Market Loans	0
(28,921)	PWLB	(41,992)
<b>(28,921)</b>	<b>Total Long Term Borrowing</b>	<b>(41,992)</b>

### 4.13 Leases

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

Where a lease covers both land and buildings, those elements are considered separately for classification. Major contracts are reviewed for the possibility of embedded leases within them. Assets held under a finance lease are recognised on the Balance Sheet at fair value (or the present value of the minimum lease payments, if lower). There is a matching liability for the obligation to pay the lessor. Initial direct costs are added to the carrying amount of the asset. Operating leases are charged to the CIES. These payments in 2018-19 were £1.435m (£1.231m in 2017-18).

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

These include vehicles acquired under the PFI scheme, IAS17 and IFRIC4 classifies this arrangement as a finance lease. This contract for the provision of an agreed number of vehicles runs until 2026-27. The estimated capital value of this scheme is £14.8m. The amount paid was £3.3m (£3.3m in 2017-18). Future payments are linked to inflation increases. Grant of £1.3m was received (£1.3m in 2017-18).

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

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

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

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

### Authority as Lessee – Operating Leases

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

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

#### 4.14 Service Concession Arrangements – Private Finance Initiative Agreements

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

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

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

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

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

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

The annual amounts payable to Miven comprise:

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

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

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

## Section 5 Notes to the Cash Flow Statement

### 5.1 Cash and Equivalents

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

31 March 2018 £000	Cash and Equivalents comprise	31 March 2019 £000
9,800	Low Volatility Net Asset Value Funds	4,760
0	Short Term Investments	15,000
1,032	Cash and Bank	1,048
<b>10,832</b>	<b>Total</b>	<b>20,808</b>

## Section 5 Notes to the Cash Flow Statement

### 5.2 Cash Flow from Operating Activities – Group Cash Flows

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

31 March 2018 £000	The cash flows for operating activities include the following items	31 March 2019 £000
(5,609)	Depreciation	(5,125)
214	Impairment and downward valuations	(2,933)
0	Amortisation	0
(4,532)	(Increase)/decrease in creditors	9,707
276	Increase/(decrease) in debtors	(14,110)
(103)	(Increase)/decrease in inventories	(16)
(56,612)	Movement in pension liability	(29,722)
(1,526)	Carrying amount of other non-current assets/liabilities	137
859	Other non-cash movements charged to the (surplus) or deficit on provision of services	(2,312)
<b>(67,033)</b>	<b>Total</b>	<b>(44,374)</b>

31 March 2018 £000	The (surplus) or deficit on the provision of services has been adjusted for the following investing and financing activities	31 March 2019 £000
594	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	2,390
3,201	Any other items for which the cash effects are investing or financing cash flows	286
<b>3,795</b>	<b>Total</b>	<b>2,676</b>

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

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

## Section 6 Remuneration Notes

### 6.1 Members Remuneration

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

### 6.2 Officers Remuneration over £50,000

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

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

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

### 6.3 Senior Officer Payments

Officers Remuneration 2018-19		Salary, Fees & Allowances (Note 1) £	Bonuses £	Expenses Allowances (Note 2) £	Compensation for Loss of Office £	Pension Contribution £	Total £
	Police & Crime Commissioner - P Tipping	76,375	0	2,693	0	10,234	<b>89,302</b>
	Chief Finance Officer to the Police & Crime Commissioner - C Radford	101,070	0	1,904	0	13,385	<b>116,359</b>
	Chief Executive to the Police & Crime Commissioner - K Dennis	96,597	0	1,833	0	13,148	<b>111,578</b>
	<b>TOTAL PCC</b>	<b>274,042</b>	<b>0</b>	<b>6,430</b>	<b>0</b>	<b>36,767</b>	<b>317,239</b>
	Chief Constable - C Guildford	159,313	0	14,196	0	36,575	<b>210,084</b>
5	Deputy Chief Constable - R Barber	131,754	0	7,022	0	7,939	<b>146,715</b>
	Assistant Chief Constable - S Cooper	106,042	0	7,588	0	25,662	<b>139,292</b>
3	Assistant Chief Constable - S Prior	51,784	0	550	0	11,772	<b>64,106</b>
4	Assistant Chief Constable - K Meynell	69,810	0	2,322	0	13,500	<b>85,632</b>
	Chief Finance Officer to the Chief Constable - M Kimberley	63,990	0	602	0	8,452	<b>73,044</b>
	<b>TOTAL CHIEF CONSTABLE</b>	<b>582,693</b>	<b>0</b>	<b>32,280</b>	<b>0</b>	<b>103,900</b>	<b>718,873</b>
	<b>TOTAL FOR GROUP</b>	<b>856,735</b>	<b>0</b>	<b>38,710</b>	<b>0</b>	<b>140,667</b>	<b>1,036,112</b>

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

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

Note 3: ACC retired 09-09-18

Note 4: ACC appointed 06-08-18

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

## 6.3 Senior Officer Payments

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

Note 1: Salary, Fees & Allowances include Rent Allowance, Housing Allowance, Compensatory Grant, Honoraria & 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 17-04-17

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

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

Note 6: Includes Market Rate Premium

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

#### 6.4 Exit Packages

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

#### 6.5 Auditor remuneration

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

Exit Packages								
Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band (£)	
	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19
£0-£20,000	5	7	1	8	6	15	67,000	101,000
£20,001 - £40,000	2	2	0	1	2	3	67,000	98,000
£40,001 - £60,000	0	0	0	1	0	1	0	49,000
£60,001 - £80,000	1	0	0	0	1	0	75,000	0
£80,001 - £100,000	0	0	0	0	0	0	0	0
£100,001 - £150,000	0	0	0	1	0	1	0	130,000
<b>Total</b>	<b>8</b>	<b>9</b>	<b>1</b>	<b>11</b>	<b>9</b>	<b>20</b>	<b>209,000</b>	<b>378,000</b>

## Section 7 Financial Instruments

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

### 7.1 Risks Arising from Financial Instruments

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

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

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

#### Credit Risk

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

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

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

#### Liquidity Risk

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

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

#### Interest Rate Risk

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

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

The Treasury Management Strategy sets a maximum of 50% of debt to be variable rate loans to mitigate this. Only £3.5m is held as variable which is 7%. There was £5m temporary borrowing at 31 March 2019.

### Price Risk

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

### Foreign Exchange Risk

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

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

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

## 7.2 Financial Instruments – Fair Value

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

- Interest rates paid during 2018-19 ranged between 2.19% and 7.75% for PWLB loans and 3.73% on the market loan. The average Interest rates received was 0.66%. No early repayment or impairment is recognised.

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

The fair value of the loans is £58.3m which is £7m higher than the carrying amount because there are a number of fixed rate loans with the PWLB with an interest rate payable, higher than the prevailing rates at the Balance Sheet date.

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

Long term borrowings of £14m took place in 2018-19.

### 7.3 Financial Instruments Outstanding

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

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

Longer term borrowing was with the PWLB (£28.9m with the PWLB).

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

## Section 8 Other Notes

### 8.1 Contingent Assets

Contingent assets arise where an event has taken place that gives the potential for an asset, whose existence will only be confirmed by the occurrence or otherwise of uncertain future events, not wholly in the control of the Group. They are not recognised in the Balance Sheet, The Commissioner had no contingent assets as at 31 March 2019.

### 8.2 Contingent Liabilities

A contingent liability arises where a past event gives a possible obligation which depends on the outcome of uncertain future events not wholly in the control of the Group.

Contingent liabilities also arise in circumstances where a provision or reserve would otherwise be made, but there is not the level of certainty on either likelihood or value. Contingent liabilities are not recognised in the Balance Sheet.

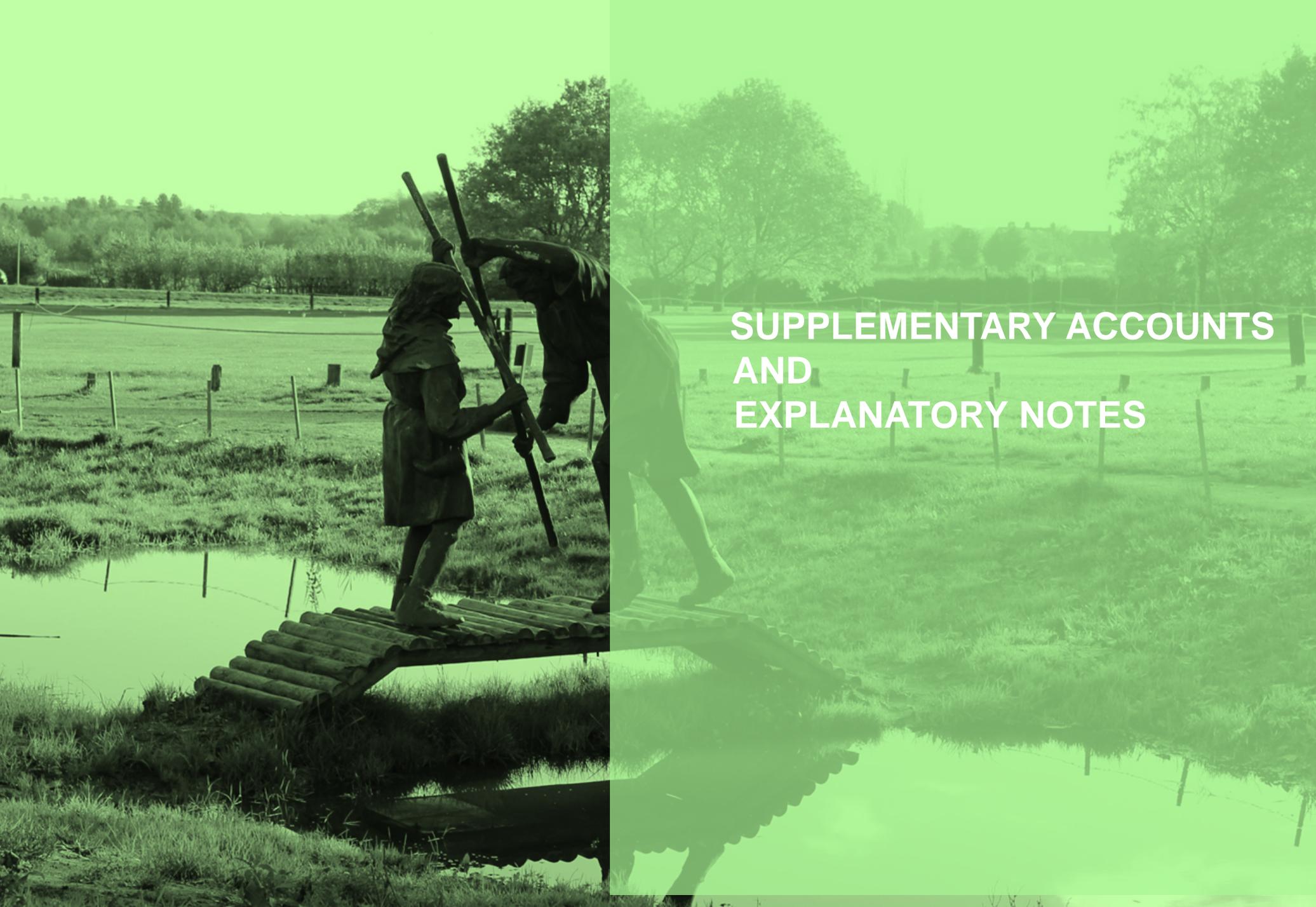
Following successful claims in the court case *Allard v Devon and Cornwall Police* for unpaid overtime following recalls to duty, the judge has selected a number of test cases to consider all of the issues arising in these claims against forces across the country. Nottinghamshire's claims are therefore stayed by order of the High Court pending the outcome of the test cases. The total cost of the claims will be dependent upon the principles established in the test cases and a number could go back over several years. An estimate has been reserved for (Allard Reserve).

### 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

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

This fund account relates solely to the Police Officer Pension Scheme

### Post-Employment Benefits

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

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

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

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

### The Local Government Pensions Scheme

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

### The Police Pension Scheme

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

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

### Discretionary Benefits

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

### Accounting Treatment

The Group Balance Sheet recognises the net pension liability and reserve. The actuarial valuation of the Staff LGPS Fund was carried out as at 31 March 2019 and set contributions for the period from 1 April 2019 to 31 March 2020. This scheme includes both staff working for the Chief Constable entity and the Commissioner. It was not practical or economical to obtain separate actuary reports for the two entities. As a reasonable estimate the relevant information was calculated on a pro rata basis to scheme participants in the year.

Police officer pension schemes are unfunded defined benefit final salary schemes. Contributions from officers are paid into the fund and pension payments are met from the fund. Any surplus or deficit is either paid to or recovered from Central Government. Employee's and employer's contribution levels are based on percentages of pensionable pay set nationally by the Home Office and subject to triennial revaluation by the Government Actuary's Department. The figures for 2018-19 are based on a detailed valuation based on information compiled as at 31 March 2016.

The figures for the LGPS are calculated by Barnett Waddingham (Actuaries), based on membership data as at 31 March 2016 for members receiving funded benefits and as at 31 March 2014 for any members receiving unfunded benefits. This has then been rolled forward to reflect the position as at 2019. The fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end.

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

### McCloud/Sargeant transitional protection judgement

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

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

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

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

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

### Effect on Police Pension Scheme Liabilities

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

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

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

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

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

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

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

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

The liabilities show the underlying commitments that the Group will eventually have for retirement benefits. The total liability of £2,724m has a substantial impact on the net worth of the Balance Sheet. Statutory accounting arrangements to fund the deficit neutralise the effect on taxpayers. Finance is only required when the pensions are actually paid.

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

The total contributions expected to be made to the Staff Pension Scheme and the Police Officer Pension Scheme in the year ending 31 March 2019 are £5.8m and £16.8m respectively.

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

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

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

The actual return on scheme assets in the year was £21.7m (2017-18, £5.6m). The pension liability is sensitive to changes and the actuaries give an indication of this.

For the LGPS an increase of 0.1% on the present value of liabilities decreases the pension liability by £8.4m and a decrease by the same amount increases the pension liability by £8.6m.

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

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

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

## JOINT OPERATIONS

### Joint Operations

Joint operations (JO's) are treated in accordance with IAS 31 - Interests in Joint Ventures. They are governed by legally binding Section 22 Agreements and incorporated into the accounts on agreed proportions. The Group participates in 12 collaborative arrangements with other PCC's covered by formal legal documents. The police officers involved are seconded from the individual forces and costs are borne in agreed proportions. These agreements meet the definition of JO's in that decisions on relevant activities require the unanimous consent of the parties sharing control. The relevant proportions of these assets are incorporated throughout these Accounts.

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

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

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

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

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

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

The other collaborations are:

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

2017-18			Joint Operations Comprehensive Income and Expenditure Statement	2018-19		
Expenditure £000	Income £000	Net £000		Expenditure £000	Income £000	Net £000
14,586	0	14,586	Cost of Police Services	12,812	0	12,812
<b>14,586</b>	<b>0</b>	<b>14,586</b>	<b>Cost of Services</b>	<b>12,812</b>	<b>0</b>	<b>12,812</b>
174	(866)	(692)	Other Operating Expenditure / Income	5	(670)	(665)
0	(2,573)	(2,573)	External Grants and Contributions	0	(1,204)	(1,204)
0	(11,955)	(11,955)	Contributions From Partners	0	(10,629)	(10,629)
<b>14,760</b>	<b>(15,394)</b>	<b>(634)</b>	<b>(Surplus) or Deficit on Provision of Services</b>	<b>12,817</b>	<b>(12,503)</b>	<b>314</b>
		(12)	Other CIES			12
		<b>(646)</b>	<b>Total CIES</b>			<b>326</b>

Joint Operations Movement in Reserves	General Fund Balance £000	Earmarked Reserves £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
<b>Balance at 31 March 2018</b>	<b>(75)</b>	<b>(1,246)</b>	<b>0</b>	<b>(1,321)</b>	<b>(2,896)</b>	<b>(4,217)</b>
Movement in reserves during 2018-19	0	0	0	0	0	0
(Surplus) / deficit on the provision of services	314	0	0	314	0	314
Other CIES	12	0	0	12	0	12
<b>Total CIES</b>	<b>326</b>	<b>0</b>	<b>0</b>	<b>326</b>	<b>0</b>	<b>326</b>
Adjustments between accounting basis and funding basis under regulations	12	0	0	12	(12)	0
<b>Net( Increase) or Decrease before Transfers to Earmarked Reserves</b>	<b>338</b>	<b>0</b>	<b>0</b>	<b>338</b>	<b>(12)</b>	<b>326</b>
Transfers to / (from) Earmarked Reserves	(338)	338	0	0	0	0
<b>(Increase) or Decrease in 2018-19</b>	<b>0</b>	<b>338</b>	<b>0</b>	<b>338</b>	<b>(12)</b>	<b>326</b>
<b>Balance at 31 March 2019</b>	<b>(75)</b>	<b>(908)</b>	<b>0</b>	<b>(983)</b>	<b>(2,908)</b>	<b>(3,891)</b>

31 March 2018 £000	Joint Operations Balance Sheet	31 March 2019 £000
2,917	Property, Plant and Equipment	2,918
182	Intangible Assets	140
<b>3,099</b>	<b>Long Term Assets</b>	<b>3,058</b>
0	Assets Held for Sale	0
1,262	Short Term Debtors	1,169
1,541	Cash and Cash Equivalents	871
<b>2,803</b>	<b>Current Assets</b>	<b>2,040</b>
(1,685)	Short-Term Creditors	(1,207)
<b>(1,685)</b>	<b>Current Liabilities</b>	<b>(1,207)</b>
<b>0</b>	<b>Long Term Liabilities</b>	<b>0</b>
<b>4,217</b>	<b>Net Assets</b>	<b>3,891</b>
(1,321)	Usable Reserves	(983)
(2,896)	Unusable Reserves	(2,908)
<b>(4,217)</b>	<b>Total Reserves</b>	<b>(3,891)</b>



## GLOSSARY

## GLOSSARY

## ACCOUNTING PERIOD

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.

## ACCOUNTING POLICIES

These are a set of rules and codes of practice used when preparing the Accounts.

## ACCRUALS

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

The Police Reform and Social Responsibilities Act 2011.

## ACTUARIAL GAINS AND LOSSES

For a defined benefit pension scheme, the changes in actuarial surpluses or deficits that arise because:

Events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses); or the actuarial assumptions have changed.

## ASSET

An item having value to the Authority in monetary terms. Assets are categorised as either current or non-current.

- 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

An independent examination of the Authority's financial affairs

## BALANCE SHEET

A statement of the recorded assets, liabilities and other balances at the end of the accounting period.

## BORROWING

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.

<b>BUDGET</b>	<b>CAPITAL EXPENDITURE</b>	<b>CAPITAL FINANCING</b>
The forecast of net revenue and capital expenditure over the accounting period.	Expenditure on the acquisition of a fixed asset, which will be used in providing services beyond the current accounting period, or expenditure which adds to and not merely maintains the value of an existing fixed asset.	Funds raised to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, leasing, direct revenue financing, usable capital receipts, capital grants, capital contributions, revenue reserves and earmarked reserves.
<b>CAPITAL PROGRAMME</b>	<b>CAPITAL RECEIPT</b>	<b>CIPFA</b>
The capital schemes the Authority intends to carry out over a specific period of time.	The proceeds from the disposal of land or other fixed assets. Proportions of capital receipts can be used to finance new capital expenditure, within rules set down by the government but they cannot be used to finance revenue expenditure.	The Chartered Institute of Public Finance and Accountancy.
<b>CODE</b>	<b>COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT</b>	<b>CONSISTENCY</b>
The CIPFA Code of Practice on Local Authority Accounting governs the content of these accounts.	The account of the Authority that reports the net cost for the year of the functions for which it is responsible and demonstrates how that cost has been financed from precepts, grants and other income.	The concept that the accounting treatment of like items, within an accounting period and from one period to the next, are the same.

**CONTINGENT ASSET**

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.

**CONTINGENT LIABILITY**

A contingent liability is either:

- 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.

**CREDITOR**

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.

**CURRENT SERVICE COST (PENSIONS)**

The increase in the present value of a defined benefits pension scheme's liabilities, expected to arise from employee service in the current period.

**DEBTOR**

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.

**DEFINED BENEFIT PENSION SCHEME**

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.

**DEPRECIATION**

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.

**DISCRETIONARY BENEFITS (PENSIONS)**

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.

**EVENTS AFTER BALANCE SHEET DATE**

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.

**EXPECTED RETURN ON PENSION ASSETS**

For a funded defined benefit scheme, this is the average rate of return, including both income and changes in fair value but net of scheme expenses, which is expected over the remaining life of the related obligation on the actual assets held by the scheme.

**FAIR VALUE**

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

**FINANCE LEASE**

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

**GOING CONCERN**

The concept that the Statement of Accounts is prepared on the assumption that the Authority will continue in operational existence for the foreseeable future.

**IFRS**

International Financial Reporting Standards are developed by the International Accounting Standards Board (IASB) and regulate the preparation and presentation of Financial Statements. Any material departures from these Standards would be disclosed in the notes to the Accounts.

**GROUP**

Nottinghamshire Office of the Police and Crime Commissioner and its Group.

**IMPAIRMENT**

A reduction in the value of a fixed asset to below its recoverable amount, the higher of the asset's fair value less costs to sell and its value in use.

**INTANGIBLE ASSETS**

An intangible (non-physical) item may be defined as an asset when access to the future economic benefits it represents is controlled by the reporting entity. These are generally computer software licences.

**INTEREST COSTS (PENSION)**

For a defined benefit scheme, the expected increase during the period of the present value of the scheme liabilities because the benefits are one period closer to settlement.

**LIABILITY**

A liability is where the Authority owes payment to an individual or another organisation:

- 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.

**MATERIALITY**

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.

**NON-OPERATIONAL ASSETS**

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.

**NET BOOK VALUE**

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.

**OPERATIONAL ASSETS**

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.

**PAST COSTS (PENSIONS)**

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.

**OPERATING LEASE**

A lease where the ownership of the fixed asset remains with the lessor.

**MINIMUM REVENUE PROVISION (MRP)**

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.

**PENSION SCHEME LIABILITIES**

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.

**PRECEPT**

The levy made by precepting authorities to billing authorities, requiring the latter to collect income from Council Tax on their behalf.

**PRIOR YEAR ADJUSTMENT**

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**

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.

**PUBLIC WORKS LOAN BOARD (PWLB)**

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.

**REMUNERATION**

All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits. Received other than in cash. Pension contributions payable by the employer are excluded.

**RESERVES**

The accumulation of surpluses, deficits and appropriations over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the Authority. Some capital reserves such as the capital adjustment account cannot be used to meet current expenditure.

**RETIREMENT BENEFITS**

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment.

**REVENUE EXPENDITURE**

The day-to-day expenses of providing services.

### REVENUE EXPENDITURE CAPITALISED UNDER STATUTE (REFCUS)

Expenditure which ordinarily would be revenue, but is statutorily defined as capital. Examples of REFCUS include grants of a capital nature to voluntary organisations and back pay expenditure capitalised under Secretary of State Direction.

### TEMPORARY BORROWING

Money borrowed for a period of less than one year.

### USEFUL ECONOMIC LIFE (UEL)

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

<b>For Information / Consideration</b>	
<b>Public/Non Public*</b>	<b>Public</b>
<b>Report to:</b>	<b>Joint Audit and Scrutiny Panel</b>
<b>Date of Meeting:</b>	<b>July 2019</b>
<b>Report of:</b>	<b>Chief Finance Officer</b>
<b>Report Author:</b>	<b>Charlotte Radford</b>
<b>Other Contacts:</b>	<b>Brian Welch</b>
<b>Agenda Item:</b>	<b>13</b>

## **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 2019-20 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 2019-20



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

Internal Audit Progress Report 2018/19 & 2019/20

July 2019

Presented to the Joint Audit & Scrutiny Panel meeting of: 24<sup>th</sup> July 2019

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- 02 Summary and conclusions from Internal Audit work to date
- 03 Performance 2018/19

## Appendices

- A1 Summary of Reports 2018/19
- A2 Internal Audit Plan 2018/19
- A3 Internal Audit Plan 2019/20
- A4 Definition of Assurances and Priorities
- A5 Contact Details
- A6 Statement of Responsibility

## 01 Introduction

- 1.1 The purpose of this report is to update the Joint Audit & Scrutiny Panel (JASP) as to the progress in respect of the Operational Plan for the year ended 31<sup>st</sup> March 2019, together with progress on delivering the 2019/20 Internal Audit Plan which was considered and approved by the JASP at its meeting on 22<sup>nd</sup> February 2019.
- 1.2 The Police and Crime Commissioner and Chief Constable are responsible for ensuring that the organisations have proper internal control and management systems in place. In order to do this, they must obtain assurance on the effectiveness of those systems throughout the year, and are required to make a statement on the effectiveness of internal control within their annual report and financial statements.
- 1.3 Internal audit provides the Police and Crime Commissioner and Chief Constable with an independent and objective opinion on governance, risk management and internal control and their effectiveness in achieving the organisation's agreed objectives. Internal audit also has an independent and objective advisory role to help line managers improve governance, risk management and internal control. The work of internal audit, culminating in our annual opinion, forms a part of the OPCC and Force's overall assurance framework and assists in preparing an informed statement on internal control.
- 1.4 Responsibility for a sound system of internal control rests with the Police and Crime Commissioner and Chief Constable and work performed by internal audit should not be relied upon to identify all weaknesses which exist or all improvements which may be made. Effective implementation of our recommendations makes an important contribution to the maintenance of reliable systems of internal control and governance.
- 1.5 Internal audit should not be relied upon to identify fraud or irregularity, although our procedures are designed so that any material irregularity has a reasonable probability of discovery. Even sound systems of internal control will not necessarily be an effective safeguard against collusive fraud.
- 1.6 Our work is delivered in accordance with the Public Sector Internal Audit Standards (PSIAS).

## 02 Summary of internal audit work to date

- 2.1 Since the last meeting of the JASP we have issued the last final report in respect of the 2018/19 plan, this being in respect of Property Management. Further details are provided in Appendix 1.

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

2.2 As reported at the last JASP meeting, the initial 2018/19 Collaboration Internal Audit Plan is complete, however we still await management’s response to the additional audit in respect of Projected Underspends. Further details are provided in Appendix 2.

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

For the internal audit plans for 2019/20, it was agreed at the Joint Chief Finance Officers meeting that a similar ‘themed’ approach would be taken, albeit covering a different set of themes / areas, carrying out the audit across a further sample of units. The proposed ‘themed’ audits are:

- Performance Management
- Business Continuity
- Health & Safety

A paper, briefly setting out the audit areas for 2019/20, will be presented for consideration at the Deputy Chief Constable’s Board, including a brief overview of the likely areas of the scope. Prior to the audit work commencing a more detailed set of terms of reference will be produced which provide the framework for the audit fieldwork and these too will be shared with DCC’s in order for them to feed in at that stage as well.

2.3 With regards progress with the 2019/20 plan, we have issued one draft report where we await management’s responses, this being in respect of Business Continuity & Emergency Planning. Additionally, we have recently completed the fieldwork in respect of Performance Management, whilst over the coming months we will be carrying out audits of Data Quality and MFSS Contract Management.

## 03 Performance 2018/19

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

No	Indicator	Criteria	Performance
1	Annual report provided to the JASP	As agreed with the Client Officer	N/A
2	Annual Operational and Strategic Plans to the JASP	As agreed with the Client Officer	Achieved
3	Progress report to the JASP	7 working days prior to meeting.	Achieved
4	Issue of draft report	Within 10 working days of completion of final exit meeting.	100% (11/11)
5	Issue of final report	Within 5 working days of agreement of responses.	100% (11/11)
6	Follow-up of priority one recommendations	90% within four months. 100% within six months.	Achieved
7	Follow-up of other recommendations	100% within 12 months of date of final report.	N/A
8	Audit Brief to auditee	At least 10 working days prior to commencement of fieldwork.	100% (11/11)
9	Customer satisfaction (measured by survey)	85% average satisfactory or above	100% (3/3)

## Appendix A1 – Summary of Reports 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:

### Property Management

<b>Assurance Opinion</b>	<b>Limited</b>
<b>Recommendation Priorities</b>	
Priority 1 (Fundamental)	4
Priority 2 (Significant)	4
Priority 3 (Housekeeping)	-

#### Policies, Procedures and Training

- Policies and procedures are in place to ensure that cash / property detained is dealt with in accordance with relevant legislation and the Force's policies and procedures.
- Suitable training is provided to officers and staff to ensure they are aware of requirements when dealing with seized property.
- An appropriate insurance policy for the handling, retention and movement of cash / property is in place.

#### Receiving and Recording

- Cash is counted in a secure and controlled environment, with an appropriate level of independent verification.
- Cash / property initially seized or received is accurately recorded on the property system in line with relevant procedures.
- Appropriate mechanisms are in place to accurately record the movement and disposal of cash / property.

#### Security Arrangements

- Cash / property is stored securely, with restricted and controlled access to nominated officers and staff.
- Cash / property is transported securely by the appropriate number of authorised officers or staff in line with procedural and insurance requirements.

#### Disposal of Property

- Physical cash / property is only retained by the Force for the necessary period of time.
- Cash / property is disposed of in an appropriate manner and evidence of the reasons for, and method of, disposal is retained for confirmation.
- Authorised officers or staff provide approval for the disposal of cash / property in line with relevant procedures.

#### Property Management

- An appropriate safe audit regime is in place to identify breaches of agreed procedure and confirm cash / property stored.
- Mechanisms for monitoring the cash / property stored and disposed of are in place.

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

Recommendation 1	Officers should be reminded to ensure property is checked in and out correctly whenever property has been moved from the temporary locations.
Finding	<p>Review of the temporary store at Watnall (red, amber and green shelves) could not locate four items (5%) recorded as being held in this storage facility on Niche.</p> <p>Review of the temporary store at Radford Road (red, amber and green shelves) could not locate 89 items (24%) recorded as being held in this storage facility on Niche.</p> <p>Review of the temporary store at Oxclose Lane (red, amber and green shelves) could not locate 29 items (15%) recorded as being held in this storage facility on Niche.</p> <p>In total, 653 items were reviewed as part of the Temporary Storage audit; 122 items could not be located and were not stored in the location stated on the Niche system (19%).</p>
Response	<p>The Classroom based input for officers on Property Management has been delayed due to National Disclosure Training which took priority in 2018 and although this was again approved for 2019, National Domestic Violence Training now means there is insufficient space within the Training Calendar to facilitate the original proposed property management input. Therefore an alternative solution based on disseminating information using the Force Intranet is being explored supplemented with Road Shows to frontline officers by the A&amp;E SMT.</p> <p>The barcoding app has been developed in terms of proof of concept on the new Samsung Mobile Device which links to Niche to allow officers to be able to check items into and out of holding stores using this mobile technology to facilitate easier access for frontline resources. The full development of the app and roll out of printers and scanners has been delayed but is proposed to go to the Futures Board in July 2019.</p>
Timescale / Responsibility	<p>Disseminating Information Using the Intranet / Between September and December 2019</p> <p>Barcoding App and printers / December 2019</p> <p>Head of Archives &amp; Exhibits</p>

Recommendation 2	Access to the Temporary Stores should be restricted to only police officers or the Archive & Exhibit Team who require access. Those who do not have a job related purpose should have their access to these areas removed.
Finding	<p>As part of the last audit, a recommendation was raised in relation to access to the Temporary Stores. Whilst it was noted that access is restricted via a key or an access pass, depending on the store location, it was confirmed access via an access pass is not restricted to only police officers. Any member of police staff may access a temporary store if they hold an access pass. Access to these stores are not restricted and may be entered by personnel with no requirement to use the facility.</p> <p>This recommendation has not been implemented. Management advised that work in this area is ongoing to determine the best method of ensuring security within Temporary</p>

	Stores.
Response	<p>Although all Internal Stores are now on the new Door Access Control System, there is an issue with some of the Overnight Stores being sited in rooms which also contain utilities equipment (e.g. electricity and gas meters, power supplies etc). Further work with the Estates and Facilities Team is necessary to assess whether the locations of these stores can be amended to rooms which do not have utilities equipment within as otherwise contractors need to enter these rooms and would need to be accompanied by either Facilities staff or A&amp;E staff and neither team have the capacity available to accommodate this within existing resources.</p> <p>Due to staffing shortages and other Estates/Facilities and A&amp;E priorities the surveys for these sites have been delayed.</p>
Timescale / Responsibility	<p>December 2019</p> <p>Head of Archives &amp; Exhibits</p>

Recommendation 3	The Main Vault in the main stores should be subject to an audit on a periodic basis, every 6-12 months. This audit should be completed to ensure that all valuables and cash stated to be held in the vault is accounted for.
Finding	<p>As part of the last audit, it was confirmed that the Main Vault stores are not subject to frequent and regular reconciliations. The Main Vaults contain large quantities of cash and high valuable items, with the value likely to exceed £1 million since EMSOU began using the Nottinghamshire facilities in 2016.</p> <p>Management confirmed that due to resourcing issues, primarily staffing, it had not been feasible to complete at the time of the audit.</p>
Response	<p>Posts within the Cash &amp; Confiscations Team were filled in September 2018 but the team was significantly adversely affected by 1 member of staff (25% of the resources) being off long term sick for over 12 months.</p> <p>A significant period of training has been required for the new Cash &amp; Confiscations staff which has needed to be facilitated by the Head of Archive &amp; Exhibits in order for these individuals to be able to carry out the full duties of the role.</p> <p>Since January 2019 the new staff have been able to work independently and the backlog of work caused by the abstractions is now being addressed with a proactive review of all counted cash not previously banked being conducted. The updating of records on the electronic property systems are also being progressed to enable a full audit of the vaults to be conducted later this financial year.</p>
Timescale / Responsibility	<p>The updating of records and a 100% audit of the Vaults will be completed by March 2020.</p> <p>Head of Archives &amp; Exhibits</p>

Recommendation 4	Temporary locations should be reviewed and audited during the collection and delivery runs. Where discrepancies are identified, these should be raised with the Officer in Case to verify the location of property.
Finding	<p>Review of the Temporary Stores identified items of property present at the location, but did not reconcile to the Niche data. The following was noted:</p> <ul style="list-style-type: none"> <li>- At the Watnall Temporary Store, three items of property were identified.</li> <li>- At the Radford Road Temporary Store, 31 items of property were identified.</li> <li>- At the Oxclose Lane Temporary Store, eight items of property were identified.</li> </ul>
Response	<p>It is not possible with the existing resources within A&amp;E to carry out a full audit of every holding store on every visit. The RAG System means that the Green (“Go”) shelves are checked 100% on every visit. The Amber (“Waiting”) and the Red (“Stop”) Shelves, where property is retained for up to 28 days are checked on a monthly basis.</p> <p>The process of raising discrepancies with the OIC is part of the launch of Niche Workflows, these have been delayed due to regional issues but are now anticipated to be built and in operation by December 2019. In the meantime work is being progressed to consider whether the new Niche Property Business Objects Environment can be used to generate reports to support this action.</p> <p>The root of the issue is linked to Recommendation 5.1 above and involves officers not updating Niche with property movements and the proposals to address this are as per section 5.1 above.</p>
Timescale / Responsibility	<p>December 2019</p> <p>Head of Archives &amp; Exhibits</p>

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

- Property should be logged onto Niche at the point of seizure, or earliest opportunity, prior to being placed in a temporary store. Items held within the temporary store that have not been appropriately logged should be raised with the responsible officer.
- Officers within the Force should be provided with further Niche training in relation to the continuity of property management, including the checking in and out of property from temporary storage.
- Policies and Procedures in relation to seized property should be updated to reflect the current adopted process since implementation of Niche in February 2016.
- It should be ensured that in all instances where cash is disposed or destroyed, that this is appropriately reflected on the property management systems.

Management confirmed that actions would be addressed by March 2020.

## Appendix A2 Internal Audit Plan 2018/19

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

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

## Appendix A3 Internal Audit Plan 2019/20

Auditable Area	Planned Fieldwork Date	Draft Report Date	Final Report Date	Target JASP	Comments
<b>Core Assurance</b>					
Core Financial Systems	Dec 2019			Feb 2020	
<b>Strategic &amp; Operational Risk</b>					
Data Quality	Sept 2019			Nov 2019	
Programme Management	Oct 2019			Feb 2020	
MFSS Contract Management	Sept 2019			Nov 2019	
Business Continuity & Emergency Planning	May 2019	June 2019		July 2019	Draft report issued.
IT Security	Sept 2019			Nov 2019	
General Data Protection Regulation (GDPR)	Nov 2019			Feb 2020	
Health & Safety	Jan 2020			May 2020	
Performance Management	June 2019			Nov 2019	Fieldwork completed.
Custody Arrangements	Jan 2020			May 2020	

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

## Appendix A4 – Definition of Assurances and Priorities

Definitions of Assurance Levels		
Assurance Level	Adequacy of system design	Effectiveness of operating controls
<b>Significant Assurance:</b>	There is a sound system of internal control designed to achieve the Organisation's objectives.	The control processes tested are being consistently applied.
<b>Satisfactory Assurance:</b>	While there is a basically sound system of internal control, there are weaknesses, which put some of the Organisation's objectives at risk.	There is evidence that the level of non-compliance with some of the control processes may put some of the Organisation's objectives at risk.
<b>Limited Assurance:</b>	Weaknesses in the system of internal controls are such as to put the Organisation's objectives at risk.	The level of non-compliance puts the Organisation's objectives at risk.
<b>No Assurance</b>	Control processes are generally weak leaving the processes/systems open to significant error or abuse.	Significant non-compliance with basic control processes leaves the processes/systems open to error or abuse.

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

## Appendix A5 - Contact Details

### Contact Details

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## A6 Statement of Responsibility

### **Status of our reports**

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

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

*Mazars LLP is the UK firm of Mazars, an international advisory and accountancy group. Mazars LLP is registered by the Institute of Chartered Accountants in England and Wales to carry out company audit work.*

<b>For Information</b>	
<b>Public/Non Public*</b>	<b>Public</b>
<b>Report to:</b>	<b>Joint Audit and Scrutiny Panel</b>
<b>Date of Meeting:</b>	<b>24 July 2019</b>
<b>Report of:</b>	<b>Police &amp; Crime Commissioner</b>
<b>Report Author:</b>	<b>Business Support Manager</b>
<b>E-mail:</b>	<b>Katy.owen@nottinghamshire.pnn.police.uk</b>
<b>Other Contacts:</b>	
<b>Agenda Item:</b>	<b>14</b>

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

## **OPCC Publication Scheme Monitoring, Review and Assurance**

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

- 1.1 The purpose of this report is to provide the Joint Audit and Scrutiny Panel (the Panel) with assurance that the Nottinghamshire Office of the Police and Crime Commissioner is working in full compliance of the Freedom of Information (FOI) Act 2000 and The Elected Local Policing Bodies (Specified Information) Order 2011.
- 1.2 The FOI Act 2000 provides public access to information held by public authorities. It does this in two ways:
- Public authorities are obliged to publish certain information about their activities; and
  - Members of the public are entitled to request information from public authorities.
- 1.3 The Elected Local Policing Bodies (Specified Information) Order 2011 (“the 2011 Order”) specifies information which must be published by a Police and Crime Commissioner.<sup>1</sup>

### **2. Recommendations**

- 2.1 That the panel notes the report.

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

- 3.1 The Panel have a responsibility to ensure that the Commissioner and Chief Constable discharge their legal obligations and responsibilities.
- 3.2 The public also hold Commissioners to account through being able to benchmark their performance and vote accordingly in elections. To help the public fulfil this role there are a number of separate pieces of information that Commissioners

<sup>1</sup> [Elected Local Policing Bodies \(Specified Information\) Order 2011](#)

much publish to comply with The Elected Local Policing Bodies (Specified Information) Order 2011 such as data on salaries and contracts.

- 3.3 The CoPaCC monitors police governance in the United Kingdom.
- 3.4 The CoPaCC team undertook a review of England and Wales Police and Crime Commissioners' compliance with The Elected Local Policing Bodies (Specified Information) Order 2011.
- 3.5 In April 2019 the Nottinghamshire Office of the Police and Crime Commissioner was informed that a Quality Mark had been awarded.
- 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 40 requests for information between the period of 1 January – 31 December 2018. Details of the requests are published on the Police and Crime Commissioner's website.
- 4.2 57.5% of the requests for information were acknowledged within 5 working days.
- 4.3 90% 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 None

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

13. N/A

<b>For Information</b>	
<b>Public</b>	<b>Public</b>
<b>Report to:</b>	<b>Joint Audit and Scrutiny Panel</b>
<b>Date of Meeting:</b>	<b>24<sup>th</sup> July 2019</b>
<b>Report of:</b>	<b>Chief Constable</b>
<b>Report Author:</b>	<b>Pat Stocker – Information Management Lead</b>
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<b>Agenda Item:</b>	<b>15</b>

## **Force Assurance report on compliance with Freedom of Information and Data Protection requests – quarter 1 and quarter 2 2019**

### **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 for information requests under the Freedom of Information Act (FOIA) and Data Protection (DP) Act legislation for Q1 & Q2 2019.

### **2. Recommendations**

- 2.1 It is recommended that members of the JASP note the monitoring statistics for Q1 & Q2 2019 in relation to information requests processed by Nottinghamshire Police in line with Freedom of Information and Data Protection legislation.

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

- 3.1 To enable the Audit and Scrutiny Panel to fulfil its scrutiny obligations to oversee and consider Freedom of Information and Data Protection Information Request Compliance.

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

- 4.1 As a public authority, Nottinghamshire Police has a legal responsibility to respond to information requests received and processed in line with Freedom of Information Act and Data Protection legislation. These requests are processed and completed by the Information Request team.
- 4.2 The legislative deadlines for the Acts are:-
- Freedom of Information - 20 working days
  - Data Protection Subject Access - 1 month, although this can be extended by an additional 2 months should the request be complex in nature.

- 4.3 In the calendar year 2019 (as of 13/06/2019) the Force has received 649 valid Freedom of Information Act requests and 230 valid Data Protection Subject Access requests (SARs) as shown by the table below:

**Table 1: Number of FOIAs and SARs 2016 – 2019 for Nottinghamshire Police**

	2016	2017	2018	2019*
<b>Valid FOI's Received/Assigned</b>	1239	1247	1273	649
<b>Invalid FOI's Received/Not assigned</b>	7	6	64	60
<b>Total FOI</b>	<b>1246</b>	<b>1253</b>	<b>1337</b>	<b>709</b>
<b>Valid SAR's Received/Assigned</b>	284	319	391	230
<b>Invalid SAR's Received/Not assigned</b>	78	81	86	76
<b>Total SAR</b>	<b>362</b>	<b>400</b>	<b>477</b>	<b>306</b>

- 4.4 Based on figures recorded on our Cyclops (request management) system, this represents an increase in total FOI requests received in 2019 of 20.17% (when based on total FOI requests received in the same time period in 2018, i.e. 01/01/2018-13/06/2018) and an increase in total SARs received of 69.06%. The respective increases from 2017 to 2018 (as reported in our previous report) were 6.7% for FOI and 19.5% for SARs respectively.
- 4.5 The increase in SAR figures can be largely attributed to the removal of the £10 fee and the more accessible nature of making a subject access request under General Data Protection Regulation (GDPR), which now includes verbal requests.
- 4.6 Additionally, adjustments to legal aid funding now means that payments for Police disclosure in respect of private family court proceedings are being refused funding because these can be obtained for free under the GDPR right of access provisions. Consequently, many requests, which would previously have been made as Court Order instructions and which would have been chargeable, are now being made as an SAR and are being dealt with without cost to the applicant (but not without cost to the organisation).
- 4.7 The workload demand is also compounded by the reduction of the statutory deadline for provision of disclosure in respect of SARs from 40 calendar days to 1 calendar month. We are also finding that requests are becoming more complex and voluminous in nature due to increased social awareness of GDPR and right of access provisions.
- 4.8 The Information Request team is responsible for receiving, validating and recording requests for information under both the FOIA and DPA. This includes

Court Orders served upon the Force. The team is responsible for interrogating the relevant Force systems in order to research records available in relation to requests, manually review each record and judge its appropriateness for disclosure in line with the Acts mentioned above.

4.9 Any exemptions prohibiting disclosure are applied by the Information Request officer based on expert knowledge of the Acts. Any exempt information is redacted from disclosure and reasoned arguments recorded. Any public interest arguments are conducted by the relevant Information Request Officer and recorded accordingly.

4.10 The Information Request team currently comprises of:

- 3.6 x FTE staff members including 1 Manager and 2.6 FTE disclosure officers dealing with FOIA and DPA.
- 2 further staff members who facilitate timely and consistent disclosure of information and documents from the police, into the Family Justice System and conduct 'Police checks' on behalf of Social Care.

#### 4.11 **Freedom of Information (FOI)**

The Force monitors compliance and provides quarterly statistics for Freedom of Information to the NPCC 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.

#### 4.12 Current Demand Levels: FOI

- The graph shown at **Appendix 1** shows that Nottinghamshire Police receives similar numbers of FOI requests to the national average. This puts the Force in the upper quartile of Forces in terms of the numbers of requests received.
- The graph shown at **Appendix 2** shows that Nottinghamshire Police close less FOI requests per quarter than the national average and have almost double the numbers of those closed outside of the legislative timescale. In terms of the National picture – this shows the Nottinghamshire performance falling within the lower quartiles of the national statistics, a significant factor affecting the performance levels is the current staffing levels of the team which has been shown, via workload profiling, to be under resourced to meet the demand.

A number of efficiencies in procedure have been looked at in terms of the management of FOI requests at the initial stages of processing. This includes a more effective triaging system, however the implementation of these new

efficient processes is dependent on the recruitment of the additional resources as identified and agreed as part of the IM Restructure Business Case.

#### 4.13 **Subject Access Requests (SAR)**

The Information Request team process SARs received under Data Protection legislation for information held by Nottinghamshire Police. National Statistics are not routinely circulated from the National Subject Access Group.

#### 4.14 **Current Demand Levels: Subject Access Requests (SAR)**

- The graph shown at **Appendix 3** shows that Nottinghamshire Police receive on average 110 SARs per quarter and respond to 85 with an average of 37 responses sent outside of the legislative timescale.

This performance level is affected by the complexity and size of requests, especially those relating to email records. Requests are becoming increasingly more detailed, complex and voluminous in nature as the social awareness of information rights increases. As the same resources deal with both FOI and SAR requests the current resourcing level and size of backlog is again a factor. Any improvement in performance level and reductions of backlogs is again dependent on the recruitment of the additional resources as identified and agreed as part of the Information Management Restructure Business Case.

#### 4.15 **Court Orders**

The Information Request Team also discloses information in relation to Court orders which can be received from any court in the UK and Ireland for Child Care, Private and Family Proceedings. In 2019 to-date Nottinghamshire Police received 256 Court orders in total; this is an increase of 20.19% on the number of orders received in the corresponding period in 2018.

#### 4.16 **Current Demand Levels: Court Orders**

The graph at Appendix 4 shows that Nottinghamshire Police receives on average 115 Court Orders per quarter. The majority of all Court Orders received have been responded to within the order deadline during 2019 as they are prioritised over other types of request.

The chart also shows a downward trend in the number of Court Orders being received over the last 2 quarters, which is potentially due to the issues discussed within point 4.6 regarding changes to legal aid funding. This may account for the associated rise in SAR numbers received over the same period.

Requests for Court orders are always prioritised due to the risk of delays on cases being managed through the Family Court system if timely checks are not completed. This prioritisation impacts on the corresponding delays to the other types of request such as FOIs and Subject Access requests.

### **Other types of Information requests**

4.17 The Information Request Team also provide responses for many other types of disclosure, all of which have to comply with the principles of the FOIA and DPA legislation but may have different timescales (see table below).

**Table 2: Data Protection General Requests Categories**

Category	Description	Time scale
Insurance	Validation of details in relation to crimes for insurer to settle claim	30 working days
Home Office	UK Border Agency and Immigration requiring confirmation and details of Police involvement for those wishing to stay in the country	40 calendar days
Housing Confirmation	Local and Social housing requiring confirmation of the reason given by the person who has presented to them as homeless.	10 working days
Housing General	As above but require more specific detail	40 calendar days
Insurance Appendix E	Insurance companies requiring information in relation to a claim that they believe is fraudulent	40 calendar days
NHS	General Medical Council, Nursing Midwifery Council require details of a registered practitioner who has been involved with the police to consider their fitness to practice	40 calendar days
Legal proceedings	Private legal proceedings such as a personal injury claims	20 working days
Other Police Forces	Request from other forces for information held by Nottinghamshire Police	No set timescale as soon as is practicable
Schedule 2, Part 1, Paragraph 2: Crime and Taxation	Requests from other prosecuting bodies such as DWP, local authorities and RSPCA	20 working days

## Income Generation from Information requests

4.18 The Information Request Team generate income from some types of information request:

**Table 3: Nottinghamshire Police income generation from information requests 2016-2019:**

Income £	2016	2017	2018	2019*
SAR	£2,060.00	£2,240.00	£910	£0.00
Court	£12,576.70	£18,436.28	£13,850.85	£13,733.00
Insurance	£13,376.61	£15,448.30	£9,985.30	£11,030.40
Private/Civil	£7,086.00	£5,106.60	£2,411.90	£4,389.50
DP Gen	£2,402.00	£1,955.90	£789.30	£4,020.50
<b>Total</b>	<b>£37,501.31</b>	<b>£43,187.08</b>	<b>£27,947.35</b>	<b>£33,173.40</b>

Figures compiled from Cyclops – additional income received electronically (i.e. via BACs) is recorded in Finance

The removal of the £10 SAR fee and the more accessible nature of SARs have also prompted many organisations to encourage individual service users to use the SAR process rather than making requests under other parts of the Data Protection Act where charges can still be applied.

The first 2 quarters of 2019 show an increase in income generated across all areas and further research is required to understand the reasons behind these areas. We are monitoring these figures with the Finance department as part of the Information Management Unit budget review.

### **Current Risks and Mitigations**

- 4.19 Continued delays in responding to FOI/SAR requests outside of the legislative timescales also results in an increase of demand in the form of telephone calls from individuals chasing their requests and complaints being made.
- 4.20 A continuous trend of delays to requests may increase the possibility of scrutiny by the Information Commissioners Office that could ultimately lead to some regulatory action.
- 4.21 A business case to restructure the Information Management Unit including additional resources to manage demand was presented and agreed at Force Executive Board on 14th January 2019. A consultation period has now finished and it is hoped the implementation of the new structure and a recruitment exercise will take place by the end of July 2019

- 4.22 A post implementation review of the restructure will take place and reported as part of the next annual Nottinghamshire Police Information Management, Freedom of Information and Data Protection update.

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

- 5.1 There are no direct financial implications for this year outside of what has been identified in the IM Restructure Business Case

## **6 Human Resources Implications**

- 6.1 People Services resources are required to support the consultation and recruitment process following on from the IM restructure business case.

## **7 Equality Implications**

- 7.1 There are no equality implications.

## **8 Risk Management**

- 8.1 Any risks relating to the FOI/DP function are identified on the Information Management Risk Register and managed locally. The Senior Information Risk Owner (DCC Barber) monitors all relevant risks via the Information Management Board.

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

- 9.1 Links to Police and Crime Plan 2018 – 2021:

9.1.1 **Transforming Services** and Delivering Quality Policing: The benefits of providing a good service to the public by responding to external DP and FOI requests fully and on time will support the Commissioners pledge to improve confidence and satisfaction in policing services. It will also reduce complaints to both the Information Commissioners office and PSD and reduce the resources required to respond to this failure demand.

9.1.2 **Demand for Service:** As stated in the PCP 2018-2021 “Calls for service to the Force remain significantly higher than average and are increasing in Nottinghamshire against the backdrop of reduced Police officer and staff capacity. The service also records more incidents than an average force” The higher demand recorded in Nottinghamshire aligned with the records management issues that sees the Force retaining data for longer periods, especially those relating to IICSA and UCPI, also increases the amount of data

that needs to be searched on and returned when queried leading to additional time to read and redact requests appropriately.

- 9.1.3 **Governance & Accountability** As stated in the PCP 2018-2021 “To discharge this accountability the Commissioner and senior officers must put in place proper procedures for the governance and stewardship of the resources at their disposal” Both Data Protection and FOI legislation identify roles and responsibilities accountable for the legislative compliance against the Acts. The Information Commissioner would assess the governance processes in place if the Force was to come under their scrutiny following an event such as a number of complaints or a data breach.

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

- 10.1 The General Data Protection Regulations (GDPR) including the Data Protection Act 2018 is now applicable in the UK from 25 May 2018.
- 10.2 An extension to the FOI Act is currently being debated in Parliament which seeks to add to the authorities who are subject to FOI legislation. The bill would include Social Housing and Children’s Safeguarding Boards (amongst others). It would also make information held by contractors acting on behalf of public authorities subject to FOI Act. If the changes to the Contractors information are implemented this could significantly add to FOI demand already in place. A second reading of the Bill is being heard in Parliament on a date to be announced.

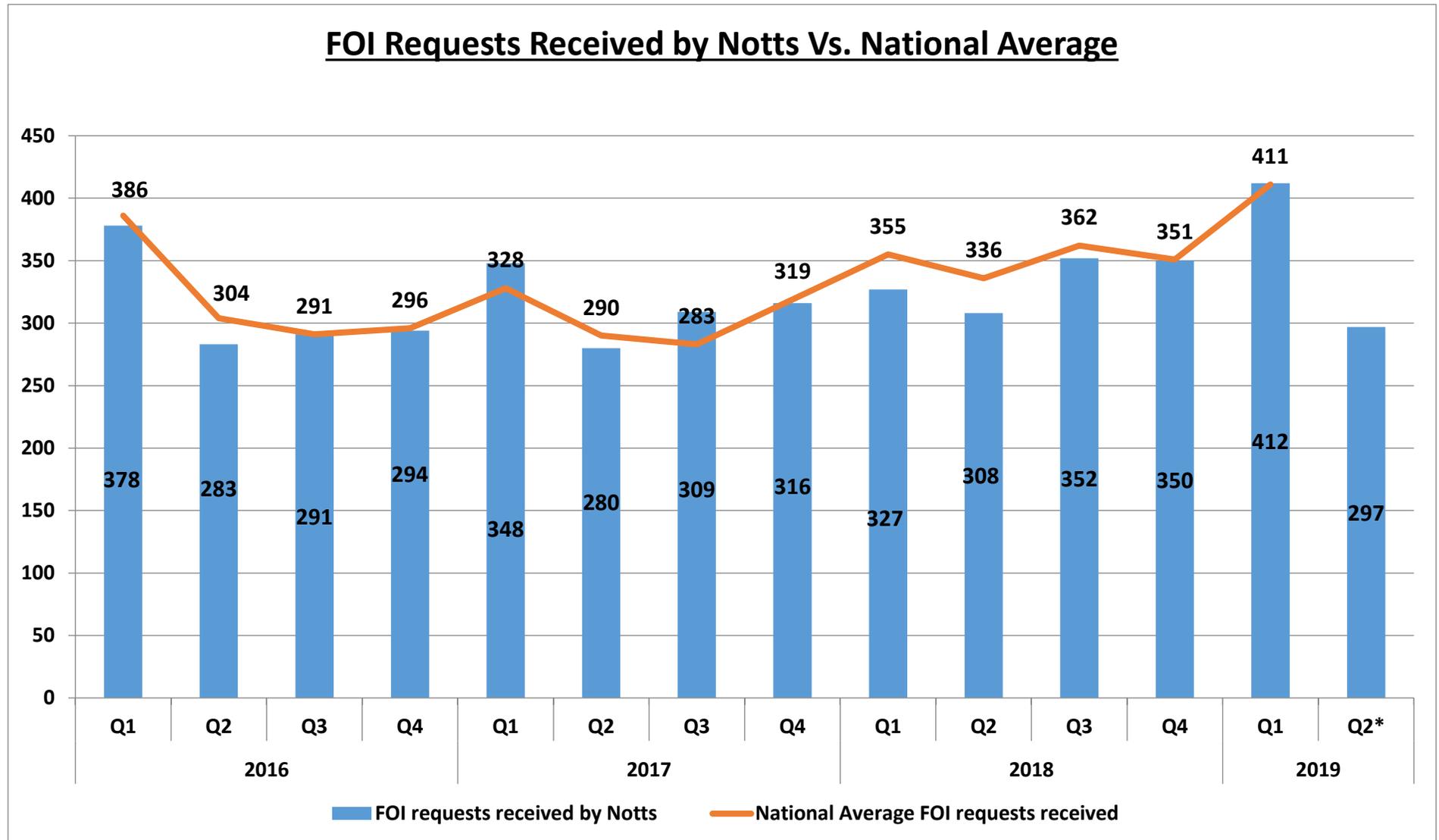
## **11 Details of outcome of consultation**

- 11.1 Any issues in relation to Freedom of Information and Data Protection compliance are monitored through the Information Management Board chaired by the Deputy Chief Constable.

## **12. Appendices**

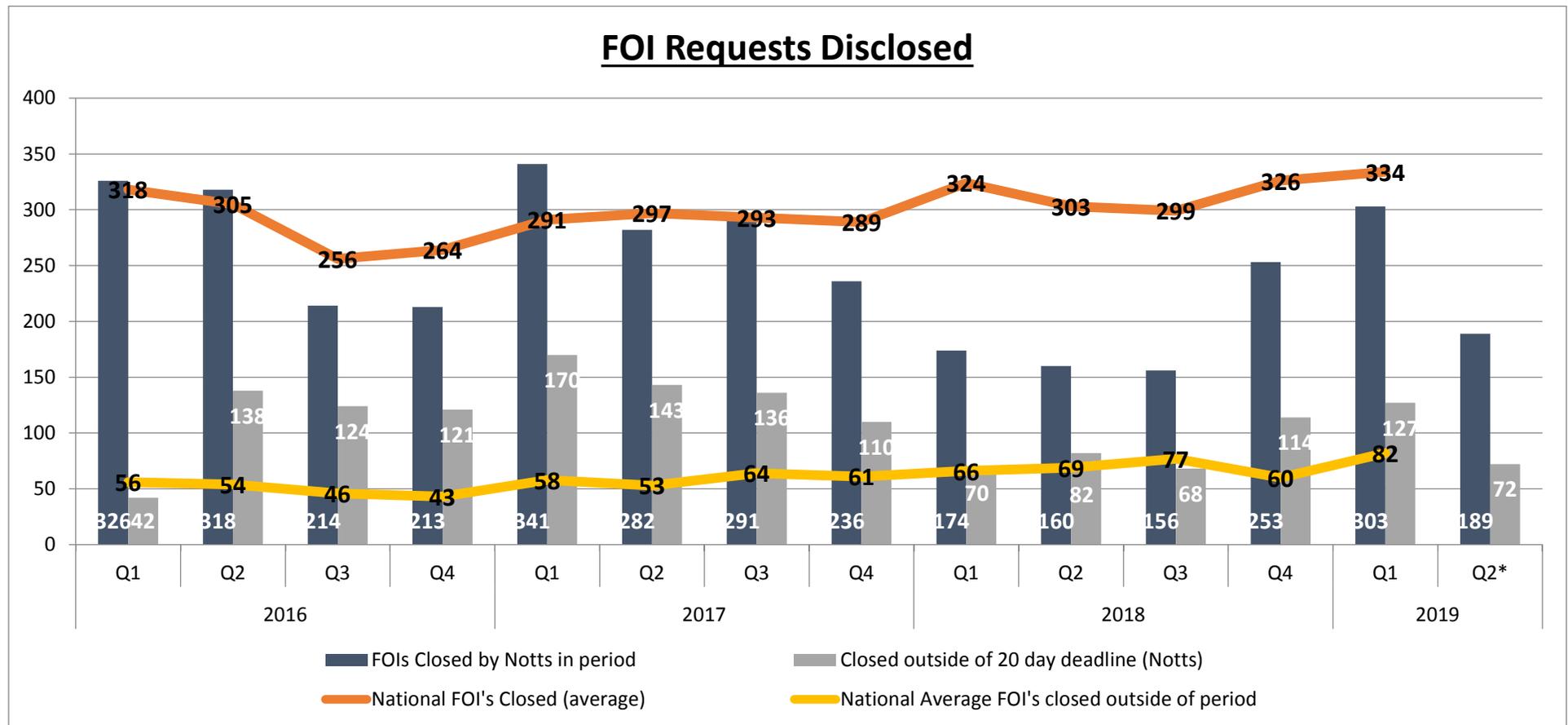
- 12.1 Appendix 1 – FOI requests received.
- 12.2 Appendix 2 – FOI requests disclosed.
- 12.3 Appendix 3 – subject access requests.
- 12.4 Appendix 4 – Court orders.

Appendix 1: Freedom of Information Act Requests – the national average of FOI requests received per quarter = 326. Nottinghamshire Police average of FOI requests received per quarter = 332.

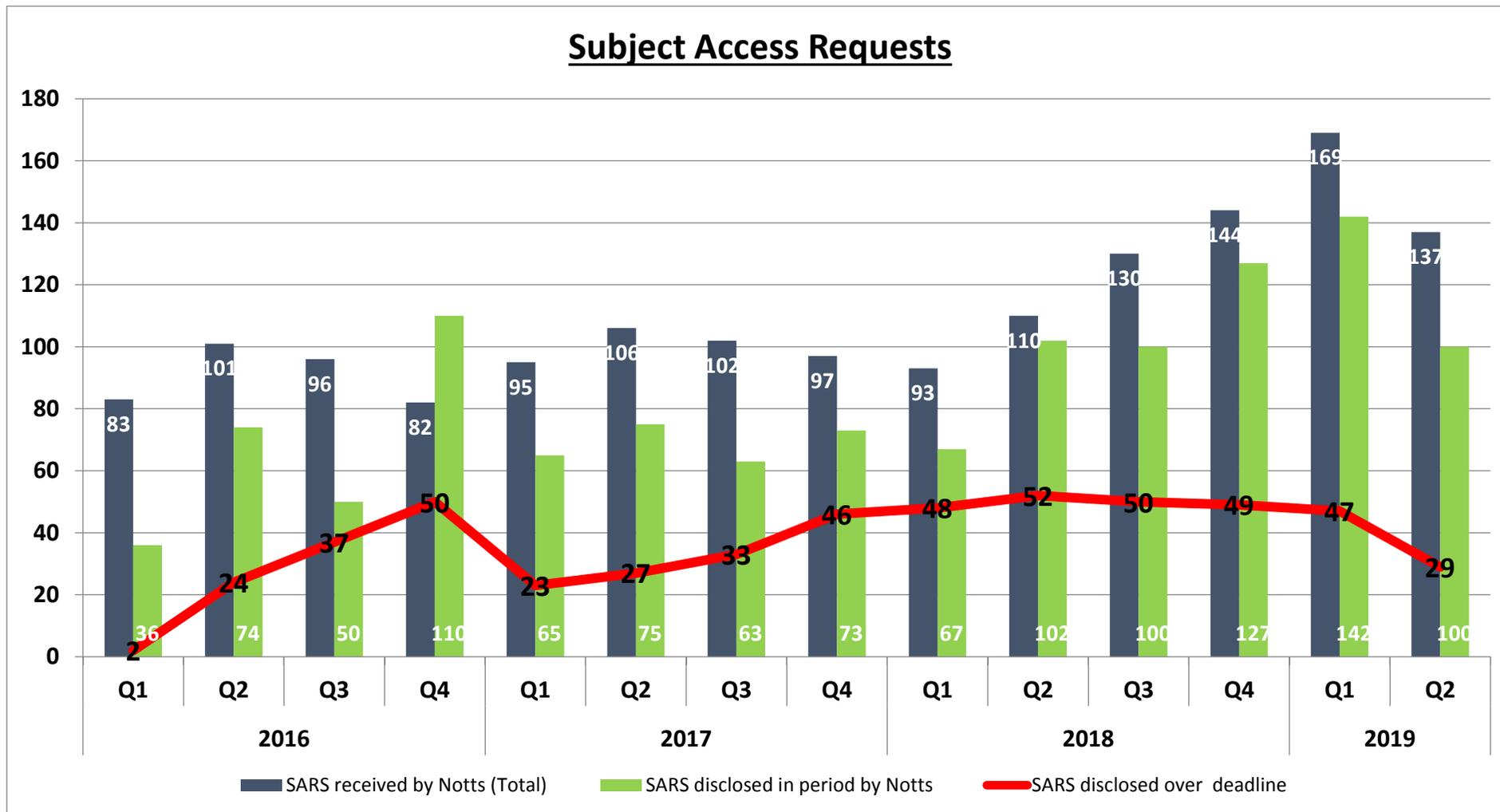


Appendix 2: FOI Closed – the national average of FOI requests closed per quarter = 300. Nottinghamshire Police closed 251 FOI requests on average over the same period.

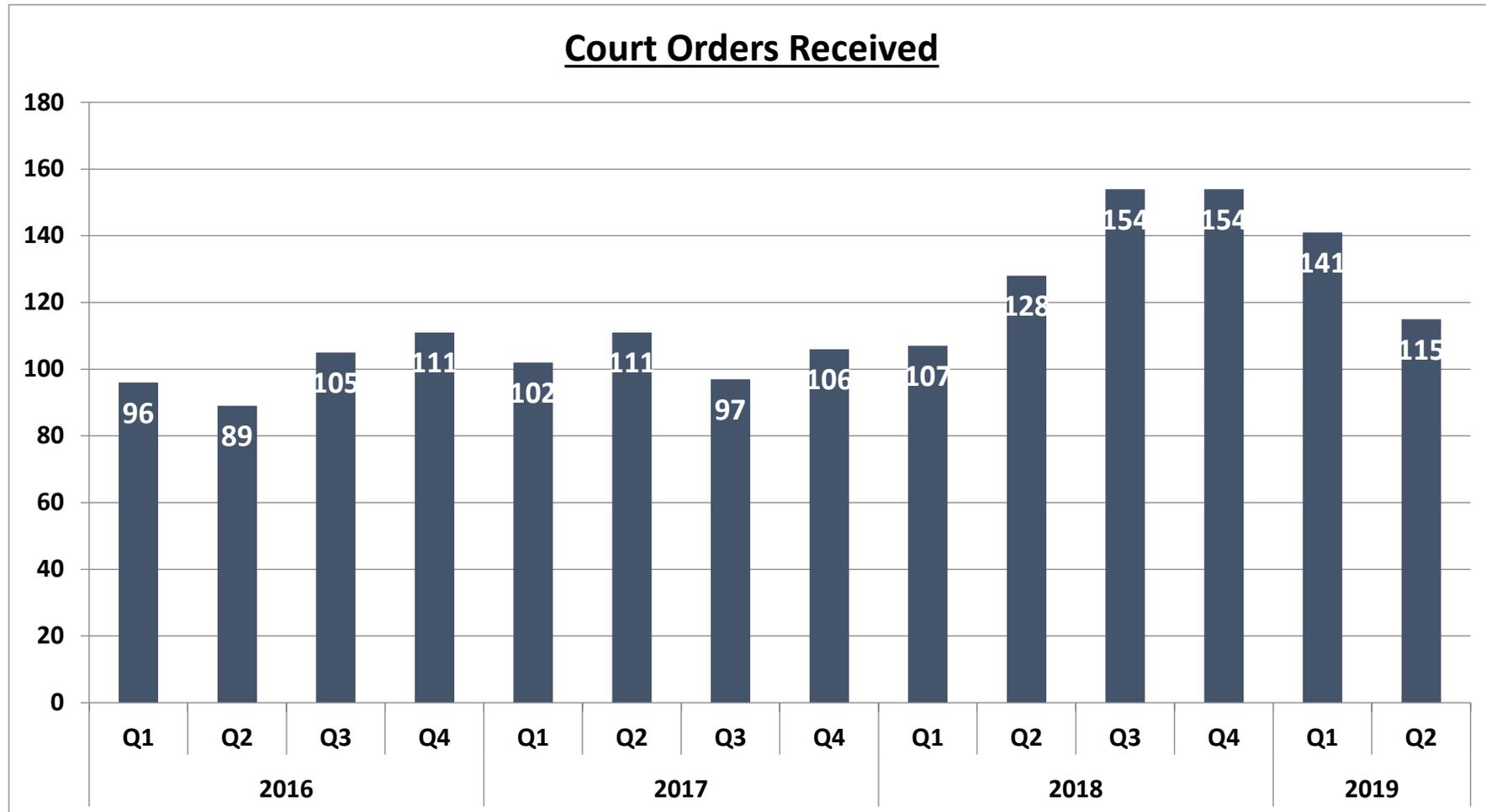
Closed outside of 20 day timescale: the national average of FOI requests closed outside of the 20 day timescale per quarter = 61. Nottinghamshire Police closed an average of 111 FOI requests outside of the 20 day timescale on average over the same period.



Appendix 3 – Subject Access Requests – the average number of SARs received by Nottinghamshire Police per quarter = 110 and the average number disclosed per quarter = 85 of which, on average, 37 were responded to outside of the legislative timescale. National SAR statistics are not available to use as a comparator to other forces performance.



**Appendix 4 – Court Orders – The average number of Court Orders received by Nottinghamshire Police per quarter is 115. The majority of all Court Orders received have been responded to within the order deadline during 2019 as they are prioritised over other types of request. The chart also shows a downward trend in the number of Court Orders being received over the last 2 quarters – potentially due to the issues discussed within point 4.6 regarding changes to legal aid funding. This would account for the precipitating rise in SAR numbers received.**



<b>For Information</b>	
<b>Public/Non Public</b>	<b>Public</b>
<b>Report to:</b>	<b>Joint Audit and Scrutiny Panel (JASP)</b>
<b>Date of Meeting:</b>	<b>15<sup>th</sup> November 2019</b>
<b>Report of:</b>	<b>DCC Barber Charlie Radford, Chief Finance Officer OPCC</b>
<b>Report Author:</b>	<b>Amanda Froggatt, Strategic Support Officer</b>
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<b>Other Contacts:</b>	
<b>Agenda Item:</b>	<b>16</b>

## **Joint Audit and Scrutiny Panel Proposed Work Plan to end 2020**

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

- 1.1 The purpose of this report is to present the proposed work plan for the Joint Audit and Scrutiny Panel to the end of 2020.

### **2. Recommendations**

- 2.1 That Joint Audit and Scrutiny Panel members note the report and attached appendix, and agree the contents.
- 2.2 That members of the Joint Audit and Scrutiny Panel note the key themes identified to accompany each of the Force Audit and Inspection, and Risk reports.

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

- 3.1 To enable the Panel to fulfil its scrutiny obligations with regard to Force activity.

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

- 4.1 The proposed work plan has been discussed with members and prepared based on the business planning cycle for both the OPCC and Nottinghamshire Police.
- 4.3 The proposed Joint Audit and Scrutiny work plan has been prepared in consultation with the Chief Finance Officer in order to fulfil our statutory obligations with regards to reporting in these areas of business.

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

- 5.1 There are no financial / budget implications arising from this report.

### **6. Human Resources Implications**

- 6.1 There are no direct HR implications as a result of this report.

## **7. Equality Implications**

7.1 There are no direct HR implications as a result of this report. HR implications resulting from specific actions will be managed on a case by case basis.

## **8. Risk Management**

8.1 There are no risk management issues arising from this report.

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

9.1 Any policy implications will be subject to current policy development process.

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

10.1 There are no direct legal implications as a result of this report.

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

11.2 The proposed work plan has been produced in partnership between the Force and the OPCC.

## **12. Appendices**

12.1 Appendix 1: Proposed Joint Audit and Scrutiny Panel Work Plan to end 2020.

**PROPOSED JOINT AUDIT AND SCRUTINY PANEL WORK PLAN TO END 2020**

<b>15 NOVEMBER 2019 (FORCE HQ) CHAIR TOPIC</b>			
	Report on New Custody Building		Force – Duncan Collins
	Internal Audit Progress Report	Each meeting	Mazars – Brian Welch
	External Audit ISA 260 Governance Report		Ernst and Young
	Annual Audit Letter – External Audit	Annual	Ernst and Young
	Review of OPCC Risk Management arrangements Review of Force Risk Management arrangements <b>Key Theme for Risk – Bridewell New Build</b>	6-Monthly	OPCC – Kevin Dennis Force – Amanda Froggatt
	Update on actions from audits, inspections and reviews (Includes Internal audit, External Audit, HMIC, AGS improvements) <b>Key Theme for Force Audit Report – Crime Data Integrity</b>	Each meeting	OPCC – as required Force – Amanda Froggatt
	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 on Whistle blowing and Anti-Fraud and Corruption Policies and Review of Compliance	6-Monthly	Force – Supt PSD

**FEBRUARY 2020 (COUNTY HALL) AUDIT PLANNING MEETING**

Force Assurance Mapping Report	Annually	Force – Amanda Froggatt
New Internal Audit Plan 2019/20	Annually	Mazars – Brian Welch
PCC Update Report	Each Meeting	OPCC – Phil Gilbert
Budget Reports (for information) <ul style="list-style-type: none"> <li>• Treasury Management Strategy</li> <li>• Reserves Strategy</li> <li>• Capital Report</li> <li>• MTFS</li> <li>• Budget Report</li> </ul>	Annually	OPCC – Charlie Radford
External Audit Plan (if available)	Annually	Ernst and Young
Internal Audit Progress Report	Each Meeting	Mazars – Brian Welch
Update on actions from audits, inspections and reviews (Includes Internal audit, External Audit, HMIC, AGS improvements)  <b>Key theme for Force Audit Report – Change Programme Outcomes, summary of completed and future ADA proposals</b>	Each meeting	OPCC - as required  Force – Amanda Froggatt
OPCC Report on Compliance with Freedom of Information Requests and the Specified Information Order	6-Monthly	OPCC – Lisa Gilmour
Force Assurance Report on Compliance with Freedom of Information and Data Protection Requests	6-Monthly	OPCC – Pat Stocker
Force Report on Monitoring, Review and Assurance of the Publication Scheme	6-Monthly	Force – Pat Stocker

## MAY 2020 (GEDLING BC) YEAR END MEETING

Annual Internal Audit Assurance Report (including review of past year and audit schedule for 2018/19)	Annually	Mazars – Brian Welch
New Internal Audit Plan 2019/20	Annually	Mazars – Brian Welch
Draft CC's Statement of Accounts 17/18 Draft Group Statement of Accounts 17/18	Annually	OPCC – Charlie Radford Force – Mark Kimberley
Draft Annual OPCC Governance Statement 2017/18 Draft Annual Force Governance Statement 2017/18	Annually	OPCC – Charlie Radford Force – Amanda Froggatt
External Audit Plan	Annually	Ernst and Young
Review of OPCC Risk Management arrangements Review of Force Risk Management arrangements <b>Key Theme for Risk – GDPR</b>	6-Monthly	OPCC – Kevin Dennis Force – Amanda Froggatt
Update on actions from audits, inspections and reviews (Includes Internal audit, External Audit, HMIC, AGS improvements) <b>Key theme for Force Audit Report – Wellbeing, PDR's and Talent Management</b>	Each meeting	OPCC - as required Force – Amanda Froggatt
PCC Update Report	Each Meeting	OPCC – Phil Gilbert
Force Report on Complaints and Misconduct, Investigations, New and Open Cases	6-Monthly	Force – Supt PSD
Force Report on IPCC Investigations, Recommendations and Actions	6-Monthly	Force – Supt PSD
Force Report of Whistle Blowing and Anti-Fraud and Corruption Policies and Review of Compliance	6-Monthly	Force – Supt PSD
Force Report on Business Continuity Compliance and Assurance Testing and Exercising	Annually	Force – Amanda Froggatt

## JULY 2020 (COUNTY HALL) 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	OPCC – Charlie Radford  Force – Mark Kimberley
	Summary set of Accounts for Publication	Annually	OPCC – Charlie Radford
	Internal Audit Progress Report	Each Meeting	Mazars – Brian Welch
	Update on actions from audits, inspections and reviews (Includes Internal audit, External Audit, HMIC, AGS improvements)  <b>Key theme for Force Audit Report – IT Strategy and Demand</b>	Each meeting	OPCC - as required  Force – Amanda Froggatt
	Review Working Together Agreement incorporating SoD, Fin Regs and SOs	Annually	OPCC – Kevin Dennis
	Force Treasury Update Report to show compliance with Treasury Management Strategy	Annually	OPCC – Charlie Radford
	OPCC Report on Compliance with Freedom of Information Requests and the Specified Information Order	6-Monthly	OPCC – Lisa Gilmour
	Force Assurance Report on Compliance with Freedom of Information and Data Protection Requests	6-Monthly	Force – Pat Stocker
	Force Report on Monitoring, Review and Assurance of the Publication Scheme	6-Monthly	Force – Pat Stocker
	PCC Update Report	Each Meeting	OPCC – Phil Gilbert

<b>NOVEMBER 2020 (FORCE HQ) CHAIR TOPIC</b>			
	Internal Audit Progress Report	Each Meeting	Mazars – Brian Welch
	Review of OPCC Risk Management arrangements Review of Force Risk Management arrangements <b>Key Theme for Risk – To be Advised</b>	6-Monthly	OPCC – Kevin Dennis Force – Amanda Froggatt
	Update on actions from audits, inspections and reviews (Includes Internal audit, External Audit, HMIC, AGS improvements) <b>Key theme for Force Audit Report – Neighbourhoods</b>	Each meeting	OPCC - Where appropriate Force – Amanda Froggatt
	Annual Audit Letter – External Audit	Annually	Ernst and Young
	PCC Update Report	Each Meeting	OPCC – Phil Gilbert
	Force Report on Complaints and Misconduct, Investigations, New and Open Cases	6-Monthly	Force – Supt PSD
	Force Report on IPCC Investigations, Recommendations and Actions	6-Monthly	Force – Supt PSD
	Force Report of Whistle Blowing and Anti-Fraud and Corruption Policies and Review of Compliance.	6-Monthly	Force – Supt PSD

Review of key areas to support Corporate Governance arrangements: *(review of requirements to be finalised and then prioritised. Areas to be identified for reports or internal audits and will be informed by assurance mapping)*

Sources of assurance to include:

- Effectiveness of partnerships
- Monitor the application of the pension schemes
- Review of delegated powers
- Review Register of Interests
- Financial Management/Financial Systems
- Legislative change

- Scheme of delegation
- Annual report from PSD on their activity - i.e. no of dismissals final letters and nature of the event
- By exception report on Insurance Claims covering Public Liability, Employer's Liability, Motor Liabilities including Costing and Lessons Learned
- By exception report on Outcomes of Public Finance Initiative Contracts

DRAFT