Annual Accounts – 2016-17

Nottinghamshire Police & Crime Commissioner and Group

CONTENTS

COMMISSIONER'S FOREWORD

COMMISSIONER'S FOREWORD

Nottinghamshire Police prides itself on innovation and its visionary approach to public safety.

As pathfinders, 2016-17 was a significant year of change for the Force. Against the ever-present funding challenges presented centrally, Nottinghamshire continued to evaluate, self-reflect and remain adaptable to push the boundaries of policing performance and protect the integrity of its services.

These achievements have not only helped increase public safety but have also placed the Force in a strong financial and operational position to meet future demand challenges, respond to an evolving criminal threat and maximise value from public funds.

This Statement of Accounts reflects a good year for Nottinghamshire Police. Improvements in financial administration since 2015-16 have resulted in expenditure remaining below budget in 2016-17. This has enabled a far greater contribution to future reserves than originally anticipated and provides a healthier balance moving forwards which delivers adequate provision for growing costs such as insurance.

Nottinghamshire has a new financial team in place and is well-placed to manage the uncertainty and complexity of central funding constraints to continue keeping our communities safe. We also have a new Chief Constable and new Chief Officer Team to negotiate the challenges presented by crime and develop new ways of responding to threats.

Amongst the many successes of 2016-17 was the award of a new contract for victims' services which will improve the support and recovery of vulnerable people who suffer through crime and antisocial behaviour. Victim CARE (Cope and Recovery Empowerment), delivered by Catch 22, is already providing professional one-to-one support to a significant number of victims, helping them to move on with their lives and reduce their risk of repeat victimisation. This service has been built on the real experiences of victims' of crime and fulfils their recovery needs in the way they have told us is necessary.

We've also introduced the new target operating model which is enabling more police officers to be recruited than we originally anticipated. This is a hugely positive outcome and satisfies one of the greatest needs of our communities; to see more uniformed officers on their streets.

Elsewhere, Nottinghamshire has taken a national lead on Body Word Video as a recipient of Home Office funding to the East Midlands Operational Support Service (EMOpSS). This relatively new technology has enhanced our investigation capabilities and evidence gathering, increased officer protection and enabled the Force to demonstrate greater accountability to the public, particularly in light

demonstrate greater accountability to the public, particularly in the light of Stop and Search powers.

Nottinghamshire's readiness to adapt and remain flexible to meet the changing needs of policing is demonstrated by the recent review of our Estates Strategy. Reflecting the pace of technological and interactional change within our communities, we've identified a more agile

working environment for our officers and staff. This has meant sharing more with our local partners and collaborating our skills and resources in co-location hubs like the one in Mansfield to enable us to maintain visibility with a reduced headcount.

All of the above is helping us to stabilise crime levels and encourage victims of hidden crimes to report their experiences. Like most forces across the Country we have seen an increase in offences however we remain below the national average with a 13% increase in crime up to the end of March 2017. The increase is partly as a result of the robust processes put in place to ensure our compliance with continually changing national recording systems which has made comparisons with previous years difficult.

There are of course areas for improvement, as Her Majesty's Inspectorate of Constabulary (HMIC) identified in its recent PEEL: Police Effectiveness 2016 assessment. However, these exceptions have and continue to be addressed and improved upon to put the Force in the best possible position for the next HMIC inspection.

Ultimately, my goal and the goal of everyone working for and with Nottinghamshire Police is to reduce harm from our communities and give people the tools they need to making lasting changes. With a new Chief Constable at the helm, the commitment of many partners on-board and the addition of extra police officers in the year ahead, I am confident we can look forward to a positive future.

Paddy Tipping
Nottinghamshire Police and Crime Commissioner

WRITTEN STATEMENTS AND CHIEF FINANCE OFFICER'S NARRATIVE REPORT

CHIEF FINANCE OFFICER'S NARRATIVE REPORT

NOTTINGHAMSHIRE

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

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

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

Nottinghamshire is one of 5 regional forces in the East Midlands and works closely with the other 4 to provide a seamless and efficient service.

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

The amount of Government grant is reducing each year at the same rate at which the council tax grows. This cash neutral position means that savings have to be found to finance the increasing costs that are incurred.

A funding Formula review of the Government grant has been delayed and is now unlikely to be implemented by 1st April 2018. The current funding formula has not been fully implemented. As a result Nottinghamshire continues to lose out under a mechanism that protects overfunded forces.

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

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.

THE COMMISSIONERS 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 2016-17

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

- Compliance with the National Crime Recording Standard resulted in an increase in Total Crime of 13.7%.
- A new contract has been let for provision of Victims Services across the County.
- A new Chief Constable has been appointed.
- Force expenditure has come in below budget and the contribution to reserves was better than originally anticipated.
- A new target operating model has been commissioned which will see a reversal of the planned reduction in Police Officers.
- Nottinghamshire has led on the provision of body worn video for the service and the benefits of this have already been seen.
- Anti-Social Behaviour (ASB) fell by 6.5% during the year.
- The lowest increases in terms of national rankings - top 3 are:
    - Robbery of personal property (ranked 2nd best)
    - Distraction burglary (ranked 3rd best)
    - All Robbery (ranked 4th best)
- The highest increases in terms of national rankings - top 3 are:
    - All other theft offences (ranked 2nd)
    - Public order offences (ranked 4th)
    - Violence without injury (ranked 5th)
- The number of non-crime related mental health patients detained in custody suites fell by 78%.
- The Early Guilty Plea rate for the Magistrates' Court improved by 6.2%.
- The conviction rate in Crown Court was 0.3% higher than the national average.
- The number of young people (<15 years) Killed or Seriously Injured (KSIs) on Nottinghamshire's roads has reduced 65% since the 2005-2009 average baseline.
- Nottinghamshire Police remains a strong performing force in comparison to other similar force areas and the all force average for victim satisfaction, with around 81% satisfied with overall levels of service, 95% satisfied with the way they were treated and 96.5% satisfied with ease of contact in March 2017.
- The proportion of victim-based crimes that go on to receive a court or out of court disposal also remains strong in Nottinghamshire compared to other force areas.
- An increasing organisational focus on responding to issues of greatest threat, risk and harm has led to significant increases in the number of vulnerable people identified and protected in 2016-17, including victims of historic sexual offences, missing and absent person incidents and child protection-related crimes.
- The Force has also seen marked improvements in compliance with crime recording standards during the year which has resulted in a more accurate profile of local victimisation rates and more victims being identified and supported.

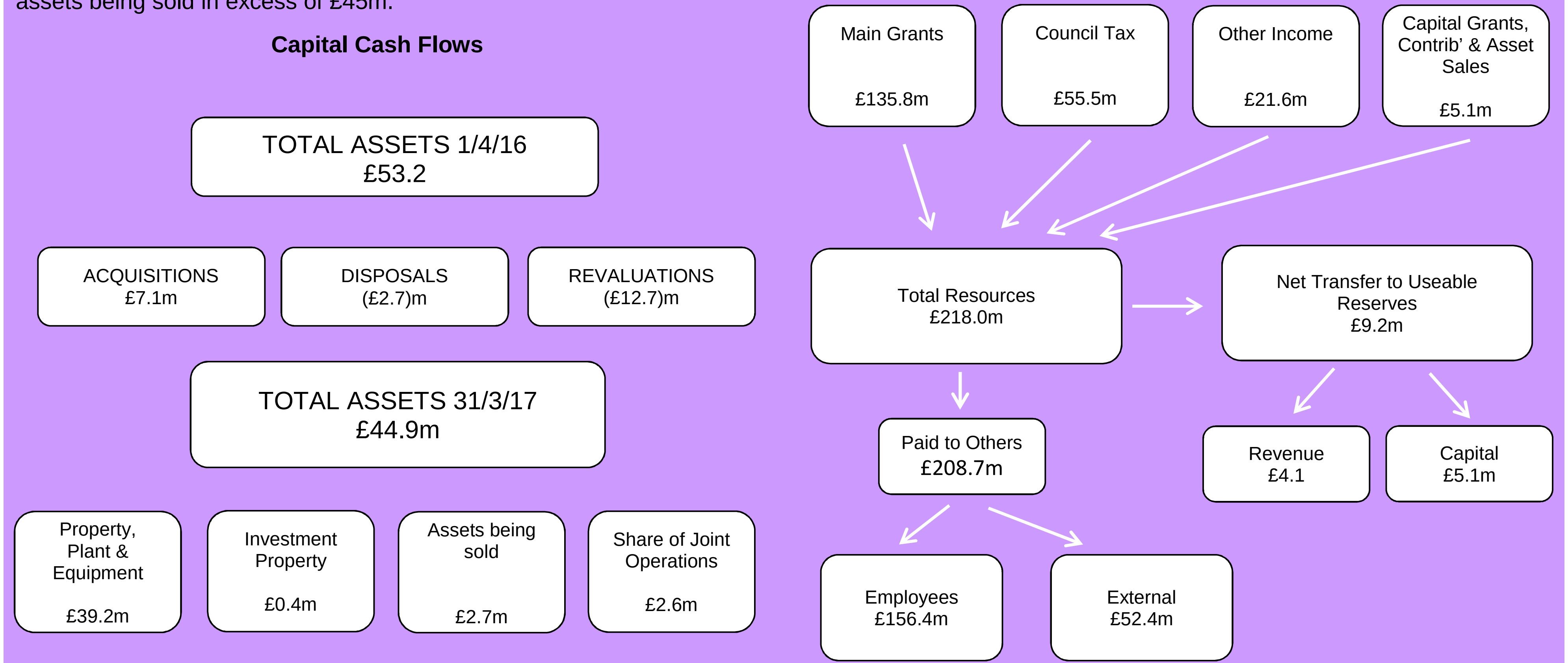
More information regarding performance can be found within the Annual Report published on the Commissioners website.

FINANCIAL PERFORMANCE

Nottinghamshire is responsible for managing non-current assets and assets being sold in excess of £45m.

Capital Cash Flows

Revenue Cash Flows

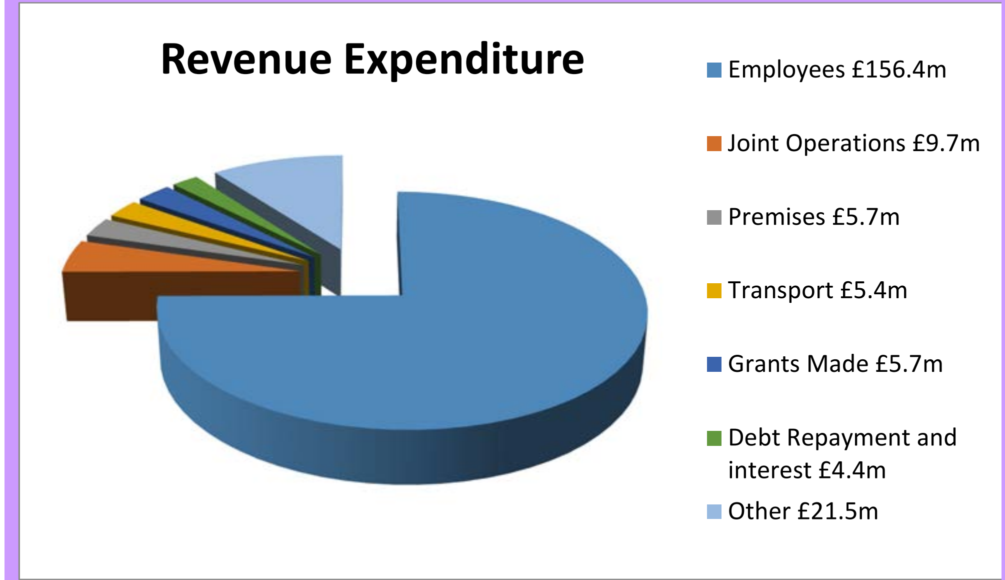


Active Treasury management of these cash flows involved £511.6m of transactions in 2016-17.

The 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.

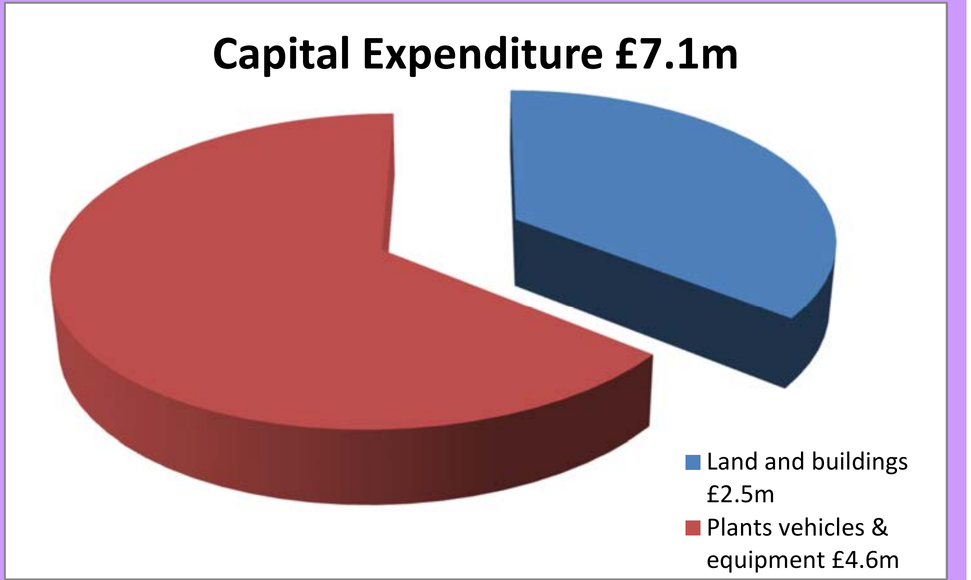
FINANCIAL PERFORMANCE (Cont.)

Revenue Expenditure



Financed by:	£m
Police and Crime Grant	126.1
Legacy Grant	9.7
Precept (inc surplus)	55.5
Other Income	21.6
Net Contribution to Revenue Reserves	(4.1)
	208.8

Capital Expenditure



Financed by:	£m
Capital Receipts	0
Capital Grants	2.7
External Borrowing	4.4
	7.1

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:

- Tri-force collaboration (including projects with Transformation funding contribution from the Home Office).
- New custody suite.
- Maintaining the existing estate.
- Updating and replacing IT.

Provisions and Reserves

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

Reserves received in year contributions to partly offset the reduction over the previous 2 years.

At 31 March 2017	£m
TOTAL PROVISION	3.3
TOTAL USABLE REVENUE RESERVES	18.9
TOTAL USABLE CAPITAL RESERVES	3.3

WHO WORKS FOR NOTTINGHAMSHIRE POLICE

Nottinghamshire Police (including the Office of the Police and Crime Commissioner) employs approximately 1,886 police officers 184 PCSOs and 239 Specials and 1,168 staff in full-time and part-time positions. Active recruitment plans for 2017-18 include positive action to improve the diversity and reflect more closely that of the County.

The College of Policing is working actively to provide apprenticeship entry into Policing. Nottinghamshire will pay an apprenticeship levy from April 2017, equating to 0.5% of the total pay bill. This can be utilised to pay for apprenticeship training and to accredit specific specialist roles to a professional standard, including degree level.

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

Overall Equality Characteristics

Ethnicity	Headcount	%
Asian/Asian British	80	2.3
Black/Black British	41	1.2
Mixed	38	1.1
White/White British	3,197	91.9
Other	2	0.1
Not Known/Provided	119	3.4

Gender	Headcount	%
Male	2,005	57.7
Female	1,472	42.3

Age Band	Headcount	%
25 and under	222	6.4
26-40	1,423	40.9
41-55	1,563	45.0
56 or over	269	7.7

Self-Declared Disability	Headcount	%
No	3,287	94.6
Yes	88	2.5
Unspecified	102	2.9

PRINCIPAL RISKS

A risk management strategy is in place to identify and evaluate risk. There are clearly defined steps to support better decision making through the understanding of risk.

This is for both positive opportunities and threats and includes an assessment of the likely impact. The risk management processes are subject to regular review and updates. The key strategic risks are:

RISK	IMPACT	MITIGATION
Brexit	Detrimental impact of Brexit on public sector financing.	Monitor national activity by the Government – consider lobbying through representative bodies.
Funding Formula Review	Could result in either a positive or negative impact on the amount of police grant Nottinghamshire receives.	Proactive work by the Commissioner on the national review body.
Level of Reserves	Insufficient reserves to meet significant risks.	An improving picture resulting from a significant improvement in force financial management.
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 are:**	**The Supplementary Financial Statements are:**
The Statement of Accounts sets out the Group income and expenditure for the year and its financial position at 31 March 2017. 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 2016-17; which in turn is underpinned by International Financial Reporting Standards. A Glossary of terms can be found at the end of this publication. There has been some restatement of 2015-16 statements in line with changes in the code. There has been no restatement of any of the underlying figures.	The Comprehensive Income and Expenditure Statement (CIES). This records all income and expenditure for the year. The top half of the statement includes by policing activity. The bottom half of the statement deals with corporate transactions and funding. It includes actuarial valuations in accordance with the code. The Expenditure Funding Analysis is a new core statement introduced this year. It shows the link between accounting for taxation purposes and the CIES. 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. The Balance Sheet is a "snapshot" of the assets, liabilities, cash balances and reserves at the year-end date. 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).	• The Annual Governance Statement – this sets out the governance arrangements in place and the key internal controls. • 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. • The Notes to the Accounts – these provide more detail about the accounting policies and individual transactions.

INDEPENDENT AUDITORS REPORT

This report sets out the opinion of the external auditor as to whether these statements present a true and fair view of the financial position and operations of the Commissioner and Group.

To be confirmed by KPMG

STATEMENT OF RESPONSIBILITIES

The Responsibilities of the Commissioner

The Commissioner is required to:

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

The Chief Finance Officer Responsibilities

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

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

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

The Section 151 Officer has also:

- Kept proper accounting records which are up to date, 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 due financial position of the Nottinghamshire Office of the Police and Crime Commissioner and Group as at 31 March 2017 and its income and expenditure for the year ended 31 March 2017.

C Radford CPFA
Chief Finance Officer
Nottinghamshire Police and Crime Commissioner

Approval

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

P Tipping
Nottinghamshire Police and Crime Commissioner

INTRODUCTION

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

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

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

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

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

KEY ELEMENTS OF THE COMMISSIONER’S GOVERNANCE FRAMEWORK

Police & Crime Plan

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

Scrutiny & Review

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

Police & Crime Panel

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

Decision making

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

Effective Management Team

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

HOW WE COMPLY WITH THE CIPFA SOLACE FRAMEWORK	PRINCIPLE A	PRINCIPLE B
	Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law	**Ensuring openness and comprehensive stakeholder engagement**
The Commissioner has approved and adopted: • Code of Corporate Governance • The requirements of the CIPFA/SoLACE Framework: Delivering Good Governance in Local Government Framework 2016 • A number of specific strategies and processes for strengthening corporate governance Set out below is how the Commissioner has complied with the seven principles set out in the CIPFA/SoLACE Framework during 2016-17.	The Commissioner has endorsed the Code of Corporate Governance, which provides guidance on expected standards of behaviours to ensure integrity. The Commissioner has approved the Anti-Fraud, Bribery and Corruption policies. The Audit and Scrutiny Panel receives reports on how these arrangements have been applied during the year. There is a Whistle Blowing policy in place, which together with declaration of interests from the Commissioner, staff and police officers ensures ethical standards are being monitored and adhered to. Any whistle blowing activities notified are investigated by the Professional Standards Department and appropriate action is taken. The Section 151 Officer and Monitoring Officer have specific responsibility for ensuring legality, for investigating any suspected instances of failure to comply with legal requirements, and for reporting any such instances to the Commissioner and Audit and Scrutiny Panel or Police and Crime Panel.	All meetings of the Audit and Scrutiny Panel, Strategic Resources and Performance Panel and the Police and Crime Panel are open to the public. Papers, reports and decisions made by the Commissioner are published on the Commissioners website together with consultation and public surveys. The Commissioner has a public engagement consultation strategy which sets out how we engage with stakeholders, partners and the public, through a combination of collaborative working, representation on boards, stakeholder consultation meetings and attendance at public community events.

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

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

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

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 interventions 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 Tri-Force and 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 will include the apprenticeship scheme for new recruits and further development of officers aspiring into senior ranks.

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.

After several years of not recruiting staff and officers the focus will be on ensuring new recruits are well trained and capable.

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 (13.7% for Nottinghamshire's total crime for 2016-17). However, we were well ranked in our tackling of robbery against the person, distraction burglary and all robbery.

The force also experienced 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 and Crime Commissioner and the Force have a joint risk management strategy and monitor risks through the same system. These strategic risks are monitored reported to every meeting of the Joint Audit and Scrutiny Panel.

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 provide reports on the effective operation of control and an annual report of the overall control environment.

Lessons are learnt across forces through this shared contract.

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

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

All recommendations from external and internal reviews (e.g. Audit and HMIC) 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 against operational and financial targets is undertaken on a regular basis. And the Commissioner meets with the Chief Constable on a weekly basis to challenge where the targets are 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 2016-17 Nottinghamshire PCC was awarded the "Transparency Quality Mark" by CoPaCC for the second year running.

REVIEW OF EFFECTIVENESS

The Commissioner uses a number of ways to review and assess the effectiveness of its governance arrangements. These are 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 2016-17, 19 areas including collaboration areas were reported on. Of which 10 were deemed to be satisfactory (60% of local recommendations and 80% of regional recommendations). 4 audits were advisory pieces of work and all key financial systems were reviewed.

Of the remaining 5 areas reviewed none were core financial systems and 6 of 37 recommendations were identified as Priority 1 (fundamental). These are detailed within the published annual report and will be monitored and reviewed during 2017-18. The internal auditors opinion for 2016-17 is that in the areas audited this was generally adequate and effective risk management, control and governance processes were in place to manage the achievement of the organisations objectives.

Assurance from External Audit

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

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

Self-Assessment and Review of Key Performance Indicators

The Chief Executive and Chief Finance Officer of the PCC have undertaken a review to confirm that the arrangements described above have been in place throughout the year. Assurance questionnaires have been completed and signed to provide confirmation that Codes of Conduct, Financial regulations and other Corporate Governance processes, have been operating as intended throughout the year so far as they are aware.

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

Governance issues identified	Performance indicator
Formal Reports issued by the s151 or Monitoring Officer	None issued
Outcomes from Monitoring Officers Investigations	None issued
Proven frauds by members of staff or officers	None identified 2016-17
Objections received from local electors	None
Ombudsman referrals upheld exceed national averages	None identified 2016-17
Limited assurance from Internal Audit Reports	5 out of 19 Internal Audit reports were issued with limited assurance.

Follow up of issues identified in 2015-16	
Issues identified	**Action taken**
Levels of Reserves were considered to be very low and a risk to financial sustainability	Improved financial governance in force. Regular reporting throughout the year to the PCC and reserves being increased from underspends identified and delivered.
Collaboration – Governance arrangements	S 22 agreement for the Tri-force collaboration is in process of being produced. S 22 agreement for MFSS is currently being reviewed.
Budget Management	Linked to the reserves above. Improved financial governance in force has made a significant improvement to the financial stability of the group.
Internal Audit – Limited assurance on Key Financial Systems	The follow-up audit reports have seen as significant improvement to those internal controls found to be weak. Other limited assurances relating to the Victims Code, Procurement and the Savings Programme have also been managed.
Economic Outlook	An improved position following the autumn statement and grant settlement for 2017-18. This continues to be monitored in light of Brexit.

CONCLUSION

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

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

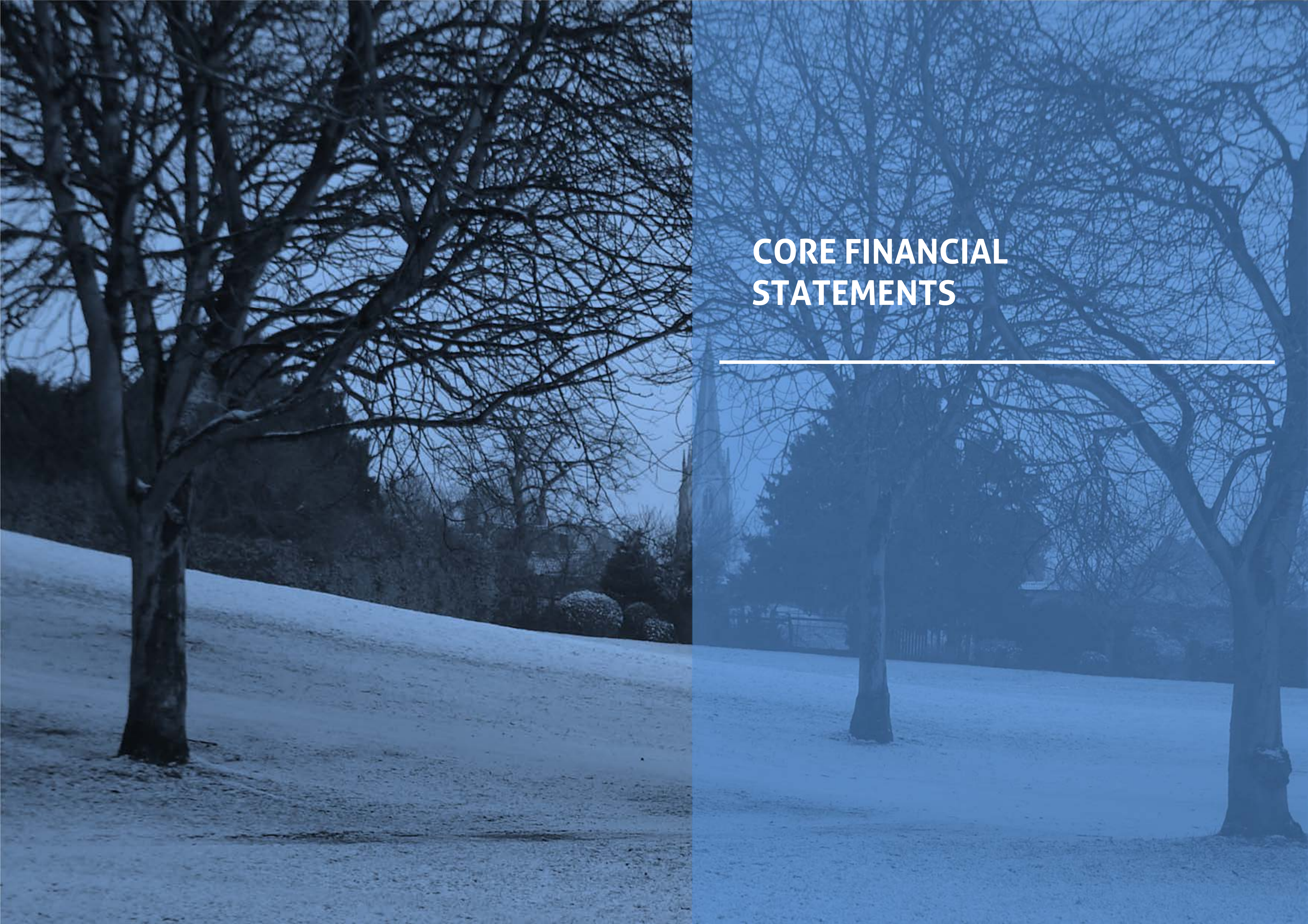
SIGNED

P Tipping
Nottinghamshire Police & Crime Commissioner

28th September 2017

K Dennis
Chief Executive
28th September 2017

C Radford CPFA
Chief Finance Officer
28th September 2017



CORE FINANCIAL STATEMENTS

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT (CIES)

The Comprehensive Income and Expenditure Statement shows the accounting cost in the year of providing services in accordance with the code. 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. The format of the CIES is different in 2016-17 compared to 2015-16 as a result of code updates. It is now in line with the management reporting rather than the Police Objective Analysis. Where items relate to both the PCC and the Chief Constable these are shown separately, otherwise items relate to the PCC only.

2015-16					PCC & Group CIES		2016-17				
PCC Exp’	PCC Income	PCC Net	CC Net	Group Total		Note	PCC Exp’	PCC Income	PCC Net	CC Net	Group Total
£'000	£'000	£'000	£'000	£'000			£'000	£'000	£'000	£'000	£'000
230,526		**230,526**	(230,526)	**0**	Funding to Chief Constable		228,295		228,295	(228,295)	0
5,395	(1,416)	**3,979**	218,310	**222,289**	Service cost		5,472	(1,461)	4,011	199,619	203,630
235,921	**(1,416)**	**234,505**	**(12,216)**	**222,289**	**Cost of Services**		**233,767**	**(1,461)**	**232,306**	**(28,676)**	**203,630**
410	0	**410**	0	**410**	Other Operating Expenditure	3.4	20	(1,344)	(1,324)	0	(1,324)
2,029	(199)	**1,830**	88,850	**90,680**	Financing and Investment Income and Expenditure	3.2	1,970	(648)	1,322	44,544	45,866
0	(230,992)	**(230,992)**		**(230,992)**	Taxation and Non Specific Grant Income	3.3	0	(229,314)	(229,314)	0	(229,314)
238,360	**(232,607)**	**5,753**	**76,634**	**82,387**	**(Surplus) or Deficit on Provision of Services**		**235,757**	**(232,767)**	**2,990**	**15,868**	**18,858**
		(150)		**(150)**	(Surplus) or deficit on revaluation of Property, Plant and Equipment				264		264
		(3,673)	(359,481)	**(363,154)**	Re-measurement of the net defined benefit liability / asset				871	521,784	522,655
		(3,823)	**(359,481)**	**(363,304)**	**Other Comprehensive (Income) and Expenditure**				**1,135**	**521,784**	**522,919**
		1,930	**(282,847)**	**(280,917)**	**Total Comprehensive (Income) and Expenditure**				**4,125**	**537,652**	**541,777**

2015-16			Group CIES	Note	2016-17		
Expenditure £000	Income (Note 3.1) £000	Net £000			Expenditure £000	Income (Note 3.1) £000	Net £000
239,599	(21,289)	218,310	Chief Constable		221,165	(21,546)	199,619
5,395	(1,416)	3,979	PCC		5,472	(1,461)	4,011
244,994	**(22,705)**	**222,289**	**Cost of Services**		**226,637**	**(23,007)**	**203,630**
410	0	410	Other Operating Expenditure	3.4	20	(1,344)	(1,324)
96,747	(6,067)	90,680	Financing and Investment Income and Expenditure	3.2	86,033	(40,167)	45,866
0	(230,992)	(230,992)	Taxation and Non Specific Grant Income	3.3	0	(229,314)	(229,314)
342,151	**(259,764)**	**82,387**	**(Surplus) or Deficit on Provision of Services**		**312,690**	**(293,832)**	**18,858**
		(150)	(Surplus) or deficit on revaluation of Property, Plant and Equipment				264
			Re-measurement of the net defined benefit liability / asset				
		(359,480)	Chief Constable				521,784
		(3,673)	PCC				871
		(363,303)	**Other Comprehensive (Income) and Expenditure**				**522,919**
		(280,917)	**Total Comprehensive (Income) and Expenditure**				**541,777**

EXPENDITURE FUNDING ANALYSIS

This is a new core statement introduced by the code this year. It clearly 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.

2015-16			PCC & Group Expenditure Funding Analysis	2016-17		
Net Expenditure Chargeable to the General Fund £000	**Adjustments (Note 3.6) £000**	**Net Expenditure in the CIES £000**		**Net Expenditure Chargeable to the General Fund £000**	**Adjustments (Note 3.6) £000**	**Net Expenditure in the CIES £000**
230,526	(12,216)	218,310	Chief Constable	228,295	(28,676)	199,619
8,415	(4,436)	3,979	PCC	(6,973)	10,984	4,011
238,941	**(16,652)**	**222,289**	**Net Cost of Services**	**221,322**	**(17,692)**	**203,630**
			Other (Income) and Expenditure			
	88,850	88,850	Chief Constable		44,542	44,542
(230,992)	2,240	(228,752)	PCC	(224,881)	(4,433)	(229,314)
7,949	**74,438**	**82,387**	**(Surplus) or Deficit on Provision of Service (Note 3.7)**	**(3,559)**	**22,417**	**18,858**
(23,248)			Opening General Fund Balance	(15,299)		
7,949			Plus / less (Surplus) or Deficit on the General Fund Balance for the Year (Statutory basis)	(3,559)		
(15,299)			**Closing General Fund Balance**	**(18,858)**		

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. It also shows which movements are as a result of accounting adjustments required by the code. All useable reserves are held by the Commissioner. The split between the Commissioner and the Chief Constable of Unusable Reserves is shown on the Balance Sheet and note 4.4. Note 4.5 provides detail on the adjustments between Accounting basis and Funding basis.

Group Movement in Reserves 2016-17	**General Fund Balance £000**	**Earmarked General Fund Reserves (Note 4.1) £000**	**Capital Receipts Reserve (Note 4.2) £000**	**Capital Grants Unapplied Account (Note 4.2) £000**	**Total Usable Reserves £000**	**Unusable Reserves (Note 4.3 & 4.4) £000**	**Group Total Reserves £000**
Balance at 31 March 2016	(7,075)	(8,223)	(548)	(330)	**(16,176)**	2,198,631	**2,182,455**
Movement in reserves during 2016-17							
(Surplus) or deficit on the provision of services	18,858	0	0	0	**18,858**	0	**18,858**
Other Comprehensive (Income) / Expenditure	0	0	0	0	**0**	522,919	**522,919**
Total Comprehensive Income and Expenditure	**18,858**	**0**	**0**	**0**	18,858	**522,919**	**541,777**
Adjustments between accounting basis and funding basis under regulations **(Note 4.5)**	(22,418)	0	(2,745)	330	**(24,833)**	24,833	**0**
Net (Increase) or Decrease before Transfers to Earmarked Reserves	**(3,560)**	**0**	**(2,745)**	**330**	**(5,975)**	**547,752**	**541,777**
Transfers to / (from) Earmarked Reserves	3,560	(3,560)	0	0	**0**	0	**0**
(Increase) or Decrease in 2016-17	**0**	**(3,560)**	**(2,745)**	**330**	**(5,975)**	**547,752**	**541,777**
Balance at 31 March 2017	**(7,075)**	**(11,783)**	**(3,293)**	**0**	**(22,151)**	**2,746,383**	**2,724,232**

Group Movement in Reserves 2015-16	General Fund Balance £000	Earmarked General Fund Reserves (Note 4.1) £000	Capital Receipts Reserve (Note 4.2) £000	Capital Grants Unapplied Account (Note 4.2) £000	Total Usable Reserves £000	Unusable Reserves (Notes 4.3 & 4.4) £000	Group Total Reserves £000
Balance at 31 March 2015	(7,075)	(16,173)	(1,369)	(356)	**(24,973)**	2,488,344	**2,463,371**
Movement in reserves during 2015-16							
(Surplus) or deficit on the provision of services	82,387	0	0	0	**82,387**	0	**82,387**
Other Comprehensive (Income) / Expenditure	0	0	0	0	**0**	(363,303)	**(363,303)**
Total Comprehensive Income and Expenditure	**82,387**	**0**	**0**	**0**	**82,387**	**(363,303)**	**(280,916)**
Adjustments between accounting basis and funding basis under regulations	(74,437)	0	821	26	**(73,590)**	73,590	**0**
Net (Increase) or Decrease before Transfers to Earmarked Reserves	**7,950**	**0**	**821**	**26**	**8,797**	**(289,713)**	**(280,916)**
Transfers to / (from) Earmarked Reserves	(7,950)	7,950	0	0	**0**	0	**0**
(Increase) or Decrease in 2015-16	**0**	**7,950**	**821**	**26**	**8,797**	**(289,713)**	**(280,916)**
Balance at 31 March 2016	**(7,075)**	**(8,223)**	**(548)**	**(330)**	**(16,176)**	**2,198,631**	**2,182,455**

BALANCE SHEET

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

31 March 2016		PCC & Group Balance Sheet	Note	31 March 2017	
PCC £000	Group £000			PCC £000	Group £000
51,387	51,387	Property, Plant and Equipment	5.1	41,210	41,210
350	350	Investment Property		415	415
454	454	Intangible Assets	5.3	451	451
45	45	Long-Term Debtors		45	45
52,236	**52,236**	**Long Term Assets**		**42,121**	**42,121**
993	993	Assets Held for Sale	5.5	2,786	2,786
231	231	Inventories		270	270
27,649	27,649	Short-Term Debtors	5.6	32,184	32,184
9,198	9,198	Cash and Cash Equivalents	6.1	2,018	2,018
38,071	**38,071**	**Current Assets**		**37,258**	**37,258**
(13,291)	(13,291)	Short-Term Borrowing	5.7	(7,273)	(7,273)
(22,951)	(26,692)	Short-Term Creditors	5.8	(19,886)	(23,228)
(3,592)	(3,592)	Provisions	5.9	(3,281)	(3,281)
(39,834)	**(43,575)**	**Current Liabilities**		**(30,440)**	**(33,782)**
(31,205)	(31,205)	Long-Term Borrowing	5.10	(33,605)	(33,605)
(20,637)	(2,197,982)	Other Long-Term Liabilities		(20,836)	(2,736,224)
(51,842)	**(2,229,187)**	**Long Term Liabilities**		**(54,441)**	**(2,769,829)**
(1,369)	**(2,182,455)**	**Net Assets**		**(5,502)**	**(2,724,232)**
(16,176)	(16,176)	Usable Reserves	4.1 & 4.2	(22,151)	(22,151)
17,545	2,198,631	Unusable Reserves	4.3	27,653	2,746,383
1,369	**2,182,455**	**Total Reserves**		**5,502**	**2,724, 232**

CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents during the reporting period. Other than where shown all movements relate to the Commissioner.

2015-16					2016-17		
PCC £000	Chief Constable £000	Group £000	Group Cash Flow Statement	Note	PCC £000	Chief Constable £000	Group £000
5,753	76,634	82,387	Net (surplus) or deficit on the provision of services		2,990	15,868	18,858
(10,137)	(76.634)	(86,771)	Adjustment to (surplus) or deficit on the provision of services for noncash movements	6.2	(7,619)	(15,868)	(23,487)
1,745	0	1,745	Adjustment for items included in the net (surplus) or deficit on the provision of services that are investing or financing activities	6.2	4,960	0	4,960
(2,639)	**0**	**(2,639)**	**Net cash flows from operating activities**		**331**	**0**	**331**
4,754	0	4,754	Net cash flows from investing activities	6.3	2,738	0	2,738
(4,763)	0	(4,763)	Net cash flows from financing activities	6.3	4,108	0	4,108
(2,648)	**0**	**(2,648)**	**Net (increase) or decrease in cash and cash equivalents**		**7,177**	**0**	**7,177**
(6,550)	0	(6,550)	Cash and cash equivalents at the beginning of the reporting period		(9,198)	0	(9,198)
(9,198)	**0**	**(9,198)**	**Cash and cash equivalents at the end of the reporting period**		**(2,021)**	**0**	**(2,021)**

NOTES TO THE ACCOUNTS

ACCOUNTING POLICIES

1. General Principles

The Statement of Accounts summarises transactions for the 2016-17 financial year and its position as at 31 March 2017. 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 2016-17, 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. 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. 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. In particular: Fees, charges and rents due are accounted for as income at the date of supply

- Supplies are recorded as expenditure when they are used. When there is a gap between the date supplies are received and their consumption, they are carried as inventory on the Balance Sheet
- Expenditure in relation to services received is recorded as services are received rather than when payments are made. If required a debtor or creditor for the relevant amount is recorded in the Balance Sheet
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract
- Where debts are doubtful, the debt is written off by a charge to the CIES

3. Cash and Cash Equivalents

Cash includes cash in hand and deposits of up 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. In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand.

4. 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.

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

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Group financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative figures for the prior period as if the new policy had always been applied. Material errors discovered in prior year figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period. There are none in these Accounts.

6. Charges to Revenue for Non-Current Assets

The CIES is charged with the following amounts to record the true cost of holding fixed assets during the year:

- 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).

7. Employee Benefits

Benefits Payable during Employment

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

The accrual is made at the estimated salary rates applicable in 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.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Group to terminate an employee's employment before the normal retirement date or an acceptance of voluntary redundancy. These are charged to the Non Distributed Costs line in the CIES when the Group is demonstrably committed to the decision If redundancy has been agreed by the end of the year, but the payments have not yet been made, then these are provided for.

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 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 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. Pension Costs are accounted for in accordance with IAS19. This requires an organisation to account for retirement benefits in the year in which they are earned, even if the actual payment of benefit will be in the future. From 1 April 2015 this is based on a career average value. Actuarial gains and losses are charged to the Pension Reserve.

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.

8. Post Balance Sheet Events

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.

9. Financial Instruments

Financial assets and liabilities are recognised on the Balance Sheet when the Commissioner enters a contract. They are initially measured at fair value and carried at their amortised cost. This generally will equate to the principal outstanding plus accrued interest. The interest debited or credited 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 loans made by the Group consist of short-term investments. Impairment may be appropriate if it becomes likely that the contract may not be fulfilled.

10. Government Grants and Contributions

All revenue government grants, and third party contributions and donations are recognised as income when the Group satisfies the conditions of entitlement. Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the CIES. Where grants and contributions are unconditional they are carried in the Balance Sheet as an Earmarked Reserve. A de-minimis level of £0.050m exists whereby it is essential that income needs to be assessed whether it should form part of the Earmarked Reserves.

Capital grants are credited to the CIES, and they are reversed out of the General Fund Balance in the Movement in Reserves Statement. The grant is either used to finance capital expenditure or it is posted to the Capital Grants Unapplied Account to fund future capital expenditure.

11. 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.

12. Interest in Companies and Other Entities

The Nottinghamshire Office of the Police and Crime Commissioner is a separate entity to the Chief Constable and the relationship is clearly defined in the Governance Arrangements. The Commissioner has the lead controlling influence in the Group.

13. Joint Operations and Jointly Controlled Assets

Joint operations (JO's) are treated in accordance with IAS 31 - Interests in Joint Ventures. They are governed by Section 22 Agreements and incorporated into the accounts on agreed proportions.

14. Leases

The Code only uses the term lease, replacing all previous references to hire or rental. Under IAS 17, leases are classified as finance leases if the terms of the lease transfer (substantially) all 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. Lease payments are apportioned between finance charges debited to the CIES, and the acquisition charge applied to write down the lease liability. When incorporated into the balance sheet they are accounted for in the same way as other non - current assets. Rentals paid under operating leases are charged to the CIES.

The de-minimis level for inclusion on the Balance Sheet is £0.015m

15. Service Analysis

The Service analysis is based on reporting to management and as such follows the two services being Policing and the Office of the Police and Crime Commissioner.

16. Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services or for administrative purposes and that are expected to be used for more than one financial 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.

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 £0.015m.

- Component Accounting

  Assets are included as separate components, with appropriate depreciation where this is significant. The following de-minimis level applies. 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:

  - Fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV)
  - Where 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
  - 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
  - Operational buildings have been valued on the basis of Existing Use Value
  - Non-operational buildings have been valued on the basis of Open Market Value
  - Bridewell custody suite is valued on a depreciated replacement cost (DRC) basis as this is deemed to be a specialised asset.
  - Plant, vehicles and equipment have been included at their depreciated historic valuation, as proxy for fair value. This is because the assets have relatively short lives and values
  - Furniture and fittings are capitalised at cost
  - Assets under construction are included at actual cost
  - Investment properties are revalued annually at market value according to IFRS13
  - Assets held for sale are held at market value

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

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

17. Investment Properties

Investment properties are used to earn rentals or for capital appreciation, and not used in any way to deliver services or is not held for sale. The carrying value is annually revalued under IFRS13 to current fair value. Rentals received in relation to investment properties are credited to the CIES.

18. Impairment

Assets are assessed at each year-end for potential impairment. Where it is estimated to be 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.

19. Depreciation

Depreciation is provided for on all operational property, plant and equipment assets by the systematic allocation of their depreciable amounts, over their useful lives, after allowing for residual values on the following basis:

Asset Type	Depreciation Method	Period of Years
Land	Nil	Nil as will not 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

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.

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

20. Disposals and Non-Current Assets held for Sale

When a non-current asset is actively marketed, and the sale is reasonably expected in the next 12 months, it is reclassified as an Asset Held for Sale. The asset is revalued 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 to be classified as Assets Held for Sale, they are reclassified back to non-current assets and revalued appropriately.

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

Amounts received for a disposal in excess of £0.010m are categorised as capital receipts. Receipts are required to be credited to the Capital Receipts Reserve, and can then only be used to finance new capital investment or set aside to reduce the Commissioner’s underlying need to borrow (the Capital Financing Requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

All Revaluation Reserve balances relating to disposed assets are transferred to the Capital Adjustment Account.

21. Private Finance Initiative (PFI)

PFI and similar contracts are agreements to receive services, where the responsibility for making available the Property, Plant and Equipment which provides the services remains with the PFI contractor. The Commissioner has entered into two PFI contracts. The first relates to the initial design and construction, and now the on-going maintenance of the Riverside building. The second contractor is responsible for the provision and maintenance of vehicles. The vehicles have been judged against IFRIC4 and those valued above the de-minimis, and where at the inception of the lease the minimum lease payments amounted to at least 75% of the fair value of the asset, are classified as finance leases. The majority of vehicles met these conditions and the small remainder are included within the Cost of Services in the CIES.

For Riverside the annual amounts payable to the PFI operators comprise five elements:

- 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
- 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
- Payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease)
- Lifecycle replacement costs – whereby a proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to Property, Plant and Equipment when the relevant works are eventually carried out

22. 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.

23. 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 within the control of the Group. Contingent liabilities also arise in circumstances where a provision 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, but disclosed in a note to the Accounts.

24. Contingent Assets

A contingent asset arises 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 within the control of the Group. They are not recognised in the Balance Sheet, but disclosed in a note to the Accounts.

25. Reserves

Reserves are set aside for future policy purposes or to cover contingencies. 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.

Other reserves are unusable and they are solely to manage the accounting processes for capital, financial instruments, retirement, and employee benefits.

26. 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.

27. Cash Flow Statement

This has been prepared using the 'Indirect Method', which adjusts the surplus or deficit on the provision of services adjusted for non-cash items.

28. Revenue Expenditure Funded from Capital Under Statute (REFCUS)

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.

Accounting Standards Issued, Not Adopted

The additional disclosures that will be required in the 2016-17 and 2017-18 financial statements in respect of accounting changes that are introduced in the 2017-18 Code are:

- Amendment to the reporting of pension fund scheme transactions
- Amendment to the reporting of investment concentration

The Code specifically excludes police and fire and rescue services pension funds.

There are therefore no applicable standards issued but not yet adopted that are applicable to Nottinghamshire Police and Crime Commissioners Group.

NOTES TO CORE STATEMENTS

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, The main changes to the statements are as a result of amendments to the code. The major change in 2016-17 is the revised analysis shown in the CIES and the new core statement being the Expenditure Funding Analysis. These changes have been introduced to clearly demonstrate the link between management accounting for decision making and financial accounting for statutory purposes.

The accounts are produced on a 'true economic cost basis' which differs from the cost required to be met from taxpayers. The Pension Reserve absorbs the timing differences between the difference in accounting and funding for post-employment benefits in accordance with statutory provisions. The CIES recognises the benefits earned by employees accruing service. The liabilities are adjusted for inflation, valuation assumptions and investment returns. Statutory arrangements require benefits to be financed as employers contributions are paid to pension funds and pensioners. 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. This has a significant impact on the surplus / deficit for the year and on the value of the Balance sheet, particularly in respect of pensions calculations which are based on actuarial valuations as opposed to the transactions which have taken place in the year.

There have been the following significant events during the year:

- **A19 Legal Challenge**

  There has been a significant Employment Tribunal challenge against the use of the A19 Regulation. The decision was that the enforcement of retirement for officers with 30 years pensionable service contravened age discrimination legislation. Nottinghamshire were successful in appealing against this decision. The counter appeal was unsuccessful but the matter is still subject to further appeal. The defense remains strong and the quantum cannot be determined hence the contingent liability remains.

- Tri-Force Collaboration

  There has been an agreement for closer collaborative working with Northamptonshire and Leicestershire Police. Work streams to achieve this are underway with the initial focus on Enabling Services.

1.3 Going Concern.

The Accounts have been prepared on the basis that the Group is a going concern.

1.4 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 and other one off payments. A greater level of estimation has been used this year for the first time in order to achieve more timely information. All estimations have been checked retrospectively and only those found to materially impact on the accounts have been amended.

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 full 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 £2.9m 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 (+/-) £0.29m.

2.1 Events after the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Chief Financial Officer on 12th September. There are no prior period adjustments or post balance sheet events in 2016-17.

3.1 Income Credited to Services

31 March 2016 £000		31 March 2017 £000
(5,531)	Partnership and Joint Controlled Operations	(5,370)
(1,858)	PFI Grant	(1,858)
(3,557)	Recharge of Officers	(3,857)
(10,343)	Other Income	(10,461)
(21,289)	**Relating to Chief Constable**	**(21,546)**
(1,416)	**Relating to the Commissioner - Other Income**	**(1,461)**
(22,705)	**Total**	**(23,007)**

3.2 Financing and Investment Income and Expenditure

2015-16 £000		2016-17 £000
88,850	**Relating to the Chief Constable** net interest on the defined benefit liability (asset)	**44,544**
1,917	Interest payable and similar charges	1,799
112	Net interest on the net defined benefit liability (asset)	(384)
(249)	Interest receivable and similar income	(93)
50	(Income) and expenditure in relation to investment properties and changes in their fair value	0
1,830	**Relating to the Commissioner**	**1,322**
90,680	**Total for the Group**	**45,866**

3.3 Taxation and Non-Specific Grant Income- Commissioner and Group

2015-16 £000		2016-17 £000
(53,422)	Council tax income	(54,888)
(136,504)	Non-ringfenced government grants	(135,780)
(39,619)	HO Police Pension Grant	(36,276)
(1,447)	Capital grants and contributions	(2,370)
(230,992)	**Total**	**(229,314)**

3.4 Other Operating Expenditure – Commissioner and Group

2015-16 £000		2016-17 £000
410	(Gains)/losses on the Disposal of Non-Current Assets	(1,344)
0	Other	20
410	**Total Other Operating Expenditure**	**(1,324)**

3.5 Impairment Losses

The Estates Manager reported no instances of impairment.

3.6 Note to the Expenditure Funding Analysis

This is a new core statement required by the 2016-17. It gives a service analysis in line with regular management reporting and also explains the statutory adjustments that are included within the CIES.

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

2015-16	Net Capital Statutory Adjustments £000	Net Pensions Statutory Adjustments £000	Other Statutory Adjustments £000	Total Adjustments £000
Chief Constable	0	(10,597)	(1,619)	(12,216)
Commissioner	(1,983)	650	(3,103)	(4,436)
Net Cost of Services	**(1,983)**	**(9,947)**	**(4,722)**	**(16,652)**
Other (Income)and Expenditure Chief Constable	0	88,850	0	88,850
Other (Income)and Expenditure Commissioner	2,425	116	(301)	2,240
Difference between the Statutory Charge and the (Surplus) or Deficit in the CIES	**442**	**79,019**	**(5,023)**	**74,438**

3.7 Expenditure Analysed by Nature

2015-16			Nature of Expenditure or Income	2016-17		
Chief Constable £000	PCC £000	Group £000		Chief Constable £000	PCC £000	Group £000
197,749	1,263	199,012	Expenditure on services - employees	172,027	585	172,612
41,850	4,132	45,982	Expenditure on services - other * see below	49,138	4,887	54,025
(21,289)	(1,416)	(22,705)	Income from services	(21,546)	(1,461)	(23,007)
0	(53,422)	(53,422)	Income from local taxation		(54,888)	(54,888)
0	(177,570)	(177,570)	Government grants and contributions	0	(174,426)	(174,426)
0	7,522	7,522	Depreciation, amortisation and impairment	0	14,571	14,571
88,850	(5,962)	83,158	Other Financing	44,544	(13,249)	31,295
0	410	410	(Gain) or loss on disposal of non-current assets	0	(1,324)	(1,324)
(230,526)	230,526	0	Intra Group Funding	(228,295)	228,295	0
76,634	**5,753**	**82,387**	**(Surplus) or Deficit for Year**	**15,868**	**2,990**	**18,858**

2015-16 Group £000	Nature of Expenditure - other	2016-17 Group £000
7,522	Expenditure on services – Capital financing	14,571
6,334	Expenditure on services – Premises	5,650
6,430	Expenditure on services – Transport	5,618
4,302	Expenditure on services – Grants	5,707
21,394	Expenditure on services – Miscellaneous	22,479
45,982	**(Surplus) or Deficit for Year**	**54,025**

4.1 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 PCC accounts only

Reserves	Balance at 1 April 2015 £000	Transfers In 2015-16 £000	Transfers Out 2015-16 £000	Balance at 31 March 2016 £000	Transfers In 2016-17 £000	Transfers Out 2016-17 £000	Balance at 31 March 2017 £000
General Fund Reserves:							
Police Property Act	(123)	(7)	0	**(130)**	(53)	0	**(183)**
Drug Fund	(71)	(3)	0	**(74)**	(2)	0	**(76)**
VAT Reserve	(36)	0	36	**0**	0	0	**0**
PFI Life Cycle Costs	(294)	(38)	0	**(332)**	0	359	**27**
Revenue Grants	(2,286)	(344)	117	**(2,513)**	(604)	370	**(2,747)**
Medium Term Financial Plan	(10,325)	(36)	9,294	**(1,067)**	(2,208)	0	**(3,275)**
Tax Base Reserve	(230)	0	7	**(223)**	(1,025)	1	**(1,247)**
Animal Welfare	(19)	0	0	**(19)**	0	0	**(19)**
PCC	(487)	(108)	0	**(595)**	(57)	30	**(622)**
Grants and Commissioning	(1,024)	(875)	0	**(1,899)**	(645)	45	**(2,499)**
PCC Night Time Levy	0	(161)	0	**(161)**	(135)	12	**(284)**
Estimation Reserve	0	0	0	**0**	(13)	0	**(13)**
Earmarked Reserve - Other Joint Operations	(1,278)	0	68	**(1,210)**	0	365	**(845)**
Total Earmarked Reserves	**(16,173)**	**(1,572)**	**9,522**	**(8,223)**	**(4,742)**	**1,182**	**(11,783)**

4.2 Usable Reserves – Commissioner and Group

31 March 2016 £000	Capital Receipts Reserve	31 March 2017 £000
(1,369)	Balance 1 April	(548)
821	Capital Receipts in year	(2,745)
(548)	**Balance 31 March**	**(3,293)**

31 March 2016 £000	Capital Grants Unapplied	31 March 2017 £000
(356)	Balance 1 April	(330)
(4,107)	Capital grants recognised in year	(2,370)
4,133	Capital grants and contributions applied	2,700
(330)	**Balance 31 March**	**0**

4.3 Unusable Reserves

31 March 2016			Type of Reserve	31 March 2017		
PCC £000	Chief Constable £000	Group £000		PCC £000	Chief Constable £000	Group £000
18,382	2,177,345	**2,195,727**	Pensions	18,897	2,715,388	**2,734,285**
185	3,741	**3,926**	Accumulated Absences	183	3,342	**3,525**
(1,633)	0	**(1,633)**	Revaluation Reserve	(1,255)		**(1,255)**
2,213	0	**2,213**	Capital Adjustment	10,847		**10,847**
(1,557)	0	**(1,557)**	Collection Fund	(974)		**(974)**
(45)	0	**(45)**	Deferred Receipt	(45)		**(45)**
17,545	**2,181,086**	**2,198,631**	**Total**	**27,653**	**2,718,730**	**2,746,383**

4.4 Unusable Reserves

The table breaks down the unusable reserves movements in the MIRS between the Commissioner and the Chief Constable.

2015-16			Movement in Unusable Reserves	2016-17		
PCC £000	Chief Constable £000	Group £000		PCC £000	Chief Constable £000	Group £000
21,173	**2,467,171**	**2,488,344**	**Balance at Start of year**	**17,545**	**2,181,086**	**2,198,631**
			Adjustment	7	(7)	**0**
(3,822)	(359,481)	**(363,303)**	Comprehensive Income and Expenditure	1,136	521,783	**522,919**
194	73,396	**73,590**	Adjustments between accounting basis and funding basis under regulations	8,965	15,868	**24,833**
17,545	**2,181,086**	**2,198,631**	**Balance at End of Year**	**27,653**	**2,718,730**	**2,746,383**

4.5 Adjustments between Accounting Basis and Funding Basis under Regulations

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

2015-16	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves PCC £000	Movement in Unusable Reserves Group £000
Pension cost (transferred to / (from) the Pensions Reserve)	(75,781)	0	0	(2,472)	75,781
Council tax (transfers to / (from) the Collection Fund)	301	0	0	(301)	(301)
Holiday pay (adjustments to the Accumulated Absences reserve)	1,485	0	0	134	(1,485)
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)	(3,775)	0	(4,107)	7,882	7,882
Total Adjustments to Revenue Resources	**(77,770)**	**0**	**(4,107)**	**5,243**	**81,877**
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	298	(298)	0	0	
Statutory Provision for the repayment of debt	2,785	0	0	(2,785)	**(2,785)**
Total adjustments between Revenue and Capital Resources	**3,083**	**(298)**	**0**	**(2,785)**	**(2,785)**
Application of capital grant & receipts to finance capital expenditure	**0**	**1,369**	**4,133**	**(5,502)**	**(5,502)**
Other adjustments	**250**	**(250)**	**0**	**0**	**0**
Total adjustments	**(74,437)**	**821**	**26**	**(3,044)**	**73,590**

5.1 Property, Plant and Equipment

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. These valuations were subject to componentised valuation as prescribed by IAS 16 and adopted by the Royal Institute of Chartered Surveyors in its Red Book.

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. Although there were significant downward valuations they were considered to be location specific.

At 31 March 2017, the Commissioner has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2016-17, and the future years are budgeted to cost £0.6m (£1.1m 2015-16).

Movements to 31 March 2017	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
Cost or Valuation				
at 1 April 2016	44,657	29,026	47	**73,730**
Adjustments to cost/value & depreciation/impairment	(2,753)	0	0	**(2,753)**
Additions	2,302	5,006	378	**7,686**
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(264)	0	0	**(264)**
Revaluation increases/(decreases) recognised in the (Surplus)/Deficit on the Provision of Services	(8,907)	0	0	**(8,907)**
De-recognition – disposals	(20)	(790)	0	**(810)**
Reclassifications and transfers	(3,242)	0	(118)	**(3,360)**
at 31 March 2017	**31,773**	**33,242**	**307**	**65,322**

Depreciation & Impairment	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
Accumulated Depreciation and Impairment				
at 1 April 2016	(7,499)	(14,845)	0	**(22,344)**
Adjustments to cost/value & depreciation/impairment	2,818	0	0	**2,818**
Depreciation charge	(807)	(4,755)	0	**(5,562)**
De-recognition – disposals	15	621	0	**636**
Reclassifications and transfers	0	0	0	**0**
Eliminated on reclassification to Held for Sale	340	0	0	**340**
at 31 March 2017	**(5,133)**	**(18,979)**	**0**	**(24,112)**
Net Book Value				
at 31 March 2017	**26,640**	**14,263**	**307**	**41,210**
at 31 March 2016	**37,159**	**14,181**	**47**	**51,387**

2015-16	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
Fixed Asset Movements Cost or Valuation				
at 1 April 2015	41,524	35,342	366	**77,232**
Adjustments to cost/value & depreciation/impairment	(321)	0	0	**(321)**
Additions	3,475	5,423	388	**9,286**
Revaluation increases/(decreases) recognised in the Revaluation Reserve	149	0	0	**149**
Revaluation increases/(decreases) recognised in the (Surplus)/Deficit on the Provision of Services	(250)	0	0	**(250)**
De-recognition – disposals	0	(11,739)	(11)	**(11,750)**
Reclassifications and transfers	81	0	(696)	**(615)**
at 31 March 2016	**44,658**	**29,026**	**47**	**73,731**

Accumulated Depreciation and Impairment				
at 1 April 2015	(5,339)	(22,025)	0	**(27,364)**
Adjustments to cost/value & depreciation/impairment	321	0	0	**321**
Depreciation charge	(2,481)	(4,517)	0	**(6,997)**
De-recognition – disposals	0	11,697	0	**11,697**
at 31 March 2016	**(7,499)**	**(14,845)**	**0**	**(22,343)**
Net Book Value				
at 31 March 2016	**37,159**	**14,181**	**47**	**51,387**
at 31 March 2015	**36,186**	**13,317**	**366**	**49,869**

Property, Plant and Equipment Revaluations

Revaluations	Other Land and Buildings £000	Vehicles, Plant, Furniture and Equipment £000	Total £000
Carried at historical cost	8,581	31,798	40,379
Valued at current value as at:			
• 31/03/2017	8,389	0	8,389
• 31/03/2016	555	0	555
• 31/03/2015	2,660	0	2,660
• 31/03/2014	4,034	0	4,034
• 31/03/2013	5,972	0	5,972
Total Cost or Valuation	**30,191**	**31,798**	**61,989**
Share of Joint Operation Property			**3,333**
Total Gross Value			**65,322**

5.2 Investment Properties

Income is received on investment properties (telecoms masts) from Cell C.M., who also undertakes the maintenance and repair of the telecoms masts. These costs are not identified separately in the Statement of Accounts and are included within the management charge. Investment income net of this management charge was £0.171m in 2016-17 (£0.122m in 2015-16).

5.3 Intangible Assets

Purchased software is classified as intangible assets. All software licences are amortised on a straight-line basis over a finite useful life of 7 years. Amortisation is a revenue expense. Movements are summarised in the table below:

31 March 2016 Other Assets £000	Intangible Assets	31 March 2017 Other Assets £000
	Balance at start of year:	
3,331	Gross carrying amounts	3,418
(2,793)	Accumulated amortisation	(2,964)
538	**Net carrying amount at start of year**	**454**
	Additions:	
90	Purchases	166
(174)	Amortisation for the period	(169)
454	**Net carrying amount at end of year**	**451**
	Comprising:	
3,418	Gross carrying amounts	3,584
(2,964)	Accumulated amortisation	(3,133)
454		**451**

5.4 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 2017 the Commissioner had entered into a number of capital contracts which would continue to incur expenditure in future years. These totalled £0.6m. The contracts mainly covered building alterations. (£1.1m 31 March 2016)

31 March 2016 £000	Capital Expenditure and Capital Financing	31 March 2017 £000
55,745	Opening Capital Financing Requirement	57,727
	Capital Investment:	
8,744	Property Plant and Equipment	7,132
81	Intangible Assets	0
8,825	**Total Capital Spending**	7,132
	Sources of Finance:	
(1,369)	Capital receipts	0
(3,333)	Government Grants and other contributions	(2,700)
	Sums set aside from revenue:	
(2,141)	Minimum revenue provision	(3,022)
(6,843)	**Total Sources of Finance**	(5,722)
57,727	**Closing Capital Financing Requirement**	**59,137**

5.5 Assets Held for Sale

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

When classified as "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 2016 £000	Current Assets	31 March 2017 £000
735	Balance outstanding at start of year	993
593	Newly classified as held for sale	3,020
(335)	Assets sold	(1,227)
993	**Balance Outstanding year end**	**2,786**

5.6 Debtors Commissioner and Group

A bad debt provision of £0.03m is provided against specific debts considered to be unlikely to be collected (£0.03m at 31 March 2016). A provision of £2.996m is held against Council Tax arrears of £4.684m at 31 March 2016. This level of provision has been assessed by the Council Tax Billing Authorities (Provision of £2.793m against arrears of £4.813m at 31 March 2016).

31 March 2016 £000	Debtors	31 March 2017 £000
14,279	Central Government Bodies	20,202
1,709	Other Local Authorities	1,316
11,661	Other Entities and Individuals	10,666
27,649	**Total Debtors**	**32,184**

5.7 Short Term Borrowing Commissioner and Group

31 March 2016 £000	Short Term Borrowing	31 March 2017 £000
(3,500)	Market Loans	(3,500)
(3,791)	PWLB	(3,773)
(6,000)	Short Term Loan Islington Council	0
(13,291)		**(7,273)**

5.8 Creditors

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 2017 cash totalling £1.032m was held in the Commissioner's bank account (£0.887m at 31 March 2016).

31 March 2016		Creditors	31 March 2017	
PCC £'000	**Group £'000**		**PCC £'000**	**Group £'000**
(4,022)	(4,022)	Central Government Bodies	(3,358)	(3,358)
(5,459)	(5,459)	Other Local Authorities	(5,499)	(5,499)
(13,470)	(17,211)	Other Entities and Individuals	(11,029)	(14,371)
(22,951)	(26,692)	**Total Creditors**	(19,886)	(23,228)

5.9 Provisions

Liability claims are generally paid out within 1 to 3 years. It is expected that the majority will be utilised within a year.

All provisions have been classified as short-term.

2016-17	Insurance £000	Dilapidation £000	Legal Expenses £000	Medical Retirement £000	Redundancy £000	Total £000
Opening Balance	(2,263)	(281)	(36)	(454)	(558)	(3,592)
Increase in provision during year	(1,327)	(89)	(115)	0	0	(1,531)
Utilised during year	692	102	36	454	558	1,842
Closing Balance	**(2,898)**	**(268)**	**(115)**	**0**	**0**	**(3,281)**

2015-16	Insurance £000	Dilapidation £000	Legal Expenses £000	Medical Retirement £000	Redundancy £000	Total £000
Opening Balance	(2,320)	(106)	(36)	0	0	(2,462)
Increase in provision during year	(845)	(189)	0	(454)	(558)	(2,046)
Utilised during year	902	14	0	0	0	916
Closing Balance	**(2,263)**	**(281)**	**(36)**	**(454)**	**(558)**	**(3,592)**

5.10 Long term Debt

31 March 2016 £000	Long Term Borrowing	31 March 2017 £000
(4,000)	Market Loans Torbay	(4,000)
(27,205)	PWLB	(29,605)
(31,205)	**Total Long Term Borrowing**	**(33,605)**

5.10 Contingent Assets

The Commissioner had no contingent assets as at 31 March 2017.

5.11 Contingent Liabilities

The following contingent liabilities have been identified:

Nottinghamshire, along with other Chief Constables and the Home Office, currently has 23 claims lodged against them with the Central London Employment Tribunal. The claims are in respect of alleged unlawful discrimination arising from the Transitional Provisions in the Police Pension Regulations 2015. Claims of unlawful discrimination have also been made in relation to the changes to the Judiciary and Fire fighters Pension regulations. In the case of the Judiciary claims the claimants were successful and in the fire fighters case the respondents were successful. Both of these judgements are subject to appeal, the outcome of which may determine the outcome of the Police claims. The Tribunal has yet to set a date for a preliminary or substantive Police hearing. Legal advice suggests that there is a strong defence against the Police claims. The quantum and who will bear the cost is also uncertain, if the claims are partially or fully successful. For these reasons, no provision has been made in the 2016-17 Statement of Accounts.

There is a potential for claims for insufficient overtime being paid for some officers following successful claims in Devon and Cornwall Police – again there is insufficient information to predict outcomes or values

There has been a significant Employment Tribunal challenge against the unlawful use of the A19 Regulation, which was successfully appealed. There has an unsuccessful counter appeal against this judgement, but the matter is still subject to further appeal. The defence remains strong and the quantum cannot be determined hence the contingent liability remains.

There is an emerging risk associated with potential challenges to the operations of undercover police officers. It is not yet known whether this will impact on Nottinghamshire yet.

There are no potential environmental or Information Commissioner cases pending.

5.11 Leases

Leases are classified according to the conditions of IAS 17. Lease payments are made for land, buildings, vehicles and equipment.

Part of the efficiency plan is to reduce the cost of our estates and ensure our officers can work from premises that are more accessible to the community they serve. As a result of this, a number of arrangements have been entered into with our partners to share facilities for which a fixed term rental payment is made, for example sharing council offices.

Leased assets which meet the deminimis are included on the Balance Sheet.

Vehicles acquired under the PFI Scheme and some items of equipment are classified as finance leases in the Balance Sheet as Property, Plant & Equipment. There is a commitment to make payments under these leases comprising settlement of the long-term liability for the interest in the property, and finance costs. The minimum lease payments exclude values that are contingent on events such as subsequent rent reviews. Currently there are no such events.

Some vehicles and equipment were acquired under operating leases. Rental payments in 2016-17 were £1.034m (£0.980m in 2015-16). The outstanding commitments are:

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

Minimum Lease Payments			**Finance Lease Liabilities**	
31 March 2016	**31 March 2017**		**31 March 2016**	**31 March 2017**
£'000	**£'000**		**£'000**	**£'000**
605	193	Not later than one year	642	212
493	343	Later than one year and not later than five years	531	361
1,098	**536**	**Total**	**1,173**	**573**

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 2016 £'000		31 March 2017 £'000
842	Not later than one year	1,012
1,843	Later than one year and not later than five years	1,853
178	Later than five years	202
2,863	**Total**	**3,067**

5.12 Service Concession Arrangements

Two PFI agreements have been entered into with some common features:

- The Group has the sole right to use the PFI assets over the period of the agreement.
- Both PFI providers have to ensure that the assets are maintained and available for use.
- The Commissioner has no ownership rights of the assets at the end of the agreements.

Vehicle PFI Scheme

The 25 year PFI 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 £3.2m (£3.2m in 2015-16). Future payments are linked to inflation increases. Grant of £1.3m was received (£1.3m in 2015-16). IAS17 classifies this arrangement as a finance lease, and is therefore included in the appropriate table.

Riverside Accommodation PFI Scheme

The 25 year PFI contract with Miven, runs until 2026-27. The capital value of this scheme is £6.6m. £0.997m was paid in 2016-17 (£1.0m in 2015-16).

Future payments are linked to retail price index inflation but are otherwise fixed, except reductions for poor contractor performance. Specific government grant of £0.59m was received (£0.59m in 2015-16).

Reimbursement of Capital Expenditure 2015-16 £000	Payment for Services 2015-16 £000	Riverside Premises PFI	Reimbursement of Capital Expenditure 2016-17 £000	Payment for Services 2016-17 £000
543	502	Payable within one year	543	502
2,172	2,007	Payable within two to five years	2,172	2,007
2,714	2,509	Payable within six to ten years	2,623	2,422
452	415	Payable within eleven to fifteen years	0	0
5,881	**5,433**		**5,338**	**4,931**

6.1 Cash and Equivalents

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

31 March 2016 £000	Cash and Equivalents comprise	31 March 2017 £000
6,910	Money Market Funds	2,150
2,288	Cash and Bank	(132)
9,198	**Total**	**2,018**

6.2 Cash Flow from Operating Activities

31 March 2016 £000	The cash flows for operating activities include the following items	31 March 2017 £000
(249)	Interest received	(93)
1,916	Interest paid	1,864
1,667	**Total**	**1,771**

31 March 2016 £000	The cash flows for operating activities include the following items	31 March 2017 £000
(6,997)	Depreciation	(5,564)
(273)	Impairment and downward valuations	(8,844)
(174)	Amortisation	(169)
(3,178)	(Increase)/decrease in creditors	3,464
2,835	Increase/(decrease) in debtors	4,535
(117)	(Increase)/decrease in inventories	39
(75,781)	Movement in pension liability	(15,904)
(388)	Carrying amount of non-current assets	(1,401)
(2,698)	Other non-cash movements charged to the (surplus) or deficit on provision of services	357
(86,771)	**Total**	**(23,487)**

31 March 2016 £000	The (surplus) or deficit on the provision of services has been adjusted for the following investing and financing activities	31 March 2017 £000
298	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	2,745
1,447	Any other items for which the cash effects are investing or financing cash flows	2,215
1,745	**Total**	**4,960**

6.3 Cash Flow from Investing and Financing Activities

No short term investments are held.

31 March 2016 £000	Cash Flow from Investing and Financing Activities	31 March 2017 £000
9,623	Purchase of property, plant and equipment, investment property and intangible assets	7,852
(298)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(2,744)
(4,571)	Other receipts from investing activities	(2,370)
4,754	**Net cash flows from investing activities**	**2,738**
(20,291)	Cash receipts of short-term and long-term borrowing	(6,000)
15,528	Repayments of short-term and long-term borrowing	10,108
(4,763)	**Net cash flows from financing activities**	**4,108**

6.4 External Audit Costs

KPMG LLP are the external auditor to the Commissioner and Group the fees in the year were £0.050m of which £0.015m related to the Chief Constable and no other services were commissioned. This was the same fee as in 2015-16.

6.5 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 is responsible for providing the statutory framework. It provides the majority of its funding in the form of grants and sets out the precept legislation.

Members of the Audit and Scrutiny Panel have influence over finances and operations and were paid £0.005m (£0.005m 2015-16). The CIPFA Code of Practice 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. Members of the Audit and Scrutiny Panel will be 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.

REMUNERATION

7.1 Officers Remuneration

Employees receiving over £50,000 remuneration for the year are shown in the table below..

This excludes the senior officers reported in a separate table, and are all within the Chief Constable entity

It includes 8 above the rank of Superintendent (5 in 2015-16).

Senior Employees Remuneration	2015-16	2016-17
£50,001 to £55,000	89	136
£55,001 to £60,000	50	84
£60,001 to £65,000	13	22
£65,001 to £70,000	7	10
£70,001 to £75,000	9	7
£75,001 to £80,000	3	5
£80,001 to £85,000	6	6
£85,001 to £90,000	2	6
Total	**179**	**276**

Officers Remuneration 2016-17		Salary, Fees & Allowances (Note 1) £	Bonuses £	Expenses Allowances (Note 2) £	Compensation for Loss of Office £	Pension Contribution £	Total £
Police & Crime Commissioner – P Tipping		75,000	0	1,409	0	8,100	**84,509**
Deputy Police & Crime Commissioner – C Cutland	3	3,030	0	139	0	327	**3,496**
Chief Finance Officer to the Police & Crime Commissioner – C Radford	4	74,137	0	2,858	0	8,007	**85,001**
Chief Executive to the Police & Crime Commissioner – K Dennis		95,086	0	1,588	0	10,269	**106,943**
Chief Executive to the Police & Crime Commissioner – C Radford		11,248	0	767	0	1,215	**13,230**
TOTAL PCC		**258,501**	**0**	**6,761**	**0**	**27,918**	**293,180**
Chief Constable – C Eyre	5	46,373	0	0	0	10,956	**57,329**
Chief Constable – S Fish	5	113,166	0	8,285	0	27,181	**148,632**
Chief Constable – C Guildford	5	25,338	0	11,707	0	5,966	**43,011**
Deputy Chief Constable – S Fish		29,207	0	4,206	0	6,985	**40,398**
Deputy Chief Constable – S Torr		98,133	0	2,666	0	23,805	**124,604**
Assistant Chief Constable – S Torr		21,113	0	889	0	5,006	**27,008**
Assistant Chief Constable – S Prior		73,011	0	4,848	0	14,275	**92,134**
Assistant Chief Officer - Finance & Resources	6	95,731	0	5,435	0	17,249	**118,415**
Director of Human Resources	6	94,955	0	5,494	0	17,363	**117,812**
Director of Information Services & IT	6 & 7	110,027	0	500	0	13,300	**123,827**
TOTAL CHIEF CONSTABLE		**707,054**	**0**	**44,030**	**0**	**142,086**	**893,170**
TOTAL FOR GROUP		**965,555**	**0**	**50,791**	**0**	**170,004**	**1,186,350**

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

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

Note 3: Deputy Police & Crime Commissioner retired 30/4/16

Note 4: Chief Finance Officer to the Police & Crime Commissioner acted into the role of Chief Executive for the period 21/11/16 to 2/1/17

Note 5: Chief Constable C Eyre retired 22/7/16, Chief Constable S Fish retired 31/3/17 and Chief Constable C Guildford was appointed 1/2/17

Note 6: This is the total earned the costs are apportioned between Nottinghamshire Northamptonshire and Leicestershire Police

Note 7: Includes Market Rate Premium

Officers Remuneration 2015-16	Salary, Fees & Allowances (Note 1) £	Bonuses £	Expenses Allowances (Note 2) £	Compensation for Loss of Office £	Pension Contribution £	Total £
Police & Crime Commissioner – P Tipping	75,000	0	722	0	8,100	83,822
Deputy Police & Crime Commissioner – C Cutland	36,360	0	283	0	3,927	40,570
Chief Finance Officer to the Police & Crime Commissioner – C Radford	83,598	0	484	0	9,029	93,111
Chief Executive to the Police & Crime Commissioner – K Dennis	94,535	0	928	0	10,210	105,673
TOTAL PCC	**289,493**	**0**	**2,417**	**0**	**31,266**	**323,176**
Chief Constable – C Eyre	145,847	0	3,554	0	35,295	184,696
Deputy Chief Constable – S Fish	120,320	0	7,648	0	29,118	157,086
Assistant Chief Constable – Crime & Justice	101,805	0	3,554	0	24,420	129,779
Assistant Chief Constable – Local Policing	104,991	0	3,554	0	24,825	133,370
TOTAL CHIEF CONSTABLE	**472,963**	**0**	**18,310**	**0**	**113,658**	**604,931**
TOTAL FOR GROUP	**762,456**	**0**	**20,727**	**0**	**144,924**	**928,107**

Contracts were terminated for 25 employees during the year (109 in 2015-16), incurring costs of 0.350m (£1.267m in 2015-16). This included redundancy payments of £0.271m and pension strain costs of £0.056m. Other departures agreed cover voluntary redundancies and compromise agreements. In 2016-17 these were all employees of Chief Constable. The Group made no material payments in relation to injury awards during the year

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 (£)**	
	2015-16	**2016-17**	**2015-16**	**2016-17**	**2015-16**	**2016-17**	**2015-16**	**2016-17**
£0-£20,000	46	4	46	17	92	21	541,000	192,000
£20,001 - £40,000	1	1	8	2	9	3	298,000	85,000
£40,001 - £60,000	1	0	6	1	7	1	340,000	50,000
£60,001 - £80,000	0	0	0	0	0	0	0	0
£80,001 - £100,000	0	0	1	0	1	0	88,000	0
£100,001 - £150,000	0	0	0	0	0	0	0	0
Total	**48**	**5**	**61**	**20**	**109**	**25**	**1,267,000**	**327,000**

7.2 Nature and Extent of 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 financial loss might arise for the authority as a result of changes in such measures as 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, in order to protect against loss of money. It includes policies on the risks above.

Credit Risk

Credit risk arises from investments and credit exposures to customers. 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 Fitch, Moody's and Standard and Poor's Rating Services. Maximum investment limits and durations are also specified which reduces credit risk. The maximum exposure to credit risk for deposits during the year was £50.07m. This was placed within the criteria of the strategy with high quality counterparties. Rarely entities do not to meet their commitments. There was no evidence at 31 March 2017 that this was likely.
Customers owed £2.17m at year end (£1.46m in 2016-17). An allowance of £0.03m is set aside for debts to mitigate the effect of default (£0.03m in 2016-17).

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, and there is no significant risk of being unable to raise the required finance. There is a risk of having to replace a significant proportion of borrowing at a time of unfavourable interest rates. The Treasury Management Strategy limits the proportion of borrowing maturity during specified periods to minimise this risk. The strategy specifies the upper and lower limits.

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 borrowings to be held as variable rate loans to mitigate interest rate risk. Only £3.5m is held as variable which is 9% There was no temporary borrowing at 31 March 2017. During the year £6.0m new long term borrowings took place.

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 following table shows the maturity spread of debt

Liquidity Risk	31 March 2016	31 March 2017
	£000	**£000**
Less than one year	(13,291)	(7,273)
Between one and two years	(3,599)	(4,685)
Between two and five years	(7,959)	(5,962)
More Than 5 Years	(3,376)	(3,317)
More Than 10 years	(16,720)	(19,642)
	(44,495)	**(40,879)**

7.3 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 2016-17 ranged between 1.97% and 8% for PWLB loans and 3.73% on the market loan .The average Interest rates received was 0.44%. 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 £45.6m which is £4.7m 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 Debtors, is the amount owed by the National Police Air Service.

7.4 Financial Instruments

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

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

Longer term borrowing was with the PWLB £29.6m and £4.0m with Torbay BC (£27.2m with the PWLB and £4.0m with Torbay BC 31 March 2016).

	Long-term 31 March 2016 £000	Long-term 31 March 2017 £000	Current 31 March 2016 £000	Current 31 March 2017 £000
Debtors				
Loans and receivables	0	0	36,847	34,202
Other	45	45	0	2,786
Total included in Debtors	**45**	**45**	**36,847**	**36,988**
Borrowings				
Financial liabilities at amortised cost	(31,205)	(33,605)	(13,291)	(7,273)
Total included in Borrowings	**(31,205)**	**(33,605)**	**(13,291)**	**(7,273)**
Other Long Term Liabilities				
PFI and finance lease liabilities	(2,256)	(1,938)		
Total other long term liabilities	**(2,256)**	**(1,938)**		
Creditors				
Financial liabilities carried at contract amount			(22,285)	(19,724)
Total Creditors	**0**	**0**	**(22,285)**	**(19,724)**
Financial Liabilities at amortised cost				
Interest expense			1,871	1,276
Financial Assets: Loans and receivables				
Interest income			(213)	(93)
Net expense in (Surplus) or Deficit on the Provision of Services			**1,658**	**1,183**

SUPPLEMENTARY ACCOUNTS AND EXPLANATORY NOTES

PENSION FUND ACCOUNTS AND EXPLANATORY NOTES

2015-16 £000	Pension Fund	2016-17 £000
	Contributions Receivable	
(8,345)	Employers Contributions 1987 Scheme	(7,066)
(226)	Employers Contributions 2006 Scheme	(213)
(9,361)	Employers Contributions 2015 Scheme	(9,563)
(910)	Additional Contributions for early retirements - all schemes	(2,080)
(4,936)	Members contributions 1987 Scheme	(4,181)
(111)	Members contributions 2006 Scheme	(100)
(5,166)	Members contributions 2015 Scheme	(5,277)
(329)	Transfer in 1987 Scheme	(435)
(248)	Transfer in 2006 Scheme	(11)
	Benefits Payable	
49,499	Pensions 1987 Scheme	51,167
6	Pensions 2006 Scheme	7
10,842	Commutations and lump sum retirement benefits 1987 Scheme	13,898
7,352	GAD V Milne payments	129
	Payments to / on account of leavers	
11	Refund of contributions 2006 Scheme	0
1,505	Transfers out 1987 Scheme	0
36	Transfers out 2006 Scheme	0
0	Transfers out 2015 Scheme	0
39,619	**Sub-total before transfer from the Commissioner of amount equal to the deficit**	**36,275**
(39,619)	**Transfer of Government Grant from the Commissioner to meet the deficit**	**(36,275)**
0	**Balance at 31 March**	**0**

Pension Schemes Accounted for as Defined Contribution Schemes

The Group participates in two defined benefits pension schemes, providing members with retirement lump sums and monthly pensions related to pay and service. The police officers scheme is unfunded and met by payments from the Home Office.

The Police Pension Scheme for police officers is an unfunded defined benefit final salary scheme. This means that investment assets are not built up to meet the pension liabilities, and cash has to be generated to meet actual pension payments as they fall due. Under the Police Pension Fund Regulations 2007, if the amounts receivable by the pensions fund for the year are less than amounts payable, the Commissioner must annually transfer an amount required to meet the deficit to the pension fund. Subject to parliamentary scrutiny and approval, up to 100% of this cost is met by a central government pension top up grant. 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. TH element relating to Nottinghamshires assets and liabilities is included within these accounts Police Staff (including Police Community Support Officers) are, generally, eligible to join the funded Local Government Pension Scheme (LGPS); administered by Nottinghamshire County Council. This is a funded defined benefit final salary scheme, meaning that the Commissioner and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets.

Defined Benefit Pension Scheme

The Group participates in two defined benefits pension schemes, providing members with retirement lump sums and monthly pensions related to pay and service. The police officers scheme is unfunded and met by payments from the Home Office.

The Police Pension Scheme for police officers is an unfunded defined benefit final salary scheme. This means that investment assets are not built up to meet the pension liabilities, and cash has to be generated to meet actual pension payments as they fall due. Under the Police Pension Fund Regulations 2007, if the amounts receivable by the pensions fund for the year are less than amounts payable, the Commissioner must annually transfer amount to meet deficit to the pension fund. Subject to parliamentary scrutiny and approval, up to 100% of this cost is met by a central government pension top up grant. 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.

Police Staff (including Police Community Support Officers) are, generally, eligible to join the funded Local Government Pension Scheme (LGPS); administered by Nottinghamshire County calculated at a level intended to balance the pension's liabilities with investment assets.

Discretionary post-retirement benefits on early retirement are an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. Assets are not built up within the scheme to meet these pension liabilities

In order to comply with IAS 19, employer's pension contributions have been replaced with current service costs as estimated by the independent actuary. The Group recognise the cost of retirement benefits in the Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year.

Therefore, the real cost of retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The reversal of the IAS 19 transactions ensures that there is no effect on the amounts to be met from government grant and local taxpayers. The Group Balance Sheet recognises the net pension liability and reserve The Group makes contributions towards the cost of separate pension schemes for Officers and Staff. Contributions are set every three years as a result of the actuarial valuation of the Fund required by the Regulations.

The actuarial valuation of the Staff LGPS Fund was carried out as at 31 March 2016 and set contributions for the period from 1 April 2017 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 are based on membership data as at 31 March 2015 with updates to 31 March 2016. The full valuation of the scheme was March 2016 impacting on 2017-18 onwards. 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.

2015-16		Pension Scheme Comprehensive Income and Expenditure Statement	2016-17	
LGPS £000	**Police £000**		**LGPS £000**	**Police £000**
9,720	36,760	Current service cost	7,542	27,080
0	30	Past service cost	0	50
289	0	(Gain) / loss from curtailments	678	0
11,036	77,930	Net interest expense / (income)	(30,060)	74,220
21,045	**114,720**	**Total charged to (Surplus) and Deficit on Provision of Services**	**(21,840)**	**101,350**
		Other post-employment benefits charged to the Comprehensive Income and Expenditure Statement		
		Re-measurement of the net defined benefit liability comprising:		
		Return on plan assets (excluding the amount included in the net interest expense)	3,314	0
0	(85,480)	Actuarial (gains) and losses – experience	(6,533)	(5,330)
0	(35,330)	Actuarial (gains) and losses arising on changes in demographic assumptions	3,824	(42,720)
(38,314)	(204,030)	Actuarial (gains) and losses arising on changes in financial assumptions	80,690	489,410
(17,269)	**(210,120)**	**Total charged to the Comprehensive Income and Expenditure Statement**	**59,455**	**542,710**

2015-16 LGPS £000	2015-16 Police £000	Movement in Reserves Statement	2016-17 LGPS £000	2016-17 Police £000
(21,045)	(114,720)	Reversal of net charges made to the (Surplus) or Deficit on the Provision of Services	21,840	(101,350)
		Actual amount charged against the general fund balance for pensions in the year:		
5,754	0	Employers' contributions payable to scheme	5,576	0
0	54,230	Retirement benefits payable to pensioners	0	58,030

2015-16 LGPS £000	2015-16 Police £000	Pensions Assets and Liabilities Recognised in the Balance Sheet	2016-17 LGPS £000	2016-17 Police £000
(263,983)	(2,105,890)	Present value of the defined obligation	(354,700)	(2,590,570)
174,146	0	Fair value of plan assets	210,984	0
(89,837)	(2,105,890)	Value of Assets / (Liabilities)	(143,716)	(2,590,570)
(89,837)	**(2,105,890)**	**Net (liability) / asset arising from the defined benefit obligation**	**(143,716)**	**(2,590,570)**

2015-16		Movement in the Value of Scheme Assets	2016-17	
LGPS £000	**Police Officer Pension Scheme £000**		**LGPS £000**	**Police Officer Pension Scheme £000**
173,145	0	Opening fair value of scheme assets	174,146	0
(1,362)	0	Interest income	40,009	0
		Re-measurement gain / (loss):		
0	0	The return on plan assets, excluding the amount included in the net interest expense	(3,314)	0
5,750	54,230	Contributions from employer	5,576	58,030
2,345	10,800	Contributions from employees into the scheme	2,059	9,980
(5,732)	(65,030)	Benefits / transfers paid	(7,492)	(68,010)
174,146	**0**	**Closing value of scheme assets**	**210,984**	**0**

2015-16		Movements in the Fair Value of Scheme Liabilities	2016-17	
LGPS £000	**Police Officer Pension Scheme £000**		**LGPS £000**	**Police Officer Pension Scheme £000**
(286,005)	(2,370,240)	Opening balance at 1 April	(263,983)	(2,105,890)
(9,720)	(36,760)	Current service cost	(7,542)	(27,080)
(9,670)	(77,930)	Interest cost	(9,949)	(74,220)
(2,345)	(10,800)	Contributions from scheme participants	(2,059)	(9,980)
		Re-measurement gains and losses:		
0	85,480	- Actuarial gains / (losses) - experience	6,533	5,330
0	35,330	- Actuarial gains / (losses) from changes in demographic assumptions	(3,824)	42,720
38,314	204,030	- Actuarial gains / (losses) from changes in financial assumptions	(80,690)	(489,410)
0	(30)	Past service cost	0	(50)
(289)	0	Gains / (losses) on curtailments	(678)	0
5,732	65,030	Benefits / transfers paid	7,492	68,010
(263,983)	**(2,105,890)**	**Balance as at 31 March**	**(354,700)**	**(2,590,570)**

The liabilities show the underlying commitments that the Group will eventually have for retirement benefits. The total liability of £2.734m 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 2018 are £4.9m and £16.3m 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 £40m (2015-16, £1.4m). 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 £7.9m and a decrease by the same amount increases the pension liability by £8.1m.

For the Police Officers scheme an extra 0.5% on the discounting rate used increases the liability by £251.1m with a 0.5% decrease in the rate decreasing the liability by the same amount.

Pension Assumptions	LGPS		Police	
	2015-16	2016-17	2015-16	2016-17
Mortality assumptions				
Longevity at 65 retiring today				
Men	22.1 yrs	22.5 yrs	23.1 yrs	23.2 yrs
Women	25.3 yrs	25.5 yrs	25.1 yrs	25.2 yrs
Longevity at 65 retiring in 20 years				
Men	24.4 yrs	24.7 yrs	25.1 yrs	25.2 yrs
Women	27.7 yrs	27.8 yrs	27.2 yrs	27.3 yrs
Rate of inflation				
RPI Increases	3.40%	3.60%		
CPI Increases	2.50%	2.70%	1.15%	2.35%
Rate of increase in salaries	4.30%	4.20%	4.20%	4.35%
Rate of increase in pensions	2.50%	2.70%	2.20%	2.35%
Rate for discounting scheme liabilities	3.80%	2.80%	3.55%	2.65%

Value of LGPS Assets at Bid Value	31 March 2016 £000's	31 March 2016 %	31 March 2017 £000's	31 March 2017 %
Equity Investments	121,241	69.62	147,562	69.94
Gilts	5,420	3.11	6,450	3.06
Other Bonds	11,911	6.84	12,729	6.03
Property	21,996	12.63	23,458	11.12
Cash	7,061	4.05	10,615	5.03
Inflation-linked pooled fund	4,902	2.81	5,267	2.50
Infrastructure	1,615	0.93	4,903	2.32
	174,146	**100.00**	**210,984**	**100.00**

Assets at Bid Value	31 Mar 2016 £000's	31 Mar 2016 %	31 Mar 2017 £000's	31 Mar 2017 %
Equity Investments	121,241	69.62	147,562	69.94
Gilts	5,420	3.11	6,450	3.06
Other Bonds	11,911	6.84	12,729	6.03
Property	21,996	12.63	23,458	11.12
Cash	7,061	4.05	10,615	5.03
Inflation-linked pooled fund	4,902	2.81	5,267	2.50
Infrastructure	1,615	0.93	4,903	2.32
	174,146	**100.00**	**210,984**	**100.00**

7.6 Joint Operations (JOs)

The Group participates in 11 collaborative arrangements with Leicestershire, Derbyshire, Lincolnshire and Northamptonshire and others outside of the region, 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 new definition 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.

There are 6 between Nottinghamshire, Derbyshire, Leicestershire, Lincolnshire and Northamptonshire and Nottinghamshire's proportion is 27.6% (27.6% 2015-16)

- The East Midlands Special Operations Unit (EMSOU)
- The East Midlands Special Operations Major Crime (EMSOUMC)
- The East Midlands Technical Surveillance Unit (EMTSU)
- The East Midlands Occupational Health Unit (EMCHRS OHU)
- The East Midlands Forensic Support Services (EMFSS)
- The East Midlands Legal Service (EMLS)

There are 2 collaborations which are 4 way shared services between Nottinghamshire, Leicestershire, Lincolnshire and Northamptonshire.

Nottinghamshire's proportion is 36.29% (36.29% 2015-16)

1. The East Midlands Criminal Justice Service (EMCJS)
2. The East Midlands Operational Support Services (EMOpSS)

The other collaborations are:

- The East Midlands Commercial Services Unit (EMSCU), is a 2 way shared service between Nottinghamshire and Northamptonshire. The share of costs for Nottinghamshire this year is 50% (50% 2015-16).
- The East Midlands Learning & Development (EMCHRS L&D) is a 4 way shared service between Leicestershire, Nottinghamshire, Derbyshire, and Northamptonshire. Nottinghamshire's proportion is 31.7% (31.7% 2015-16) .
- The shared service for transactional HR and finance - MFSS with Cheshire and Northamptonshire has expanded to include Civil Nuclear Police. The share of costs for Nottinghamshire this year is 32.64%.

2015-16			Joint Operations Comprehensive Income and Expenditure Statement	2016-17		
Expenditure £000	**Income £000**	**Net £000**		**Expenditure £000**	**Income £000**	**Net £000**
11,954	(1)	11,953	Cost of Police Services	12,823	0	12,823
11,954	**(1)**	**11,953**	**Cost of Services**	**12,823**	**0**	**12,823**
36	(809)	(773)	Other Operating Expenditure / Income	28	(639)	(611)
	(903)	(903)	External Grants and Contributions		(1,593)	(1,593)
0	(10,375)	(10,375)	Contributions From Partners	0	(10,883)	(10,883)
11,990	**(12,088)**	**(98)**	**(Surplus) or Deficit on Provision of Services**	**12,851**	**(13,115)**	**(264)**
		0	Other CIES			0
		(98)	**Total CIES**			**(264)**

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
Balance at 31 March 2016	(75)	(1,209)	(247)	**(1,531)**	(1,776)	**(3,307)**
Movement in reserves during 2016-17						
(Surplus) / deficit on the provision of services	(264)	0	0	**(264)**	0	**(264)**
Other CIES	0	0	0	**0**	0	**0**
Total CIES	**(264)**	**0**		**(264)**	**0**	**(264)**
Adjustments between accounting basis and funding basis under regulations	450	0	247	**697**	(697)	**0**
Net(Increase) or Decrease before Transfers to Earmarked Reserves	**186**	**0**	**247**	**433**	**(697)**	**(264)**
Transfers to / (from) Earmarked Reserves	(186)	186	0	**0**		**0**
(Increase) or Decrease in 2016-17	**0**	**186**	**247**	**433**	**(697)**	**(264)**
Balance at 31 March 2017	**(75)**	**(1,023)**	**0**	**(1,098)**	**(2,473)**	**(3,571)**

31 March 2016 £000	Joint Operations Balance Sheet	31 March 2017 £000
2,081	Property, Plant and Equipment	2,373
13	Intangible Assets	142
2,094	**Long Term Assets**	**2,515**
123	Assets Held for Sale	123
3,922	Short Term Debtors	634
45	Cash and Cash Equivalents	470
4,090	**Current Assets**	**1,227**
(2,877)	Short-Term Creditors	(171)
(2,877)	**Current Liabilities**	**(171)**
0	**Long Term Liabilities**	**0**
3,307	**Net Assets**	**3,571**
(1,533)	Usable Reserves	(1,098)
(1,774)	Unusable Reserves	(2,473)
(3,307)	**Total Reserves**	**(3,571)**

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 Responsibility 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.

BUDGET

The forecast of net revenue and capital expenditure over the accounting period.

CAPITAL EXPENDITURE

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.

CAPITAL FINANCING

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.

CAPITAL PROGRAMME

The capital schemes the Authority intends to carry out over a specific period of time.

CAPITAL RECEIPT

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.

CIPFA

The Chartered Institute of Public Finance and Accountancy.

CODE

The CIPFA Code of Practice on Local Authority Accounting governs the content of these accounts.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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.

CONSISTENCY

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 one or more 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 that accounting period.

DEFINED BENEFIT PENSION SCHEME

Pension schemes in which the 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 no 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 lessee.

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 it's 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. This Authority's intangible assets comprise computer software licences.

INTEREST COST (PENSIONS)

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.

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.

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.

NON-DISTRIBUTED COSTS

These are overheads for which no user now benefits and as such are not apportioned to services.

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.

OPERATING LEASE

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

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 SERVICE COST (PENSIONS)

For a defined benefit pension scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to retirement benefits.

PENSION SCHEME LIABILITIES

The liabilities of a defined benefit pension scheme for outgoings due after the valuation date. Scheme liabilities measured during the projected unit method reflect the benefits that the employer is committed to provide for service 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 fixed asset restatement 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.